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LOVE RUBBER
Romantic Worldwide Family Planning

PLAYSAFE[™]
UNLIMITED



Japlo[®]

Registered Trademark London, United Kingdom

TAKASO

**RESOURCES
BERHAD**

www.takaso.com

(Company No. 440503-K)

Strengthening
Growth with
Diversity



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Strengthening Growth with Diversity

In line with our Annual Report's theme this year, 'Strengthening Growth With Diversity', Takaso Resources Berhad has been aggressively sourcing for new business opportunities and spreading our presence in the global arena. We have faith in achieving our goal and a successful future awaits us.

DEVOTION

We whole-heartedly devote time
and resources into growing our
company



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman

Tee Tze Chern, JP

Executive Director

Yong Mong Huay

Non-Independent Non-Executive Director

Ong Kah Hoe

Independent Non-Executive Directors

Tunku Makhlad Bin Tunku Mohamed Jamil

Tan Ooi Jin

Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria

AUDIT COMMITTEE

Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria (*Chairman*)

Tunku Makhlad Bin Tunku Mohamed Jamil

Tan Ooi Jin

NOMINATING COMMITTEE

Tunku Makhlad Bin Tunku Mohamed Jamil (*Chairman*)

Tan Ooi Jin

Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria

REMUNERATION COMMITTEE

Tee Tze Chern, JP (*Chairman*)

Tan Ooi Jin

Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria

OPTION COMMITTEE

Tan Ooi Jin (*Chairman*)

Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria

Su Seong Yeen

Lily Tee

COMPANY SECRETARIES

Lam Sook Ching (MAICSA 7006942)

Low Bee Kheng (MAICSA 7060813)

INVESTOR RELATIONS

Ally Yong Corporate Communications

Tel : +6 06 951 0988

Fax : +6 06 951 6333

Email : ally_yong@takaso.com

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

K55 Jalan Kesang

Kawasan Perindustrian Tanjung Agas

84000 Ledang

Johor Darul Ta'zim

Tel : +6 06 951 0988

Fax : +6 06 951 6333

E-mail : takaso@takaso.com

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.

Level 6 Symphony House

Block D13 Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya, Selangor

Tel : +6 03 7841 8000

Fax : +6 03 7841 8151

AUDITORS

Crowe Horwath (AF1018)

Chartered Accountants

Level 16 Tower C

Megan Avenue II

12 Jalan Yap Kwan Seng

50450 Kuala Lumpur

Tel : +6 03 2788 9999

Fax : +6 03 2788 9998

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad

Malayan Banking Berhad

CIMB Berhad

STOCK EXCHANGE LISTING

Main Market – Consumer Products

Bursa Malaysia Securities Berhad

Stock Name and Stock Code

TAKASO (7071)

TAKASO-WB (7071WB)

(Listed on Bursa Malaysia Securities Berhad since 1999)

Website : www.takaso.com



CORPORATE STRUCTURE



THE TAKASO GROUP OF COMPANIES

Wholly-Owned Subsidiaries of Takaso Resources Berhad:

Takaso SC (Thailand) Ltd (Co. No. 0905556004741)

Dormant.

Benchmark Vista Sdn. Bhd. (Co. No. 801961-D)

Recycling of glass.

Takaso Industries Pte. Ltd. (Reg. No. 201133079W)

Trading of electrical and mechanical products.

Takaso Commerce Sdn. Bhd. (Co. No. 961749-X) (Formerly known as Takaso International Sdn. Bhd.)

Retail and trading of consumable products.

Takaso Trading Sdn. Bhd. (Co. No. 499673-M)

Trading of general products, computer and automobile accessories.

Takaso Rubber Products Sdn. Bhd. (Co. No. 87327-V)

Manufacturing of rubber products and baby products, and trading in baby accessories, apparels and milk powder.

Japlo Healthcare Sdn. Bhd. (Co. No. 499674-H)

Distributing and retailing of baby products.

Wholly-Owned Subsidiary of Takaso Rubber Products Sdn. Bhd.:

Takaso Marketing Sdn. Bhd. (Co. No. 413226-A)

Marketing of rubber products, baby products, and trading in baby accessories, apparels and milk powder.



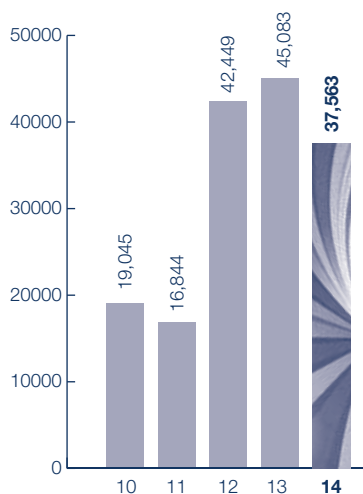
GROWTH

By overcoming different challenges, we are reaching deep and going strong

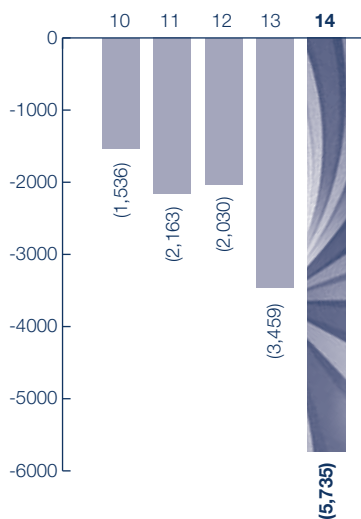
FIVE YEARS FINANCIAL HIGHLIGHTS

		2010	2011	2012	2013	2014
Revenue	RM'000	19,045	16,844	42,449	45,083	37,563
Loss before taxation	RM'000	(1,536)	(2,163)	(2,030)	(3,459)	(5,735)
Loss after taxation	RM'000	(1,536)	(2,163)	(2,128)	(3,607)	(5,947)
Loss after taxation attributable to owners of the Company	RM'000	(1,536)	(2,163)	(2,128)	(3,607)	(5,947)
Total assets	RM'000	31,908	27,837	59,343	55,662	50,410
Shareholders' equity	RM'000	13,087	10,925	44,199	41,976	39,085
Net tangible asset per share	RM	0.32	0.27	0.30	0.28	0.24
Net loss per share	RM (sen)	(3.73)	(5.25)	(1.64)	(2.42)	(3.77)

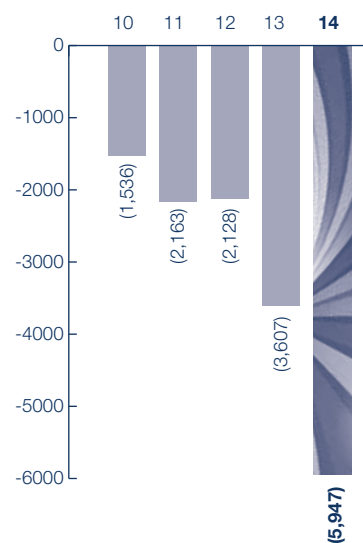
Revenue
(RM'000)



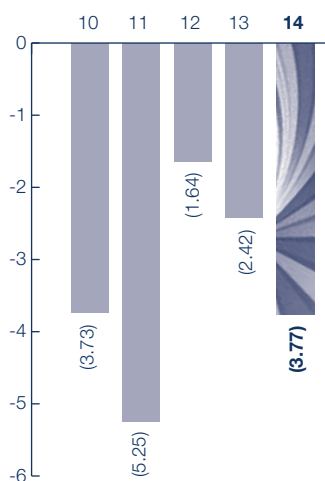
Loss Before Taxation
(RM'000)



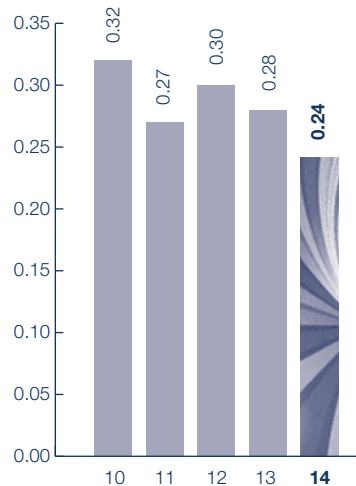
**Loss After Taxation
Attributable to owners
of the Company**
(RM'000)



Net Loss Per Share
(RM (Sen))



Net Tangible Asset Per Share
(RM)



BOARD OF DIRECTORS

Tee Tze Chern, JP

*Age 49, Malaysian
Executive Chairman,
Chairman of Remuneration Committee*

Mr. Tee Tze Chern, JP, was appointed to the Board as the Managing Director on 22 December 1998 and was re-designated as Executive Chairman on 27 December 2010. Mr. Tee is also Chairman of the Remuneration Committee of the Company.

Mr. Tee graduated from the Rubber Research Institute with a Diploma in 1992. He has been a member of the Association of Overseas Technical Scholarship Malaysia since 1990 and a member of the Malaysian Institute of Management since 1992. He has over 20 years of experience in the baby products and condom industry. He has previously been invited to sit on SIRIM's Technical Committee on "Standard Specifications" under the ISO division in mechanical contraceptive in 1990.

Mr. Tee Tze Chern, JP, does not hold any other directorships in public companies but sits on the board of several private limited companies.

Trainings attended by Mr. Tee during the financial year ended 31 July 2014 are as follows:-

- "Arab Health 2014" organised by Informa Life Sciences Exhibitions, Switzerland.
- "World of Food Asia 2014" organised by International Koelnmesse Pte Ltd.
- "ProPak Asia 2014" organised by Bangkok Exhibition Services (BES).
- "The MIFB Conference 2014" organised by Sphere Exhibit Malaysia.
- "Explore Asia's Super 5 In 1 Food Expo In Taiwan" organised by Taiwan External Trade Development Council (TAITRA).

Yong Mong Huay

*Age 42, Malaysian
Executive Director*

Mr. Yong Mong Huay was appointed to the Board as an Executive Director on 3 June 2013. Mr. Yong graduated with a Bachelor of Science (Chemistry) from Universiti Sains Malaysia in 1996.

Mr. Yong was previously the Branch Manager of the Johor Branch of MCL Systems (M) Sdn. Bhd., an IT distribution company. His last posting before leaving MCL Systems (M) Sdn. Bhd. was as the Regional Manager for Northern & East Coast in 2003 covering all aspects of the business within the jurisdiction he was overseeing. Having built his experience and networking, Mr Yong started his own business in 2003 which also involved IT distribution. In 2005, he left his business and joined MCL Berhad as Northern Regional Manager where within a year, he was promoted to the position of Central Regional Manager. In 2008, Mr Yong started a new business of his own again specialising in the distribution of computer hardware and accessories.

Mr. Yong Mong Huay does not hold any other directorships in public companies but sits on the board of several private limited companies.

Trainings attended by Mr. Yong during the financial year ended 31 July 2014 are as follows:-

- "Enhanced Understanding Of Risk Management And Internal Control Workshop for CFOs, IAs, ROs" organised by Bursa Malaysia Berhad.
- "KL International Gifts, Premium And Stationery Fair" organised by Malaysian Gifts And Premium Association.
- "HKTDC Hong Kong Electronics Fair (Autumn Edition)" organised by Hong Kong Trade Development Council.
- "Electronic And Component Fair" organised by Global Sources.

BOARD OF DIRECTORS

Ong Kah Hoe

*Age 40, Malaysian
Non-Independent Non-Executive Director*

Mr. Ong Kah Hoe was appointed to the Board as a Non-Independent Non-Executive Director on 14 November 2014. Mr. Ong graduated from the University of Coventry, U.K. in 1997 with a Bachelors Degree (Honours) in Business Administration.

After graduation, Mr. Ong worked for a few years as a marketing executive in established manufacturing and property companies gaining valuable experience in the process. He now has over 15 years of property development and construction experience and currently holds a management role with OCR Land Holdings Sdn Bhd. He joined the OCR group in year 2001 as Managing Director and started off taking charge of its Dahlia Villa Townhouse project in an upscale neighbourhood. While serving as Managing Director, he successfully developed and completed well-received developments. Currently, he plays an important role to manage and oversee the on-going development projects.

Apart from that, he is also involved in construction companies where he has successfully led and completed the implementation of numerous construction projects including residential and hotel. He is also a Director and shareholder of Dynavance Construction Sdn. Bhd., a company engaged in general construction, which the Company had on 2 October 2014 announce that it will be acquiring. Please refer to the Company's announcement for further details of the acquisition.

Mr. Ong Kah Hoe does not hold any other directorships in public companies but sits on the board of several private limited companies.

Mr. Ong will be attending the "Mandatory Accreditation Programme for Directors of Public Listed Companies" conducted by Bursatra Sdn. Bhd. as required pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Tunku Makhlad Bin Tunku Mohamed Jamil

*Age 69, Malaysian
Independent Non-Executive Director, Member of
Audit Committee and Chairman of Nominating
Committee*

Tunku Makhlad Bin Tunku Mohamed Jamil was appointed to the Board as an Independent Non-Executive Director on 11 February 2010. He is a member of the Company's Audit Committee and is Chairman of the Company's Nominating Committee.

Tunku Makhlad is a Graduate member of the Chartered Institute of Transport. He holds a diploma in Automobile Engineering in Association with The Institute of Road Transport Engineer, London (U.K.) and a post-diploma in Transport Management from the Willesden College of Technology, London, U.K.

Tunku Makhlad was a Production Executive attached to the Associated Motor Industry Sdn. Bhd. of the Sime Darby Group from 1976 till 1981 before joining Malaysia Airlines Berhad ("MAS") as Transport Administrator in 1981. He was promoted to the post of Transport Controller from 1994 until his resignation from MAS in 2000. His last employment was with Jimah Energy Venture Sdn. Bhd. as the Senior Executive overseeing to Public Relations and Protocol at the Jimah Power Plant in Port Dickson, Negeri Sembilan until his retirement in December 2010.

Tunku Makhlad Bin Tunku Mohamed Jamil does not hold any other directorships in public or in private limited companies.

Training attended by Tunku Makhlad during the financial year ended 31 July 2014 is as follows:-

- "Workshop on ASEAN Corporate Governance Scorecard" organised by Bursa Malaysia Berhad.

BOARD OF DIRECTORS

Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria

Age 53, Malaysian

Independent Non-Executive Director, Chairman of Audit Committee and Member of Nominating Committee, Remuneration Committee and Option Committee

Encik Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria was appointed to the Board as an Independent Non-Executive Director on 16 April 2012. He is Chairman of the Company's Audit Committee and is a member of the Company's Nominating Committee, Remuneration Committee and Option Committee.

Encik Ahmad Ruslan graduated from the University of Newcastle-upon-Tyne, England in 1984 with a Bachelor of Arts in Economic Studies (Accounting and Financial Analysis). After graduation, he trained as a Chartered Accountant at a firm in London and in 1986, he joined Merchants Business Growth Consulting, a pan-European marketing consulting company, as its Group Financial Controller.

In 1993, he left Europe and joined the Corporate Finance Department of what is now known as CIMB Investment Bank Berhad. In 1997, he assisted in the formation of Commerce Asset Ventures, the venture capital arm of CIMB Group. In 2000, he joined Clear Channel Communications, Inc., the leading global media organisation listed on the New York Stock Exchange, as ASEAN Regional Director/Managing Director of the Malaysian operations.

In 2005, he was appointed the Chief Executive Officer of Terengganu Incorporated, a strategic investment holding company for the Terengganu state. In 2008, he joined as CEO, Armstrong Marine & Offshore Sdn. Bhd., the official representatives of Armstrong Corporation Holdings in Asia and the Pacific Rim, a company involved in offshore and shipping investments, oil trading, finance and project development.

Since 2010, he is the Chief Executive Officer of Sungai Temau Mining (M) Sdn. Bhd., an iron ore mining company. In addition, he is also the Secretary of the Pahang Iron Ore Industry Association and Council Member of the Malaysian Chamber of Mines.

Encik Ahmad Ruslan is also an Independent Non-Executive Director, Chairman of the Audit Committee and a member of Remuneration and Nominating Committee of PFCE Berhad; and Independent Non-Executive Director, Chairman of the Audit Committee, member of the Nominating Committee and Remuneration Committee of Minetech Resources Berhad, both public companies listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and an Independent Non-Executive Director, Chairman of the Audit Committee, member of the Nominating Committee and Remuneration Committee of CWorks Systems Berhad, a public company listed on the ACE Market of Bursa Malaysia. Additionally, he is a director of several private limited companies.

Trainings attended by Encik Ahmad Ruslan during the financial year ended 31 July 2014 are as follows:-

- "Risk Management & Internal Control Workshops For Audit Committee Members" organised by Bursa Malaysia Berhad.
- "Nominating Committee Programme" organised by Bursa Malaysia Berhad.

BOARD OF DIRECTORS

Tan Ooi Jin

Age 39, Malaysian
Independent Non-Executive Director, Member of Audit Committee, Nominating Committee, Remuneration Committee and Chairman of Option Committee

Mr. Tan Ooi Jin was appointed to the Board as an Independent Non-Executive Director on 14 September 2010. He is a member of the Company's Audit Committee, Nominating Committee and Remuneration Committee and is Chairman of the Company's Option Committee.

Mr. Tan is a lawyer by qualification and holds a Second Class Honours LL.B. Bachelor of Laws degree from the University of Newcastle-upon-Tyne, England. During his years of practice, his focus was on the areas of Corporate and Securities and ICT.

A former ASEAN scholar, he started his legal career in a medium-sized firm with international affiliation, focusing on Corporate and ICT. He was probably the most junior legal practitioner globally, noted and recognised by the independent international publication "Asia Pacific Legal 500" in three practice areas including in IT and Telecommunications.

He currently sits on the Board of Trustees of the 1Utopia Foundation which is set up for the purpose of generating donations, whether in cash or in the form of ICT equipment and gadgets, to orphanages, schools and underprivileged children.

He has advised the listing of various companies in Malaysia as well as overseas including London, Hong Kong and Singapore and is constantly consulted to assist public listed companies to recover and generate more shareholders' value.

Besides sitting on the board of a private company involved in circuit manufacturing and whose ultimate holding company is listed on the NASDAQ, Mr. Tan Ooi Jin also holds directorship in The Media Shoppe Berhad and 1 Utopia Berhad, both companies listed on the ACE Market of Bursa Malaysia Securities Berhad.

Trainings attended by Mr. Tan during the financial year ended 31 July 2014 are as follows:-

- "Building & Infrastructure Indonesia 2013-The 17th International Series of Building Construction & Infrastructure Development Exhibition" organised by Jakarta International Expo.
- "Mining Indonesia 2013" organised by Jakarta International Expo.
- "Electric, Power and Renewable Energy Indonesia 2013" organised by Jakarta International Expo.
- "Nominating Committee Programme" organised by Bursa Malaysia Berhad.

Notes:

Family Relationship

Mr. Tee Tze Chern, JP, and Ms. Lily Tee are siblings. Ms. Lily Tee sits on the Board of the following subsidiaries of the Company alongside Mr. Tee Tze Chern:-

- Takaso Rubber Products Sdn. Bhd.
- Takaso Marketing Sdn. Bhd.
- Japlo Healthcare Sdn. Bhd.

Save as disclosed above, none of the Directors of the Company has any relationship with any directors or substantial shareholders of the Company.

Shareholdings in the Company and Subsidiaries of the Company

The direct and indirect interests of each Director in warrants and securities of the Company and subsidiaries of the Company are set out on page 103 of this Annual Report.

Mr. Ong Kah Hoe, the newly appointed Non-Independent Non-Executive Director of the Company, has a direct interest of 10.41% and indirect interest of 9.52% in the capital of the Company prior to his appointment to the Board of Directors on 14 November 2014. He was a substantial shareholder of the Company since 3 November 2014.

Conflict of Interest

Save for the related party transaction involving Madam Lim Kwee Hua, spouse of Mr. Tee Tze Chern, JP, Executive Chairman of the Company, as disclosed on page 21 of this Annual Report and the acquisition of Dynavance Construction Sdn. Bhd. involving interest of Mr. Ong Kah Hoe, the Non-Independent Non-Executive Director of the Company, as disclosed page 19 of this Annual Report, none of the other Directors of the Company has any personal interest in any business arrangement involving the Company.

Conviction of Offences

None of the Directors of the Company have been convicted of any offences within the past ten (10) years other than traffic offences, if any.

Board Meeting Attendances

The attendance record of the Directors at Board of Directors' meetings are found on page 13 of this Annual Report.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders and Stakeholders,

On behalf of the Board of Directors,
I am delighted to present you the Annual
Report of **Takaso Resources Berhad** and
its Group of Companies ["TRB or the
Group"] for the financial year ended
31 July 2014.



BOARD CHANGES

Since the Company's last Annual Report issued on 27 November 2013, the number of Directors on the Board of the Company has increased to six. We had on 14 November 2014 appointed a Non-Independent Non-Executive Director, Mr. Ong Kah Hoe to the Board of the Company. For more details of Mr. Ong Kah Hoe, please refer to page 7 of this Annual Report.

FINANCIAL HIGHLIGHTS

In view of market uncertainties, the Group's revenue for the financial year ended 31 July 2014 has reduced by approximately RM7.5 million compared to the previous year and registered a loss before tax of RM5.7 million for the year. The decrease in revenue and increase of loss before tax for the current year is mainly due to the reduced trading sales in computer accessories, slowdown in the CRT glass recycling business and weaker export sales to Middle East and African countries due to their unstable market conditions.

The reduction in sales mentioned above were unable to cover the Group's fixed operating costs and the impairment of plant and equipment and goodwill of approximately RM1.0 million and RM0.4 million respectively has resulted in the loss before tax increased by RM2.3 million.

Furthermore, the company is affected by the weaker export sales and margin squeeze on higher raw material costs. This is predominantly due to the increasing operational costs of our manufacturing business, expenses on new business ventures into other industries, additional expenditures on the Group's corporate branding, advertising and promotional activities. While it does affect our overall performance, some of these expenses are crucial for the company to strengthen our growth with diversity.

CHAIRMAN'S STATEMENT

Management expects that the next financial year to be an extremely challenging year but the Group is continuously making its best effort to improve its current operation and identifying suitable new business to venture into.

YEAR UNDER REVIEW

Looking at the local scene, more players are competing for the same piece of cake in the baby products and condom industries. Our core businesses are affected by market sentiment whereby competition is increasing and consumers now have more choices. Other than that, our customers from Middle East and Europe are buying smaller quantities to reduce their business risk. The Group has therefore reduced the dependency on these two major markets by focusing into Asian countries where the market is more stable and trade rules and regulations are more matured.

We are pleased to have our corporate website revamped this year as part of our initiatives to enhance Takaso's corporate image and to facilitate entry into e-commerce. With the new fresh look and feel, one can easily navigate and shop for their preferred products. It is also developed with the whole Group's businesses in mind to portray our corporate identity.

OUTLOOK AND FUTURE PROSPECTS

Nevertheless, the Company is not deterred by the challenges the Group is facing. The Group is still undergoing its transition phase and is optimistic of its recent ventures into other industries such as the construction business.

In this respect, Takaso has ventured into the construction business through the acquisition of a 100% stake in Dynavance Construction Sdn. Bhd. Upon completion of the Shares Sale Agreement ("SSA"), TRB foresees that the contribution from Dynavance could contribute 25% or more of the net profits of TRB.

Dynavance is a private limited company engaged in general construction which includes the construction of superstructure works, external works and mechanical and electrical works. It also provides skilled and general workmen, materials, plants and all necessary machineries to other industry players.

Besides that, the Group has also been aggressively sourcing for new business partners and opportunities in which some are expected to emerge in the coming years and of course the Group is also spreading its presence in the global arena. With well-known and reliable brands such as "Japlo" baby products, "Romantic" and "Playsafe"

condoms and VOLTECX® conduits, the Group continues to play a dominant role in the market and will focus in building a sustainable relationship with its distributors, retailers and consumers through strategic marketing efforts.

With these in mind, we can surmise that the strategies and activities being carried out are fully aligned to our Group's business model and strategy, as well as ensuring that our Group is adaptable to the industrial trends and business opportunities in the near future.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to express my appreciation to the management team for their invaluable guidance, and to our dedicated employees for their loyalty, effort, commitment and expertise contributions to the Group for over the year.

In addition, I would like to take this opportunity to extend my gratitude to our shareholders, business partners, media members as well as relevant governing authorities and regulatory bodies for their support and confidence in our Group during a year full of challenges. We believe, with our well-established goodwill built over the years, strong trust and confidence, we will be in a position to further grow the Group's business and take it to a new level in the years to come.

TEE TZE CHERN, JP
Executive Chairman

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is pleased to report to the shareholders the manner in which the Group has applied the principles as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and the governance standards prescribed in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") during the financial year ended 31 July 2014.

The Board considers that it has to the best of its ability and knowledge, applied the principles set out in the MCCG 2012 and the governance standards of Bursa Securities' MMLR during the financial year ended 31 July 2014.

A) BOARD OF DIRECTORS

I) Composition and Board Balance

The Board has six (6) Directors comprising the Executive Chairman, an Executive Director, a Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors, a list of the entire Board and their respective profiles are found on page 2 and pages 6 to 9 of this Annual Report. The number of independent directors on the Board of the Company complies with the MMLR which requires at least one-third (1/3) of the board of directors of a listed issuer to be independent directors.

The Independent Non-Executive Directors bring with them objective and independent judgment to facilitate a balanced leadership and decision-making process. They also serve as an effective check and balance to safeguard the interests of the minority shareholders and other stakeholders and to uphold high standards of conduct and integrity.

The Board considers its current size, structure and composition of Directors with a diverse mix of experience, skills and expertise ranging from accounting, legal and general management to be optimum and provides the Board with not only essential commercial skills needed for sound management decisions but also, invaluable practical and operational experience to professionally manage the Group.

II) Principal Responsibilities

The Board is responsible for the overall corporate governance of the Group. The Board retains full and effective control of the management of the Company and its overall responsibilities include strategic formulations, planning, succession planning and execution of the Group's objectives as well as monitoring management's implementation of its decisions. It is the responsibility of the Board to conscientiously weigh and balance the interests of its shareholders and stakeholders with its own objectives during decision making process.

The Executive Chairman together with the Executive Director of the Company oversees to the operations and running of the business as well as smooth implementation of the policies and strategies adopted by the Board. The Non-Independent and Independent Non-Executive Directors engage proactively with management as well as both the external and internal auditors to address matters concerning the management and oversight of the Group's business and operations.

The roles and responsibilities of the Board and its Board Committees are set out in the Board Charter of the Company.

III) Board Meetings and Supply of Information

Board meetings are held at least once every quarter to deliberate and approve that the financial results of the quarter just ended and meetings are scheduled three (3) months in advance to enable the Directors to plan ahead. Additional ad-hoc meetings would be called if needed.

STATEMENT ON CORPORATE GOVERNANCE

A) BOARD OF DIRECTORS *Cont'd*

III) Board Meetings and Supply of Information *Cont'd*

During the financial year ended 31 July 2014, a total of five (5) Board Meetings were held and the attendance record of each Director is as follows:-

Directors	Attendance
Tee Tze Chern, JP (<i>Executive Chairman</i>)	4/5
Yong Mong Huay (<i>Executive Director</i>)	5/5
Ong Kah Hoe (<i>Non-Independent Non-Executive Director</i>) (<i>appointed on 14 November 2014</i>)	N/A
Tunku Makhlad Bin Tunku Mohamed Jamil (<i>Independent Non-Executive Director</i>)	5/5
Tan Ooi Jin (<i>Independent Non-Executive Director</i>)	4/5
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria (<i>Independent Non-Executive Director</i>)	4/5

Board meetings are conducted in accordance with a structured formal agenda which, while not exhaustive, includes review and updates of various aspects of the Group's operations, quarterly financial performance, business plans, strategic decisions, major investments, findings from both the external and internal auditors and any other proposals or other significant matters that require the expeditious direction of the Board taking into consideration the principal risks that may have significant impact on the Group's business or its financial position and the mitigating factors when assessing the viability of business propositions and corporate proposals.

Board meetings are chaired by the Executive Chairman who has the responsibility of ensuring that each agenda item is adequately reviewed and deliberated upon within a reasonable timeframe. A full set of the Board papers for each meeting including financial reports and notices are submitted to the Directors about a week prior to meetings to provide them with sufficient time to evaluate the matters to be discussed and to enable a more informed decision-making process. The Board is also made aware of the decisions and salient issues deliberated by board committees through the minutes of these committees being furnished to them.

The Directors have a duty to declare immediately to the Board should they have any interest in transactions to be entered into directly or indirectly with the Company or the Group. The interested Directors would serve notice to the Board and thereupon, abstain from deliberations and decisions of the Board on the transaction concerned. In the event a corporate proposal is required to be approved by shareholders, the interested Directors would also abstain from voting in respect of their shareholdings relating to that corporate proposal and would further undertake to ensure that persons connected to them would similarly abstain from voting on those resolutions.

The Chief Financial Officer and the General Manager usually attend Board meetings at the invitation of the Chairman while the internal and external auditors of the Company are invited to attend Board meetings when necessary to provide the Board with their views and explanations on certain agenda being tabled to the Board and to furnish clarification on issues that may be raised by the Directors.

The Directors have direct access to senior management and have complete and unimpeded access to information relating to the Group in the discharge of their duties. The Directors also have the liberty to engage independent professional advice if necessary at the expense of the Company. In addition, every Board member has ready and unrestricted access to the advice and the services of the Company Secretary in ensuring the effective functioning of the Board. The Directors are also regularly updated and advised by the Company Secretary on new statutory and regulatory requirements issued by the relevant regulatory authorities and the resultant implications to the Company and the Directors in relation to their duties and responsibilities.

IV) Directors' Training

New Directors are required to undergo an induction and familiarisation programme whereby they are brought on an introductory tour of the Group's factory and business offices and introduced to senior management to facilitate a better understanding of the Group's business and operations.

STATEMENT ON CORPORATE GOVERNANCE

A) BOARD OF DIRECTORS *Cont'd*

IV) Directors' Training *Cont'd*

The Board acknowledged that the Directors of the Company, through their varied experience and qualifications, have provided the desired contribution and support to the functions of the Board for the year ended 2014. The Board has empowered Directors of the Company to determine their own training requirements and will evaluate and determine the training needs of its directors on an on-going basis to assist them to better discharge their duties and responsibilities to the Group.

The trainings attended by each member of the Board during the financial year just ended are set out in their respective profiles on pages 6 to 9 of this Annual Report.

V) Re-Election

In accordance with Company's Articles of Association, at least one-third (1/3) of the directors for the time being shall be subject to retirement by rotation at the Company's annual general meeting. All retiring directors shall be eligible for re-election. In any case, each director shall submit themselves for re-election at regular intervals and at least once every three (3) years.

Directors appointed by the Board during the financial period before an annual general meeting are subject to retirement and shall be eligible for re-election by the shareholders at the Company's next annual general meeting to be held following their appointments.

Details of the retiring Directors are disclosed in the Statement Accompanying the Notice of Annual General Meeting on page 111 of this Annual Report.

VI) Directors' Remuneration

The remuneration of non-executive directors comprise of fees while the remuneration package of executive directors comprise of basic salary, fees and bonus.

Breakdown of the remuneration of directors of the Company for the financial year ended 31 July 2014 is as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Salaries & Other Emoluments	391.5	-	391.5
Fees	48.0	72.0	120.0
Meeting Allowance	1.2	2.5	3.7
Total	440.7	74.5	515.2

The Executive Chairman will abstain from participating in the discussion with respect to his own remuneration. The determination of remuneration of Non-Executive Directors is a matter for the Board as a whole and the individual concerned will abstain from discussion and decision of his own remuneration.

STATEMENT ON CORPORATE GOVERNANCE

A) BOARD OF DIRECTORS *Cont'd*

VI) Directors' Remuneration *Cont'd*

The Directors' remuneration for the financial year ended 31 July 2014 falls into the following bands:-

Range of Remuneration Per Annum	Number of Directors	
	Executive Directors	Non-Executive Directors
Below 50,000	-	3
RM200,001 to RM250,000	2	-

B) COMMITTEES OF THE BOARD

The three (3) committees set up to assist the Board have been delegated with specific powers and responsibilities and operate within clearly defined terms of reference. Chairman of the respective committees reports the outcome of decisions and recommendations to the Board and minutes of committee meetings would be tabled at Board meetings for the Directors' notation. Notwithstanding the recommendations forwarded by the respective committees, the ultimate decision on all matters lies with the entire Board.

The Board Committees of the Company are the Audit Committee, the Nominating Committee and the Remuneration Committee, details of which are as follows:-

I) The Audit Committee

The role of the Audit Committee is to review the adequacy and competency of the Groups' internal control system including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

It assists and supports the Board's responsibility to oversee the Group's operations by providing a means for review of the Group's processes for producing financial data and its internal controls. The Audit Committee will discuss with management and the external auditors the accounting principles and standards that were applied and their judgment of the items that may affect the financial statements.

The Report of the Audit Committee, its salient terms of reference and the list of its committee members are set out on pages 25 to 28 of this Annual Report.

II) The Nominating Committee

The roles and responsibilities of the Nominating Committee are governed by its terms of reference and the Board Charter of the Company. The key role of the Nominating Committee is to review and assess suitable candidates proposed for appointment to the Board and thereafter, forward their recommendations to the Board. The Committee is also required to assess the effectiveness of the Board as a whole and the contribution of each Board Committee as well as each individual director on an on-going basis and to ensure that the Board and its respective Board Committees has the appropriate balance of expertise and ability.

The Nominating Committee will review annually the required mix of skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board, identify areas for improvement and review the succession plan for senior management in the Group.

STATEMENT ON CORPORATE GOVERNANCE

B) COMMITTEES OF THE BOARD *Cont'd*

II) The Nominating Committee *Cont'd*

The Nominating Committee has a total of three (3) members comprising exclusively the independent non-executive Directors of the Company and their attendance record at the one (1) meeting held during the financial year is as follows:-

Members	Attendance
Tunku Makhlad Bin Tunku Mohamed Jamil (Chairman/Independent Non-Executive Director)	1/1
Tan Ooi Jin (Member/Independent Non-Executive Director)	1/1
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria (Independent Non-Executive Director)	1/1

Tunku Makhlad Bin Tunku Mohamed Jamil, Chairman of the Nominating Committee, has been identified by the Board as the senior independent director of the Company.

During the financial year ended 31 July 2014, activities undertaken by the Nominating Committee include:-

- reviewed the size, structure and composition of the Board of Directors and its board balance;
- reviewed the required mix of skills and experience and other qualities including core competencies of the Board;
- conducted annual assessment on the effectiveness of the Board as a whole, contribution of each individual director and committees of the Board;
- considered the annual assessment of the independence of the independent Directors;
- discussed the Board's succession plan and training programme for the Board members;
- considered the annual assessment of the independence of the Independent Directors; and
- assess the performance of the Chief Financial Officer in discharging the role of the Chief Financial Officer.

Subsequent to the year end, the Nominating Committee had considered and assessed the list of directors who are retiring by rotation to put forward for re-election, subject to approval of the shareholders at the Company's Annual General Meeting.

Where boardroom diversity is concerned, the board does not adopt any formal gender diversity policy as the selection of new Board candidates is based on merit.

The Nominating Committee considers that it has discharged its duties as required under Paragraph 15.08A(3) of Bursa Securities' MMLR and has complied with Paragraph 2.20A of the MMLR.

III) The Remuneration Committee

The Remuneration Committee of the Company has established a remuneration policy framework and makes recommendations to the Board on the remuneration and other terms of employment of the Executive Directors. The terms of reference of the Remuneration Committee are clearly defined by the Board to its members.

The component parts of remuneration of directors of the Company are structured so as to link rewards to corporate and individual performance in the case of executive directors. In the case of non-executive directors, the levels of remuneration are reflected by the experience and level of responsibilities.

The Remuneration Committee has a total of three (3) members comprising two (2) Independent Non-Executive Directors and the Executive Chairman who is also Chairman of the Remuneration Committee.

The Remuneration Committee meets at least once a year to conduct the annual review of the overall remuneration policy for Directors whereupon recommendations are submitted to the Board for approval. The Company adopted the peer evaluation or self-evaluation process to evaluate the performance of the Directors of the Company.

STATEMENT ON CORPORATE GOVERNANCE

B) COMMITTEES OF THE BOARD *Cont'd*

III) The Remuneration Committee *Cont'd*

During the financial year ended 31 July 2014, the Remuneration Committee met once and the attendance record of each member at the meeting is as follows:-

Members	Attendance
Tee Tze Chern, JP (<i>Chairman/Executive Chairman</i>)	1/1
Tan Ooi Jin (<i>Member/Independent Non-Executive Director</i>)	1/1
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria (<i>Independent Non-Executive Director</i>)	1/1

C) RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

One of the key elements of good corporate governance is being transparent and accountable to all stakeholders. Underlying the transparency and accountability objectives is the provision of clear, relevant, timely, comprehensive and readily assessable information to all stakeholders.

I) Shareholders' Communication and Investor Relations

The Group values its dialogues with investors and its website (www.takaso.com) has a section dedicated to investor relations and provides up-to-date information on the Group's business and operations besides carrying information of all announcements, press releases and products information. As a reflection of the importance the Group places on maintaining good investor relations and its commitment to this function, a staff of the Company, Ms. Ally Yong, has been dedicated to this function, her contact details are found on page 2 of this Annual Report.

Besides its website, shareholders and investors of the Company are also provided with information of the Groups' performance and major developments in its Annual Report, which is disseminated to shareholders either in hard copy or in CD-ROM media.

II) Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM")

The main forum for dialogue with shareholders of the Company is the Company's AGM and EGM. The AGM represents the primary platform for direct two-way interactions between shareholders, Directors and senior management of the Company. During AGMs, shareholders are encouraged to raise questions which the Directors and senior management are at hand to address.

In addition, the external auditors are invited to attend the annual general meetings of the Company and would be at hand to answer shareholders' questions on the conduct of the audit and the preparation and content of the audit report.

Notice of AGM together with the Annual Report are sent out not less than twenty-one (21) days from the date of the meeting and explanatory notes or statement to facilitate better understanding and evaluation of issues involved, will accompany items under 'special business' of the meeting.

In between AGMs, if a transaction or decision arises that requires shareholders' approval, the Board will convene an EGM and the appropriate notice of meeting would be issued together with a circular explaining the intended agenda and purpose of the meeting to facilitate understanding and evaluation.

STATEMENT ON CORPORATE GOVERNANCE

D) ACCOUNTABILITY AND AUDIT

I) Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group's financial position and prospects in all their financial reports to shareholders, investors and the relevant regulatory authorities. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its reports. The Audit Committee also reviews the appropriateness of the Company's and the Group's accounting policies and the changes to these policies.

The Responsibility Statement by the Directors on the annual audited financial statements of the Company and the Group is set out on page 31.

II) Risk Management and Internal Control

The Board acknowledges its overall responsibility to maintain a sound and reliable system of internal controls within the Group covering financial, operational and compliance aspects of the Group. The internal control systems of individual business units of the Group are managed by the management and operational team of the respective business units. The system of internal controls is designed to meet the Group's needs and to manage risks to which it is exposed. There is a continuous process of management's risk assessment, internal controls reviews and internal audit assessments on major subsidiaries within the Group. The purpose of this continuous process is to ensure that the Group's assets are safeguarded in the interest of preserving the investment of shareholders.

The internal audit function is outsourced to external consultants. The outsourced internal auditors meet and report to the Audit Committee to present their reports and to discuss their findings on the adequacy and integrity of the internal control systems of the Group.

The Board has through the Audit Committee reviewed the adequacy and integrity of the Group's system of internal controls and the Board's Statement on Risk Management and Internal Control are on pages 29 to 30 of this Annual Report.

III) Relationship with Auditors

The Group's independent external auditors are essential for the shareholders in ensuring the reliability of the Group's financial statements and in providing assurance of that reliability to users of these financial statements. The Audit Committee will meet with the external auditors at least twice a year, or more if deemed necessary, to discuss their audit plan, audit findings and the financial statements of the Company without the presence of the Executive Directors and staff of the Company.

An appropriate relationship is maintained with the Group's auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both the external and internal auditors.

Terms of engagement of the services provided by the external auditors are reviewed by the Audit Committee and approved by the Board. In reviewing the terms of engagement of the services to be provided by the external auditors, the Audit Committee ensures that the independence and objectivity of the external auditors are not compromised.

ADDITIONAL COMPLIANCE INFORMATION

SANCTIONS AND/OR PENALTIES

During the financial year, there were no sanctions and/or penalties imposed on the Group and its subsidiaries, Directors or management by any regulatory bodies.

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries involving the interests of Directors and major shareholders of the Company either subsisting at the end of the financial year or entered into since the end of the previous financial year.

However, the Company had on 1 October 2014 entered into a conditional Shares Sale Agreement to acquire the entire issued and paid-up capital of Dynavance Construction Sdn. Bhd. ("Dynavance") for a cash consideration of RM9,5000,000.00. Mr. Ong Kah Hoe, being a director and a shareholder of Dynavance is an interested party to the transaction, following his appointment as a Director of the Company on 14 November 2014 and since he became a substantial shareholder of the Company as announced on 3 November 2014. Please refer to the Company's announcement on 2 October 2014 for further details of the transaction.

OPTIONS OR CONVERTIBLE SECURITIES

• Share Issuance Scheme

During the financial year ended 31 July 2014, a total of 11,611,000 options were offered pursuant to the Company's Share Issuance Scheme (the "Scheme") which were fully accepted. The movement of the options during the financial year is as follows :-

Options Granted	Options Granted and Accepted Brought Forward (No. of Options)	Options Granted and Accepted in FYE 2014 (No. of Options)	Options Lapse (No. of Options)	Options Exercised (No. of Options)	Options Outstanding (No. of Options)
Executive and Non-Executive Directors of the Group	7,147,600	3,011,000	-	1,002,000	9,156,600
Senior Management, Managers & Executives of the Group	3,502,000	8,600,000	300,000	11,002,000	800,000
Total	10,649,600	11,611,000	300,000	12,004,000	9,956,600

In regards to the aggregate maximum allocation granted to Directors and Senior Management of the Group since commencement of the scheme in percentage was 50%. The actual percentage granted to them during the financial year was 13.53% and since the commencement of the scheme, the allocations of options to the Directors and Senior Management have been fully granted.

The Scheme, effected on 30 August 2012, was approved by the shareholders at the Extraordinary General Meeting held on 27 June 2012 and is valid for a period of five (5) years and may be extended for a further period of up to a maximum of five (5) years at the discretion of the Board upon the recommendation of the Option Committee.

The number of options offered to Mr. Tan Ooi Jin, an Independent Non-Executive Director of the Company was 668,000 and subsequent to the year end, the options were fully exercised on 29 September 2014.

ADDITIONAL COMPLIANCE INFORMATION

OPTIONS OR CONVERTIBLE SECURITIES *Cont'd*

• **Share Issuance Scheme** *Cont'd*

The Option Committee, comprising the following members, was established to administer the Scheme in accordance with the objectives and regulations thereof and to determine participant eligibility, option offers and share allocations and to attend to such other matters as may be required:-

Members of the Option Committee

Tan Ooi Jin (*Chairman/Independent Non-Executive Director*)

Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria (*Member/Independent Non-Executive Director*)

Lily Tee (*Member/General Manager*)

Su Seong Yeen (*Member/Chief Financial Officer*)

This is the Company's only employee share scheme presently in existence during the financial year ended 31 July 2014. The Company had previously on 15 December 2000 established an Executive Share Options Scheme which has since expired on 26 February 2006 pursuant to its By Laws.

Subsequent to the year end, all the outstanding options of 9,956,600 were fully exercised and listed on 9 October 2014.

• **Warrants**

On 13 September 2011, the Company issued 94,033,811 Rights Shares of RM0.25 each together with 56,420,285 Warrants (these additional warrants are referred to as "TAKASO-WB") on the Main Market of Bursa Malaysia Securities Berhad ("Rights Issue of Shares with Warrants").

During the financial year under review, none of the TAKASO-WB were exercised and 56,420,285 TAKASO-WB were outstanding as at the financial year ended 31 July 2014. However, subsequent to the year end, a total of 3,319,000 warrants were exercised at the exercise price of RM0.35 each, as disclosed in Note 37(c) to the Financial Statements on page 100 of this Annual Report.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The aggregate value of RRPT of revenue or trading nature conducted pursuant to the shareholders' mandate approved by the shareholders at the Extraordinary General Meeting held on 27 March 2014 during the financial year ended 31 July 2014 are as follows:-

Transacting Party	Related Party	Nature of Transactions	Interested related party	Actual Value of Transactions conducted pursuant to the Shareholders' Mandate during FYE 2014 (RM'000)
Takaso Trading Sdn. Bhd. ("TTSB")	Ingens Sdn. Bhd. ("ISB")	TTSB supplies imported computer accessories such as mouse, keyboard, speaker, cooler fan, computer bag and webcam to ISB.	Chin Boon Long ("CBL")	4,170
TTSB	ICT Utopia Sdn. Bhd. ("ICT")	TTSB supplies imported computer accessories, such as mouse, keyboard, speaker, cooler fan, computer bag and webcam to ICT.	CBL	620

ADDITIONAL COMPLIANCE INFORMATION

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") *Cont'd*

Transacting Party	Related Party	Nature of Transactions	Interested related party	Actual Value of Transactions conducted pursuant to the Shareholders' Mandate during FYE 2014 (RM'000)
Takaso Rubber Products Sdn. Bhd. ("TRPSB")	London International (Xiamen) Pte. Ltd. ("LIX")	TRPSB purchases packaging materials for baby product and spare parts from LIX	Tee Tze Chern, JP ("TTC"), Lim Kwee Hua ("LKH")	1,157
Takaso Marketing Sdn. Bhd. ("TMSB")	LIX	TMSB purchases packaging materials for baby product from LIX	TTC, LKH	183
TRB	First Grace Realty Sdn. Bhd. ("FGRSB")	TRB rents its office premises from FGRSB	CBL	134

Related Parties and Nature of Relationship

- CBL was a major shareholder of the Company with a shareholding of 11.40% until he ceased to be substantial shareholder as announced on 18 August 2014.
- CBL is the Managing Director and a major shareholder of Ingenuity Consolidated Berhad ("ICB") with indirect interest of 10.30% by virtue of his spouse, Chan Swee Ying's ("CSY") and his interests in Firstwide Success Sdn. Bhd. ("FSSB") as at 17 October 2014.
- FSSB is a major shareholder of ICB with direct interest of 10.30% as at 17 October 2014. CBL and CSY are the directors and major shareholders of FSSB.
- ISB is a subsidiary of ICB.
- CBL is the Managing Director and a major shareholder of 1Utopia Sdn. Bhd. ("1Utopia") with direct interest of 7.27% until he ceased to be substantial shareholder as announced on 26 May 2014.
- ICT is a subsidiary of 1Utopia.
- TTC is the Executive Chairman of TRB, a director of TRPSB and TMSB. He is also a major shareholder of TRB with indirect interest of 14.46% by virtue of his interest in Nextplus Fortune Sdn Bhd. ("Nextplus") and direct interest of 1.18% as at 17 October 2014.
- Nextplus is a major shareholder of TRB with direct interest of 14.46% as at 17 October 2014.
- LKH is a Director and a major shareholder of LIX. She is also the spouse of TTC.
- CBL and his spouse are the directors and major shareholders of FGRSB.

ADDITIONAL COMPLIANCE INFORMATION

SHARE BUY-BACKS

During the financial year, the Company does not have a share buy-back programme in place.

DEPOSITORY RECEIPT PROGRAMME

During the financial year, the Company did not sponsor any depository receipt programme.

PROFIT GUARANTEE

During the financial year, the Company did not provide any profit guarantee.

VARIATION IN RESULTS

The Company and its subsidiary companies did not issue any profit forecast during the financial year ended 31 July 2014.

UTILISATION OF PROCEEDS

Rights Issue - 13 September 2011

The Rights Issue of Shares with Warrants which was completed on 13 September 2011 following the listing and quotation for 94,033,811 Rights Shares of RM0.25 each together with 56,420,285 Warrants (the additional warrants are referred to as "TAKASO-WB") on the Main Market of Bursa Malaysia Securities Berhad on 13 September 2011 ("Rights Issue of Shares with Warrants Exercise") had successfully raised RM32.912 million.

Status of utilisation of the proceeds from the Rights Issue of Shares with Warrants Exercise as at 31 July 2014 is as follows:-

Description	Proposed Utilisation RM'000	Actual Utilisation As At 31.07.2014 RM'000	Time frame for utilisation of proceeds
To be utilised as follows:			
Working capital			
- Overseas expansion	6,500	3,227	
- Operating expenses	11,312	11,032	
- New business investment	9,500	9,500	
	27,312	23,759	12 March 2015 (Revised time frame)
Capital expenditure	3,000	3,000	12 September 2013
Repayment of borrowings	2,000	2,000	12 March 2012
Estimated expenses in relation to the Proposals	600	880	26 September 2011
	32,912	29,639	

On 10 September 2013, the Company has announced the Board of Directors of TRB has approved to extend the timeframe for utilisation of the balance of proceeds arising from the Rights Issue of Shares with Warrants Exercise for another eighteen (18) months until 12 March 2015, in order to allow sufficient time for the Company to implement the overseas expansion.

ADDITIONAL COMPLIANCE INFORMATION

NON-AUDIT FEES

The amount of non-audit fees paid to external auditors by the Group for the financial year ended 31 July 2014 was RM3,000 for review of the Statement on Risk Management and Internal Control for the Annual Report 2013.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")



The Group is committed to operate its business in a socially responsible manner towards its employees, the wider environment, the community and the marketplace. The following are the Group's CSR activities conducted during the financial year ended 31 July 2014:-

1) CSR in the Community

Blood Donation drive for the local hospital:

This is an annual event for the employee of the Group to participate in the blood donation campaign, contributing to the blood bank in Hospital Pakar Sultanah Fatimah Muar. This year's event was held in March 2014.

Gotong-Royong campaign:

The Group had a soft initiation on the "Gotong Royong" campaign within and outside the factory premises. The campaign has been running for the last five years and every year we invited the neighboring food store to participate at their own premises. The intention is to educate and promote cleanliness and a healthy environment affecting our daily living. The response from the neighboring food store was encouraging. With this activity, we hope to create awareness among the employees to bring back the message to their family and friends about the importance of a clean and healthy living environment for their current and future generation.

2) CSR at the Workplace

Balai Bomba Muar for a 3 days training program:

It is the Company's practice to enhance employees' knowledge and skills through workshops and seminars. For this reporting year, a group of selected employees were sent to Balai Bomba Muar for a 3 days training program including practical training. Upon completion of the training, they will be the leading members for the Health and Safety Audit Committee which is responsible for performing health and safety inspections of the Group for every 6 months and providing in-house safety training to all employees.

3) CSR towards the Environment

The Group has set up a policy on the safe disposal of latex and silicone waste generated from the production of the Company's products in accordance with the Akta Jabatan Alam Sekitar regulations. Every employee of the Group is expected to observe the policy to ensure waste disposal is properly carried out.

ADDITIONAL COMPLIANCE INFORMATION

CORPORATE SOCIAL RESPONSIBILITY (“CSR”) *Cont’d*

4) CSR in the Marketplace

The Group believes that in order to achieve sustainable business interests and to be able to respond to the increasing demands from its customers and stakeholders, it has to implement socially responsible business conducts that protects the interests of its customers, shareholders, suppliers, consumers and the public at large.

The Company is therefore committed to conduct its business with integrity while in compliance with all applicable laws. It also seeks suppliers to conform to the highest standards of business practices in the marketplace to comply with the requirements of its vendors. Audit will be performed by the Group on its suppliers and the audit trail and data on material used by suppliers will be provided to the Group to ensure that products meet the safety and other standards and requirements.

AUDIT COMMITTEE REPORT

1. MEMBERS AND ATTENDANCE RECORD

Membership of the Audit Committee and details of members' attendance at the five (5) meetings held during the financial year ended 31 July 2014 are as follows:-

Composition of Audit Committee	Attendance
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria (Chairman /Independent Non-Executive Director)	4/5
Tunku Makhlad Bin Tunku Mohamed Jamil (Member/Independent Non-Executive Director)	5/5
Tan Ooi Jin (Member/Independent Non-Executive Director)	4/5

The composition of the Audit Committee during the financial year has complied with the Terms of Reference of the Audit Committee which is, the Committee shall comprise not less than three (3) members and a majority of whom shall be independent directors where at least one (1) member of the Audit Committee, in the Company's case, Encik Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria, has the required financial background and experience.

Besides the Company Secretary, key management members are usually invited to attend Audit Committee meetings while the internal auditors and representatives of the external auditors are invited to attend at least twice a year.

2. MEETINGS AND MINUTES

The Audit Committee meets at least once every quarter with due notice of issues to be discussed. Additional meetings may be called as the Chairman decides in the discharge of his duties and responsibilities or to consider any matters the external auditors or internal auditors believes should be brought to the attention of the directors or shareholders. The Audit Committee meets the external auditors without the presence of any executive directors or management staff of the Company at least twice a year.

Apart from the notice and agenda of meetings, the members are also provided with the supporting explanatory documents prior to each meeting.

The Company Secretary or any person appointed by the Audit Committee shall act as Secretary of the Audit Committee who shall be responsible for minuting the proceedings of the Audit Committee meetings and ensuring the proper maintenance of the said minutes. Minutes of the Audit Committee meetings are extended to all members of the Board of Directors and significant issues are discussed at Board meetings held subsequent to the Audit Committee meetings.

3. TERMS OF REFERENCE

A summary of the key functions, roles and responsibilities as spelt out in the Terms of Reference of the Audit Committee is as follows:-

Authority

The Audit Committee is empowered and authorised by the Board of Directors at the cost of the Company:-

- to investigate any matters within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group;
- to have the resources in order to perform its duties as set out in its terms of reference;
- to have full and unrestricted access to any information pertaining to the Company and the Group;
- to have direct communication channels with the external auditors and internal auditors;
- to obtain external legal or other independent professional advice where necessary;

AUDIT COMMITTEE REPORT

3. TERMS OF REFERENCE *Cont'd*

Authority

- f) to invite outsiders with the relevant experience to attend its meetings, whenever deemed necessary; and
- g) to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Notwithstanding anything contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board of Directors on matters pertaining to the Company and the Group that it has considered and its recommendations thereon. Decisions ultimately lies with the Board of Directors.

Duties

Duties of the Committee are as follows:-

- a) To consider and report to the Board of Directors of the Company the appointment, nomination, resignation and dismissal of external auditors and their respective audit fees;
- b) To discuss with the external auditors before the commencement of their audit, the nature and scope of the audit, competency and resources of the external auditors and to ensure co-ordination where more than one audit firm is involved.
- c) To discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss (in the absence of management);
- d) To do the following in relation to the internal audit function and report the same to the Board of Directors of the Company:-
 - 1) to review the adequacy of the scope, functions, competency and resources of the internal audit function and whether it has the necessary authority to carry out its work;
 - 2) to review the internal audit processes and results of the internal audit plan processes or investigation undertaken and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - 3) to review any appraisal or assessment of the performance of members of the internal audit function and their respective audit fees;
 - 4) to approve any appointment or termination of senior staff members of the internal audit function; and
 - 5) to take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- e) To review the effectiveness of the management information system;
- f) To review the quarterly results and annual financial statements of the Company and the Group with both the external auditors and management and report the same to the Board of Directors of the Company focusing particularly on:-
 - 1) any change in or implementation of accounting policies and practices;
 - 2) significant adjustment arising from the audit;
 - 3) any unusual events;
 - 4) the going concern assumption; and
 - 5) compliance with accounting standards and other legal requirements.
- g) To review the following and report the same to the Board of Directors of the Company:-
 - 1) with the external auditors, the audit plan;
 - 2) with the external auditors, their evaluation of the system of internal controls;
 - 3) with the external auditors, their audit report; and
 - 4) the assistance given by the employees of the Company and the Group to the external auditors.

AUDIT COMMITTEE REPORT

3. TERMS OF REFERENCE *Cont'd*

Duties *Cont'd*

- h) To review and discuss any management letter sent by the external auditors to the Company and management's response to such letter;
- i) To consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors;
- j) To review all areas of significant financial risk and the arrangements in place to contain those risks to acceptance levels;
- k) To consider and review any related party transactions and potential conflict of interest situations that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- l) To review and report to the Board of Directors of the Company whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- m) To review the allocation of options pursuant to the Share Issuance Scheme and make such statement to be included in the annual report of the Company in relation to a share issuance scheme for employees; and
- n) Any such other functions as may be agreed by the Committee and the Board.

Responsibility

Where the Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the MMLR of Bursa Securities or any serious offence involving fraud and dishonesty committed by the Company or the Group, the Committee has the responsibility to promptly report such matters to Bursa Securities or any other relevant authorities.

4. SUMMARY OF ACTIVITIES DURING THE YEAR

During the financial year ended 31 July 2014, activities undertaken by the Audit Committee include:-

- (a) Reviewed the quarterly unaudited financial statements of the Group;
- (b) Reviewed inter-company transactions, related party transactions, recurrent related party transactions and/or potential conflict of interest situations that may arise within the Group or in the Company;
- (c) Reviewed the annual audited financial statements of the Group and the Company for the financial year ended 31 July 2013;
- (d) Reviewed the Audit Planning Memorandum by the external auditors on the nature and scope of the audit prior to the commencement of the audit for the financial year ending 31 July 2014;
- (e) Reviewed the external auditors' report in relation to its audit and accounting issues and findings and management's response;
- (f) Discussed with the external auditors without the presence of the Executive Directors and employees of the Company;
- (g) Deliberated the re-appointment of the external auditors for the ensuing year ended 2014;
- (h) Reviewed the action plan for internal audit of the Group, the internal audit processes and findings and the status of the follow-up internal audit from the outsourced internal auditors;

AUDIT COMMITTEE REPORT

4. SUMMARY OF ACTIVITIES DURING THE YEAR *Cont'd*

- (i) Reviewed the risk profile update and impact report from the outsourced internal auditors;
- (j) Reviewed the Statement on Risk Management and Internal Control for the financial year ended 31 July 2013;
- (k) Reviewed the Audit Committee Report for the financial year ended 31 July 2013; and
- (l) Reviewed the allocation of options pursuant to the Share Issuance Scheme and the statement to be included in the Annual Report 2013 of the Company in relation to a share issuance scheme for employees.

5. REVIEW OF SHARE ISSUANCE SCHEME ("SIS")

The Audit Committee has reviewed the SIS options granted throughout the financial year. Please refer to pages 19 to 20 of this Annual Report for more details of the SIS.

6. INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT

The Group has outsourced its internal audit function to a professional services firm which reports directly to the Audit Committee, to assist the Committee in discharging its duties and responsibilities.

The scope of internal audit encompasses the examination and evaluation of the adequacy and effectiveness of the Company's governance, system of internal control structure and the quality of performance in carrying out assigned responsibilities to achieve the Company's stated goals and objectives.

The internal auditors also perform ad-hoc appraisals, inspection, investigations, examinations and reviews as may be requested by the Committee or senior management from time to time.

During the year, the internal auditors met once with the Audit Committee to report on the action plan for internal audit of the Group, the internal audit processes and findings and the status of the follow-up internal audit as stated under item 4(h) on page 27 of this Annual Report.

The Statement on Risk Management and Internal Control with an overview of the state of the risk management and internal controls within the Group is found on pages 29 to 30 of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 (“Code”) sets out the principle that the Board of Directors (“Board”) of a listed company should establish a sound risk management framework and internal control system to safeguard shareholders’ investment and assets of the Group.

The Statement on Risk Management and Internal Control by the Board on the Group is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Principles and Best Practices provisions relating to risk management and internal controls provided in the Code.

Pursuant to the advice and reports from the internal auditors, the Executive Chairman and Chief Financial Officer of the Group have assured the Board that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects.

BOARD’S RESPONSIBILITY

The Board recognises and affirms its overall responsibility for the Group’s system of risk management and internal controls practices for good corporate governance. The Board, through its various committees, has continuously reviewed the adequacy and effectiveness of the system in particular the financial, operational as well as compliance aspects of the Group throughout the financial year.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The process has been in place during the year up to the date of approval of the annual report and is subject to review by the Board. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement or loss.

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

RISK MANAGEMENT

The Group has established an enterprise risk management (“ERM”) framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group’s commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide. It outlines the ERM methodology which is in line with the ISO31000, mainly promoting the risk ownership and continuous monitoring of key risks identified.

The Group has implemented and enhanced its ERM framework and processes which has been adopted for implementation throughout the Group. This was conducted in line with the Principles and Guidelines of ISO31000: Risk Management. The enhanced ERM framework has incorporated a well-structured systematic process to identify, analyse and manage risks to an acceptable level for the achievement of the Group’s strategic objectives.

INTERNAL CONTROL

The Board receives and reviews regular reports from the Management on key financial data, performance indicators and regulatory matters. This is to ensure that matters requiring the Board and Senior Management’s attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group’s policy. Besides, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.

Issues relating to the business operations are highlighted to the Board’s attention during Board meetings. Further independent assurance is provided by the Group internal audit function and the Audit Committee. The Audit Committee reviews internal control matters and update the Board on significant control gaps for the Board’s attention and action.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL *Cont'd*

The other salient features of the Group's systems of internal controls are as follows:-

- Quarterly review of the financial performance of the Group by the Board and the Audit Committee;
- Defined organisation structure and delegation of responsibilities;
- Operations review meetings are held by the respective business units to monitor the progress of business operations, deliberate significant issues and formulate corrective measures; and
- Code of conduct is communicated to all employees of the Group.

INTERNAL AUDIT

The Group's internal audit function is outsourced to external consultants. The outsourced internal auditors assist the Board and the Audit Committee in providing independent assessment on the adequacy and integrity of the Group's internal control system.

Annual internal audit plan, which reflects the risk profile of the Group's business and operation units are tabled for the Audit Committee's review and approval. The outsourced Internal Auditors report directly to the Audit Committee on its activity and results of the internal audit assessments. The internal auditors also performed follow-up on the implementation status of Management's actions to address the internal audit findings. Results of the follow-up were reported to the Audit Committee.

During the financial year under review, Management has implemented improvement opportunities identified for the internal control system accordingly.

Total cost incurred for the services of the outsourced internal auditors for the financial year ended 31 July 2014 amounted to RM24,000.00.

CONCLUSION

The Board considered the system of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board and Management will continue to take measures to strengthen the control environment and monitor the health of the internal controls framework.

For the financial year under review, the Board is satisfied that the system of internal controls was satisfactory and has not resulted in any material loss, contingency or uncertainty.

The external auditors have reviewed this Statement on Risk Management and Internal Control ("Statement") for inclusion in the Annual Report of the Group for the financial year ended 31 July 2014 and they have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's system of internal controls.

The above statement is made in accordance with the resolution of the Board dated 28 October 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

This Director's responsibility statement is issued pursuant to paragraph 15.27(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in respect of the preparation of the audited financial statements of the Group and of the Company for the financial year ended 31 July 2014.

The Directors are required by law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cashflow of the Group and of the Company for the year ended.

In preparing the financial statements for the financial year ended 31 July 2014, the Directors have:-

- adopted the applicable accounting standards issued by the Malaysian Accounting Standards Board and applied them consistently;
- made estimates and judgments which are reasonable and fair;
- ensured that applicable accounting standards have been followed; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial positions of the Group and of the Company thus ensuring that the financial statements comply with the Companies Act, 1965. Further thereto, the Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

The Directors confirm that they have complied with these requirements and have a reasonable expectation that the Group has adequate resources to continue its operation for the future and to continue to adopt a going concern basis in preparing the financial statements. The Directors also confirmed that the annual audited financial statements of the Group are properly drawn up to give a true and fair view of the state of affairs of the Group for the financial year ended 31 July 2014.



TAKASO RESOURCES
BERHAD
www.takaso.com (Company No. 440503-K)

DIVERSITY

The experiences and obstacles
we undergone, made us today





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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Loss after taxation for the financial year	(5,946,844)	(1,586,756)
Attributable to:-		
Owners of the Company	(5,946,844)	(1,586,756)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised share capital of the Company;
- (b) the Company increased its issued and paid-up ordinary shares from RM37,185,950 to RM40,186,950 by the issuance of 12,004,000 new ordinary shares of RM0.25 each at an exercise price of RM0.25 each per share for cash pursuant to the Company's Share Issuance Scheme ("SIS"). All new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company; and
- (c) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of share options granted pursuant to the SIS.

The Company's SIS is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 27 June 2012, and the SIS was implemented on 30 August 2012 and will be in force for a period of 5 years from the effective date. The share options will expire on 29 August 2017.

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES *Cont'd*

The salient features of the SIS are as follows:

- (a) The SIS is administered by a committee appointed by the Board of Directors.
- (b) The aggregate number of SIS options offered and to be offered shall not in aggregate exceed fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at any point of time during the duration of the SIS. Furthermore, the allocation of SIS options to the directors and senior management of the Group shall not, in aggregate, exceed fifty percent (50%) of the new shares available under the SIS. In addition, not more than ten percent (10%) of the new shares available under the SIS shall be allocated to any individual eligible person who, either singly or collectively through persons connected with such person, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any).
- (c) Any employee of the Group shall be eligible to participate in the SIS as at the date of offer:
 - (i) the employee is at least eighteen (18) years of age; and
 - (ii) is employed full time by and on the payroll and employment has been confirmed by any company in the Group.
- (d) Any director of the Group shall be eligible to participate in the SIS if as at the date of offer:
 - (i) the director is at least eighteen (18) years of age;
 - (ii) the director is a director named in the register of directors of the Group; and
 - (iii) specific allocation of new shares to the director of the Company under SIS must have been approved by the shareholders of the Company in a general meeting and is not prohibited or disallowed by the relevant authorities or laws from participating in the SIS.
- (e) The SIS option price for each share shall be determined by the Board of the Company based on the five (5) days volume weighted average market price of the shares of the Company immediately preceding the date of offer, with a discount of not more than ten percent (10%) or such other percentage of discount as maybe permitted by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time during the duration of the SIS; or at the par value of the shares, whichever is the higher.
- (f) The new shares to be allotted and issued upon the exercise of any SIS options granted will, upon allotment, issuance and full payment, rank pari passu in all respects with the then existing issued and paid-up shares of the Company, save and except that the new shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions, which may be declared, made or paid, the entitlement date of which precedes the date of allotment and issuance of such new shares. The new shares will be subjected to the provisions of the Articles of Association of the Company. The SIS options shall not carry any rights to vote at any general meeting of the Company.

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES *Cont'd*

The SIS options offered to take up unissued ordinary shares of RM0.25 each and the exercise price is as follows:

Date of Offer	Exercise Price RM	Number of Options Over Ordinary Shares of RM0.25 Each				At 31.7.2014
		At 1.8.2013	Granted	Exercised	Cancellation Due to Staff Resignation	
23 January 2013	0.25	10,649,600	-	(4,204,000)	(300,000)	6,145,600
24 October 2013	0.25	-	11,611,000	(7,800,000)	-	3,811,000
		10,649,600	11,611,000	(12,004,000)	(300,000)	9,956,600

The Companies Commission of Malaysia granted its approval for the Company to disclose the name of eligible employees holding at least 600,000 share options pursuant to the SIS of the Company during the financial year.

The names of directors who have been granted share options are disclosed in the Directors' Interest section in this report.

Employees who are holding 600,000 and above share options are as follows:-

	Number of Options Over Ordinary Shares of RM0.25 Each			
	At 1.8.2013	Granted	Exercised	At 31.7.2014
Chean Wan Loon	-	800,000	(800,000)	-
Choo Peng Hung	800,000	-	(800,000)	-
Dlaila Binti Esa	-	600,000	(600,000)	-
Foo Wen Hann	800,000	-	(800,000)	-
Haslinda Binti Hamzah	-	600,000	(600,000)	-
Kau Kian Boon	1,002,000	-	(1,002,000)	-
Lee Cher Ling	-	800,000	(800,000)	-
Lee Tong Mei	-	600,000	(600,000)	-
Lew Wai Kong	1,002,000	-	-	1,002,000
Lily Tee	1,402,800	306,100	-	1,708,900
Lim Kwee Hua	-	800,000	-	800,000
Lim Lay Hua	-	800,000	(800,000)	-
Ng Them Seang	1,002,000	-	(1,002,000)	-
Prasanna A/P Wassu	-	600,000	(600,000)	-
Su Seong Yeen	1,402,800	306,100	-	1,708,900
Wong Yook Seng	-	800,000	(800,000)	-
Yap Kien Ming	-	800,000	(800,000)	-
	7,411,600	7,812,200	(10,004,000)	5,219,800

DIRECTORS' REPORT

WARRANTS 2003/2013

Pursuant to a Deed Poll dated 22 August 2003 ("Deed Poll"), the Company issued 5,883,992 warrants ("Warrants A") in conjunction with the issuance of 5,883,992 renounceable rights issue at a nominal value of RM1.00 in 2003.

The salient features of the Warrants A as stated in the Deed Poll are as follows:

- (a) Each Warrant A entitles the registered holder at any time during the exercise period to subscribe for one ordinary share at an exercise price of RM1.00 per ordinary share;
- (b) The exercise price and the number of Warrants A are subjected to adjustment in accordance with the conditions provided in the Deed Poll;
- (c) In the case of winding-up of the Company, all Subscription Rights which have not been exercised within six weeks of the passing of such resolution shall lapse and the Warrants A will cease to be valid for any purpose;
- (d) The exercise period is approximately 10 years from the date of issue to the expiry date on 13 November 2013; and
- (e) Upon expiry of the exercise period, any Warrants A which has not been exercised will lapse and cease to be valid for any purpose.

The Warrants A were granted for listing and quotation with effect from 27 November 2003.

Pursuant to Condition 3.1(d) and Condition 3.1(e) of the Second Schedule (Part III) and Clause 2(v) of the Third Schedule (Memorandum) of the Deed Poll, an adjustment shall be made to the exercise price and/or the number of Warrants A, if the Company shall make any offer or invitation to the shareholders of the Company by way of rights whereunder they may acquire or subscribe for shares or acquire or subscribe for securities convertible into or rights to acquire or subscribe for shares in the Company.

Pursuant thereto, as a consequence to the renounceable rights issue of up to 141,215,940 of the Company's shares ("Rights Shares") on the basis of three (3) Rights Shares for every one (1) existing share held after the par value reduction together with up to 84,729,564 free detachable new warrants on the basis of three (3) warrants for every five (5) Rights Shares subscribed by the entitled shareholders, which had been completed on 13 September 2011, the exercise price of the Warrants A, after the adjustment is RM0.89 and the number of outstanding Warrants A, after the adjustment is 6,529,131.

The adjustment to the exercise price and the number of outstanding Warrants A is reflected in the Supplemental Deed Poll dated 18 August 2011.

There were no Warrants A being exercised up to the expiry date on 13 November 2013. These expired warrants were removed from the Official List of Bursa Malaysia Securities Berhad with effect from 14 November 2013.

WARRANTS 2011/2016

Pursuant to a Deed Poll dated 26 July 2011 ("Deed Poll"), the Company issued 56,420,285 warrants ("Warrants B") in conjunction with the issue of 94,033,811 renounceable rights issue at a nominal value of RM0.25 in 2011.

The salient features of the Warrants B as stated in the Deed Poll are as follows:

- (a) Each Warrant B entitles the registered holder to subscribe for one ordinary share at an exercise price of RM0.35 per ordinary share;
- (b) The exercise price and the number of Warrants B are subjected to adjustment in accordance with the conditions provided in the Deed Poll;

DIRECTORS' REPORT

WARRANTS 2011/2016 *Cont'd*

The salient features of the Warrants B as stated in the Deed Poll are as follows: *Cont'd*

- (c) Where a resolution has been passed for a members' voluntary winding-up of the Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then;
 - (i) for the purpose of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant B holders, or some persons designated by them for such purpose by a special resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrant B holders; and
 - (ii) in any other case, every Warrant B holder will be entitled to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by that Warrant B to the extent specified in the exercise forms and be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new ordinary shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company will give effect to such election accordingly.
- (d) The exercise period is approximately 5 years from the date of issue expiring on 4 September 2016; and
- (e) The Warrants B which are not exercised during the exercise period will thereafter lapse and void.

The Warrants B were granted for listing and quotation with effect from 13 September 2011.

There were no Warrants B being exercised during the financial year ended 31 July 2014. As at 31 July 2014, 56,420,285 Warrants B have yet to be exercised.

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 33 to the financial statements. At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

Tee Tze Chern, JP
Yong Mong Huay
Tunku Makhlad Bin Tunku Mohamed Jamil
Tan Ooi Jin
Ahmad Ruslan Zahari Bin Zakaria

DIRECTORS' REPORT

DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares Of RM0.25 Each		
	At 1.8.2013	Bought	Sold
Direct Interest			
Tee Tze Chern, JP	88	-	-
Indirect Interest			
Tee Tze Chern, JP [#]	29,000,000	-	(4,000,000)

	Number Of Warrants 2003/2013		
	At 1.8.2013	Bought	Expired
Indirect Interest			
Tee Tze Chern, JP	29	-	(29)

	Number Of Warrants 2011/2016		
	At 1.8.2013	Bought	Sold
Indirect Interest			
Tee Tze Chern, JP [#]	90	-	-

[#] Deemed interested by virtue of his direct substantial shareholding in Nextplus Fortune Sdn. Bhd., a substantial shareholder of the Company.

	Number Of Ordinary Shares Of RM0.25 Each Under Option		
	At 1.8.2013	Granted	Exercised/ Lapsed
The Company			
Interests In Options			
Tee Tze Chern, JP	1,670,000	364,400	-
Yong Mong Huay	-	2,034,400	-
Tan Ooi Jin	668,000	-	-

By virtue of his shareholding in the Company, Tee Tze Chern, JP is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 6A of the Companies Act 1965.

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

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 31 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the share options granted to certain directors pursuant to the Share Issuance Scheme of the Company.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 36 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 37 to the financial statements.

AUDITORS

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 28 OCTOBER 2014

Tee Tze Chern, JP

Yong Mong Huay

STATEMENT BY DIRECTORS

We, Tee Tze Chern, JP and Yong Mong Huay, being two of the directors of Takaso Resources Berhad, state that, in the opinion of the directors, the financial statements set out on pages 45 to 100 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 July 2014 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 38, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 28 OCTOBER 2014**

Tee Tze Chern, JP

Yong Mong Huay

STATUTORY DECLARATION

I, Su Seong Yeen, I/C No. 800925-06-5574, being the officer primarily responsible for the financial management of Takaso Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 45 to 100 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Su Seong Yeen, I/C No. 800925-06-5574,
at Kuala Lumpur
on this 28 October 2014

Su Seong Yeen

Before me

Yap Lee Chin
Commissioner for Oaths
No. W591

INDEPENDENT AUDITORS' REPORT

to the Members of **TAKASO RESOURCES BERHAD**

[Incorporated in Malaysia] Company No : 440503 - K

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Takaso Resources Berhad, which comprise the statements of financial position as at 31 July 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 45 to 100.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that 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 responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 July 2014 and of their financial performance and cash flows for the financial year then ended in accordance with 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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of the subsidiaries of which we have not acted as auditors, which is indicated in Note 5 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

to the Members of **TAKASO RESOURCES BERHAD**

[Incorporated in Malaysia] Company No : 440503 - K

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 38 on page 101 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Crowe Horwath

Firm No: AF 1018

Chartered Accountants

28 October 2014

Kuala Lumpur

Chong Tuck Wai

Approval No: 3023/03/15(J)

Chartered Accountant



STATEMENTS OF FINANCIAL POSITION

At 31 July 2014

		The Group		The Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	15,805,656	12,741,656
Property, plant and equipment	6	22,131,322	20,960,890	1	203
Investment property	7	2,036,364	-	2,036,364	-
Amount owing by a subsidiary	8	-	-	7,000,000	-
Goodwill	9	-	406,711	-	-
		24,167,686	21,367,601	24,842,021	12,741,859
CURRENT ASSETS					
Inventories	10	7,132,494	6,693,430	-	-
Trade and other receivables	11	11,951,711	11,533,186	19,465,206	25,617,172
Current tax assets		102,209	29,106	-	-
Fixed deposits with licensed banks	12	4,244,237	9,237,392	-	4,090,112
Cash and bank balances		2,811,278	6,801,305	656,498	158,574
		26,241,929	34,294,419	20,121,704	29,865,858
TOTAL ASSETS		50,409,615	55,662,020	44,963,725	42,607,717
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	40,186,950	37,185,950	40,186,950	37,185,950
Reserves	14	(1,102,321)	4,789,787	3,965,718	5,365,474
TOTAL EQUITY		39,084,629	41,975,737	44,152,668	42,551,424
NON-CURRENT LIABILITIES					
Long-term borrowings	15	1,311,944	527,030	679,431	-
Deferred tax liability	18	258,000	115,530	-	-
		1,569,944	642,560	679,431	-
CURRENT LIABILITIES					
Trade and other payables	19	6,510,054	6,807,484	64,601	56,293
Short-term borrowings	20	412,528	3,657,830	67,025	-
Provision for taxation		57,181	46,353	-	-
Bank overdrafts	21	2,775,279	2,532,056	-	-
		9,755,042	13,043,723	131,626	56,293
TOTAL LIABILITIES		11,324,986	13,686,283	811,057	56,293
TOTAL EQUITY AND LIABILITIES		50,409,615	55,662,020	44,963,725	42,607,717

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 July 2014

	Note	The Group		The Company	
		2014 RM	2013 RM	2014 RM	2013 RM
REVENUE	22	37,562,970	45,083,274	-	-
COST OF SALES		(31,959,826)	(38,017,341)	-	-
GROSS PROFIT		5,603,144	7,065,933	-	-
OTHER INCOME		809,689	556,250	133,333	93,882
		6,412,833	7,622,183	133,333	93,882
SELLING AND DISTRIBUTION EXPENSES		(1,098,436)	(1,145,847)	-	-
ADMINISTRATIVE EXPENSES		(8,794,155)	(8,710,629)	(978,014)	(1,759,867)
OTHER EXPENSES		(1,808,646)	(702,193)	(712,327)	(21,616)
FINANCE COSTS		(446,949)	(522,606)	(29,748)	-
LOSS BEFORE TAXATION	23	(5,735,353)	(3,459,092)	(1,586,756)	(1,687,601)
INCOME TAX EXPENSE	24	(211,491)	(147,451)	-	-
LOSS AFTER TAXATION		(5,946,844)	(3,606,543)	(1,586,756)	(1,687,601)
OTHER COMPREHENSIVE EXPENSES, NET OF TAX					
<u>Items that may be classified subsequently to profit or loss</u>					
- Foreign currency translation		(132,264)	(16,986)	-	-
		(132,264)	(16,986)	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(6,079,108)	(3,623,529)	(1,586,756)	(1,687,601)
LOSS AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(5,946,844)	(3,606,543)	(1,586,756)	(1,687,601)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-					
Owners of the Company		(6,079,108)	(3,623,529)	(1,586,756)	(1,687,601)
LOSS PER SHARE (SEN)					
- Basic	25	(3.77)	(2.42)		
- Diluted		Not Applicable	Not Applicable		

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 July 2014

	Note	Non-distributable				Distributable		Total Equity RM
		Share Capital RM	Warrant Reserve RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	
The Group								
Balance at 1.8.2012		37,185,950	4,575,992	3,884,561	53,120	-	(1,500,357)	44,199,266
Loss after taxation for the financial year		-	-	-	-	-	(3,606,543)	(3,606,543)
Other comprehensive expenses for the financial year, net of tax:								
- Foreign currency translation		-	-	-	(16,986)	-	-	(16,986)
Total comprehensive expenses for the financial year		-	-	-	(16,986)	-	(3,606,543)	(3,623,529)
Transaction with owners of the Company:								
- Share-based compensation pursuant to SIS		-	-	-	-	1,400,000	-	1,400,000
Balance at 31.7.2013/1.8.2013		37,185,950	4,575,992	3,884,561	36,134	1,400,000	(5,106,900)	41,975,737
Loss after taxation for the financial year		-	-	-	-	-	(5,946,844)	(5,946,844)
Other comprehensive expenses for the financial year, net of tax:								
- Foreign currency translation		-	-	-	(132,264)	-	-	(132,264)
Total comprehensive expenses for the financial year		-	-	-	(132,264)	-	(5,946,844)	(6,079,108)
Transaction with owners of the Company:								
- Share-based compensation pursuant to SIS		-	-	-	-	187,000	-	187,000
- Issuance of ordinary shares pursuant to exercise of SIS	13	3,001,000	-	-	-	-	-	3,001,000
Transfer of share premium for SIS exercised		-	-	722,699	-	(722,699)	-	-
Balance at 31.7.2014		40,186,950	4,575,992	4,607,260	(96,130)	864,301	(11,053,744)	39,084,629

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 July 2014

	Note	Non-distributable				Distributable	
		Share Capital RM	Warrant Reserve RM	Share Premium RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	Total Equity RM
The Company							
Balance at 1.8.2012		37,185,950	4,575,992	3,884,561	-	(2,807,478)	42,839,025
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	(1,687,601)	(1,687,601)
Transactions with owners of the Company:							
- Share-based compensation pursuant to SIS		-	-	-	1,400,000	-	1,400,000
Balance at 31.7.2013/1.8.2013		37,185,950	4,575,992	3,884,561	1,400,000	(4,495,079)	42,551,424
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	(1,586,756)	(1,586,756)
Transactions with owners of the Company:							
- Share-based compensation pursuant to SIS		-	-	-	187,000	-	187,000
- Issuance of ordinary shares pursuant to exercise of SIS	13	3,001,000	-	-	-	-	3,001,000
Transfer of share premium for SIS exercised		-	-	722,699	(722,699)	-	-
Balance at 31.7.2014		40,186,950	4,575,992	4,607,260	864,301	(6,081,835)	44,152,668

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

STATEMENTS OF CASH FLOWS

For the year ended 31 July 2014

Note	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
Loss before taxation	(5,735,353)	(3,459,092)	(1,586,756)	(1,687,601)
Adjustments for:-				
Bad debts written off	11,868	-	-	-
Compensation for SIS	187,000	1,400,000	-	769,000
Depreciation of:				
- investment property	31,011	-	31,011	-
- property, plant and equipment	1,681,547	1,440,989	202	610
Impairment losses on:				
- goodwill	406,711	-	-	-
- investment in a subsidiary	-	-	638,000	-
- plant and equipment	1,000,000	-	-	-
- trade receivables	-	308,216	-	-
Interest expense	446,949	522,606	29,748	-
Inventories written off	132,417	-	-	-
Loss/(Gain) on disposal of plant and equipment	3,596	(24,682)	-	-
Plant and equipment written off	35,340	168,282	-	-
Unrealised loss on foreign exchange	1,520	-	43,114	-
Bad debts recovered	(21,155)	-	-	-
Interest income	(229,432)	(241,151)	(92,024)	(93,870)
Reversal of impairment loss on receivables	(17,465)	-	-	-
Operating (loss)/profit before working capital changes	(2,065,446)	115,168	(936,705)	(1,011,861)
Changes in working capital:-				
Inventories	(575,099)	287,330	-	-
Receivables	(512,740)	5,439,875	205,521	(272,375)
Payables	(446,446)	1,144,271	14,608	(2,066)
CASH (FOR)/FROM OPERATIONS	(3,599,731)	6,986,644	(716,576)	(1,286,302)
Net tax paid	(130,860)	(208,001)	-	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES/CARRIED FORWARD	(3,730,591)	6,778,643	(716,576)	(1,286,302)

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

STATEMENTS OF CASH FLOWS

For the year ended 31 July 2014

	Note	The Group		The Company	
		2014 RM	2013 RM	2014 RM	2013 RM
NET CASH (FOR)/FROM OPERATING ACTIVITIES/BROUGHT FORWARD		(3,730,591)	6,778,643	(716,576)	(1,286,302)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Additional investment in subsidiaries		-	-	(3,515,000)	(99,998)
Interest received		229,432	241,151	92,024	93,870
(Advances to)/Repayment from subsidiaries		-	-	(1,096,669)	807,165
Proceeds from disposal of plant and equipment		8,374	32,995	-	-
Purchase of:					
- investment property	27	(1,267,375)	-	(1,267,375)	-
- property, plant and equipment	28	(3,569,185)	(4,633,730)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(4,598,754)	(4,359,584)	(5,787,020)	801,037
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Advances from/(Repayment to) directors		142,175	(43,700)	(6,300)	6,300
Interest paid		(446,949)	(522,606)	(29,748)	-
Proceeds from issuance of ordinary shares pursuant to SIS		3,001,000	-	3,001,000	-
Repayment of:					
- bankers' acceptances		(3,363,000)	(489,000)	-	-
- hire purchase		(162,383)	(104,374)	-	-
- term loans		(65,945)	(542,297)	(53,544)	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(895,102)	(1,701,977)	2,911,408	6,300
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(9,224,447)	717,082	(3,592,188)	(478,965)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(1,958)	3,738	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		13,506,641	12,785,821	4,248,686	4,727,651
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	29	4,280,236	13,506,641	656,498	4,248,686

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia.

The registered office and principal place of business of the Company is located at K55, Jalan Kesang, Kawasan Perindustrian Tanjung Agas, 84000 Ledang, Johor.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 October 2014.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

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

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

MFRSs and IC Interpretations (Including The Consequential Amendments)

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 (2011) Employee Benefits

MFRS 127 (2011) Separate Financial Statements

MFRS 128 (2011) Investments in Associates and Joint Ventures

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to MFRSs 2009 – 2011 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Company's financial statements except as follows:-

MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. There is no financial impact on the financial statements of the Group upon its initial application.

MFRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. MFRS 12 is a disclosure standard and requires extensive disclosures. There is no financial impact on the financial statements of the Group upon its initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

3. BASIS OF PREPARATION *Cont'd*

- (a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):- *Cont'd*

The amendments to MFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There is no financial impact on the financial statements of the Group upon its initial application.

The Annual Improvements to MFRSs 2009 – 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments have no material impact on the financial statements of the Group upon their initial application.

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

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 (2009) Financial Instruments)
MFRS 9 (2010) Financial Instruments) To be
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)) announced
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures) by MASB
MFRS 14 Regulatory Deferral Accounts)
MFRS 15 Revenue from Contracts with Customers	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities	1 January 2017
Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2014
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 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

The above accounting standards and interpretations (including the consequential amendments, if any) are not relevant to the Group's operations except as follows:-

MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. There will be no financial impacts on the financial statements of the Group upon its initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

3. BASIS OF PREPARATION *Cont'd*

- (b) The above accounting standards and interpretations (including the consequential amendments, if any) are not relevant to the Group's operations except as follows:- *Cont'd*

The amendments to MFRS 10, MFRS 12 and MFRS 127 (2011) require investment entities to measure particular subsidiaries at fair value through profit or loss instead of consolidating them. The Company is an investment entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Accordingly, the Group will deconsolidate its subsidiaries upon the initial application of these amendments and to fair value the investments in accordance with MFRS 139. There will be no financial impacts on the financial statements of the Group and the Company upon its initial application.

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no financial impacts on the financial statements of the Group upon its initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

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

(i) *Depreciation of Property, Plant and Equipment*

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) *Classification between Investment Properties and Owner-occupied Properties*

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

(a) Critical Accounting Estimates and Judgements *Cont'd*

(iii) *Income Taxes*

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

(iv) *Impairment of Non-financial Assets*

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

(v) *Write-down of Inventories*

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

(vi) *Impairment of Trade and Other Receivables*

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

(vii) *Classification of Leasehold Land*

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(viii) *Impairment of Goodwill*

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

(a) Critical Accounting Estimates and Judgements *Cont'd*

(ix) *Share-based Payment*

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

(b) Basis of Consolidation

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

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, viable returns from its involvement with the entity and has ability to affect those returns through its power over the entity.

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

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) *Business Combinations*

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

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(ii) *Non-controlling Interests*

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

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

(b) Basis of Consolidation *Cont'd*

(iii) *Changes In Ownership Interests In Subsidiaries Without Change of Control*

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

(iv) *Loss of Control*

Upon loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

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

(c) Goodwill

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

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

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

(d) Functional and Foreign Currencies

(i) *Functional and Presentation Currency*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

(d) Functional and Foreign Currencies *Cont'd*

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

(e) Financial Instruments

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

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

(e) Financial Instruments *Cont'd*

(i) Financial Assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

- *Financial Assets at Fair Value Through Profit or Loss*

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components or other income or other operating losses.

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

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

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

- *Held-to-maturity Investments*

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are recognised or impaired, and through the amortisation process.

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

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

- *Loans and Receivables Financial Assets*

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

(e) Financial Instruments *Cont'd*

(i) Financial Assets *Cont'd*

- *Available-for-sale Financial Assets*

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sales equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

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

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

Cash and cash equivalents include cash and bank balances, bank overdraft, deposits and other short term, highly liquid investment, which are readily convertible to cash and are subject to insignificant risk of changes in value with original maturity periods of three months or less.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset had expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(ii) Financial Liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

- *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gain or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

(e) Financial Instruments *Cont'd*

(ii) Financial Liabilities *Cont'd*

- Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

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

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

At the end of every reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates for future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a charge, cancellation or expiration.

(iii) Equity Instruments

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 classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefits. Otherwise, they are charged to profit or loss.

Dividends to shareholders are recognised in equity in the period in which they are declared.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

(e) Financial Instruments *Cont'd*

(iv) Warrants

The Group issued Warrants 2003/2013 and Warrants 2011/2016 at no cost and these are not recognised in the financial statements. Each warrant is convertible into one new ordinary share of RM0.25 each at the adjusted exercise price of RM0.89 per share and RM0.35 per share respectively during the exercise period and will only be recognised as equity instruments upon conversion.

(v) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due. The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(f) Investments in Subsidiaries

Investments in subsidiaries including the fair value adjustments on intergroup loans at inception date (and the share options granted to employees of the subsidiaries) are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

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

(g) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful made lives of the investment property is fifty (50) years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

(h) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at cost less impairment losses, if any. Freehold land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

(h) Property, Plant and Equipment *Cont'd*

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

Leasehold land	Over the lease period of 60 years
Buildings	2%
Motor vehicles	10%-20%
Plant and machinery	7.5%-20%
Renovation, furniture and fittings	10%-33%
Tools and equipment	10%-40%

Capital-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital-in-progress is stated at cost, and will be transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

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

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

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

(i) Impairment

(i) *Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

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

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

(i) Impairment *Cont'd*

(i) *Impairment of Financial Assets Cont'd*

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(ii) *Impairment of Non-Financial Assets*

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss.

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

(j) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4(h) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

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

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

(l) **Borrowing Costs**

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

(m) **Income Taxes**

Income tax for the year comprises current and deferred tax.

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

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

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

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

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

(n) **Employee Benefits**

(i) *Short-term Benefits*

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

(ii) *Defined Contribution Plans*

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

(n) Employee Benefits *Cont'd*

(iii) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (share options).

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to share issuance scheme reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the share issuance scheme reserve.

Upon expiry of the share option, the share issuance scheme reserve is transferred to retained profits.

When the share options are exercised, the share issuance scheme is transferred to share capital or share premium if new ordinary shares are issued.

(o) Related Parties

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

(p) Contingent Liabilities and Contingent Assets

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

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

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measure initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest.

(q) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods have been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.

Interest income

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

Rental income

Rental income is recognised on an accrual basis.

(r) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

(r) Fair Value Measurements *Cont'd*

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

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

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

(s) Operating Segments

Operating segments are defined as components of the Group that:

- (a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the Group's chief operating decision maker in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profits or loss is 10 per cent or more of the greater, in absolute amount of:
 - the combined reported profit of all operating segments that did not report a loss; and
 - the combined reported loss of all operating segments that reported a loss.
- (c) Its assets are 10 per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least 75 per cent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

(t) Earning/Loss Per Share

(i) Basic

Basic earnings/loss per ordinary share for the financial year is calculated by dividing the profit/loss for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted

Diluted earnings/loss per ordinary share for the financial year is calculated by dividing the profit/loss for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2014	2013
	RM	RM
Unquoted shares, at cost		
At 1.8.2013/2012	28,986,391	28,255,393
Addition during the financial year	3,515,000	99,998
Share options granted under SIS	187,000	631,000
At 31.7.2014/2013	32,688,391	28,986,391
Accumulated impairment losses		
At 1.8.2013/2012	(16,244,735)	(16,244,735)
Addition during the financial year	(638,000)	-
At 31.7.2014/2013	(16,882,735)	(16,244,735)
	15,805,656	12,741,656
Represented by:-		
Unquoted shares		
- in Malaysia	12,841,507	11,892,507
- outside Malaysia	2,964,149	849,149
	15,805,656	12,741,656

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

5. INVESTMENTS IN SUBSIDIARIES *Cont'd*

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2014 %	2013 %	
Takaso Rubber Products Sdn. Bhd. ("TRP")	Malaysia	100	100	Manufacturing of rubber products and baby products and trading in baby apparels, infant milk and toiletries.
Japlo Healthcare Sdn. Bhd.	Malaysia	100	100	Trading of baby products and apparels.
Takaso Trading Sdn. Bhd.	Malaysia	100	100	Traders of general products and computer equipment.
Takaso Commerce Sdn. Bhd. (Formerly known as Takaso International Sdn. Bhd.) ("TCSB")	Malaysia	100	100	Traders of consumables products.
Benchmark Vista Sdn. Bhd. ("BVSB")	Malaysia	100	100	Recycling of glass.
Takaso Industries Pte. Ltd. ^ ("TIPL")	The Republic of Singapore	100	100	Trading of electrical and mechanical products.
Takaso SC (Thailand) Ltd. ^ ("TSC")	The Kingdom of Thailand	100	-	Dormant.
<u>Subsidiary of TRP:-</u>				
Takaso Marketing Sdn. Bhd.	Malaysia	100	100	Marketing of rubber products and baby products and trading in baby apparels, infant milk and toiletries.

^ These subsidiaries were audited by other firms of chartered accountants.

The Company assessed the recoverable amount on certain investments in subsidiaries and determined that impairment losses were recognised as the recoverable amount is lower than the carrying amounts. The recoverable amounts of the investments in subsidiaries were determined by reference to their value in use.

On 27 November 2013, the Company subscribed for 200,000 ordinary shares of THB100 representing 100% of the total issued and paid up share capital of TSC for a total consideration of RM2,115,000.

On 1 July 2014, the Company further subscribed for 1,400,000 ordinary shares of RM1.00 each issued by its wholly-owned subsidiary, TCSB for a total consideration of RM1,400,000 to retain its 100% equity interest.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.8.2013 RM	Additions RM	Disposal RM	Written Off RM	Depreciation Charge RM	Transfer RM	Impairment Loss RM	Currency Translation Difference RM	At 31.7.2014 RM
NET BOOK VALUE									
Freehold land	4,120,000	1,741,186	-	-	-	-	-	-	5,861,186
Leasehold land	1,300,362	-	-	-	(39,225)	-	-	-	1,261,137
Buildings	6,260,250	-	-	-	(135,601)	-	-	-	6,124,649
Motor vehicles	630,391	483,793	(11,970)	-	(164,232)	-	-	(1,650)	936,332
Plant and machinery	2,278,249	8,800	-	(13,827)	(539,182)	-	(1,000,000)	-	734,040
Renovation, furniture and fittings	771,650	149,326	-	-	(153,464)	-	-	(309)	767,203
Tools and equipment	1,491,988	687,402	-	(21,513)	(649,843)	4,108,000	-	-	5,616,034
Capital work-in-progress	4,108,000	830,741	-	-	-	(4,108,000)	-	-	830,741
	20,960,890	3,901,248	(11,970)	(35,340)	(1,681,547)	-	(1,000,000)	(1,959)	22,131,322

The Group	At 1.8.2012 RM	Additions RM	Disposals RM	Written Off RM	Depreciation Charge RM	Currency Translation Difference RM	At 31.7.2013 RM
NET BOOK VALUE							
Freehold land	4,120,000	-	-	-	-	-	4,120,000
Leasehold land	1,339,587	-	-	-	(39,225)	-	1,300,362
Buildings	6,395,850	-	-	-	(135,600)	-	6,260,250
Motor vehicles	738,323	-	-	-	(109,273)	1,341	630,391
Plant and machinery	2,865,976	174,000	(6,283)	(129,024)	(626,420)	-	2,278,249
Renovation, furniture and fittings	482,702	415,635	(2,030)	-	(125,204)	547	771,650
Tools and equipment	1,861,418	75,095	-	(39,258)	(405,267)	-	1,491,988
Capital work-in-progress	-	4,108,000	-	-	-	-	4,108,000
	17,803,856	4,772,730	(8,313)	(168,282)	(1,440,989)	1,888	20,960,890

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

6. PROPERTY, PLANT AND EQUIPMENT *Cont'd*

The Group	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Losses RM	Net Book Value RM
At 31.7.2014				
Freehold land	5,861,186	-	-	5,861,186
Leasehold land	1,569,000	(307,863)	-	1,261,137
Buildings	6,780,000	(655,351)	-	6,124,649
Motor vehicles	2,257,447	(1,321,115)	-	936,332
Plant and machinery	19,092,871	(17,358,831)	(1,000,000)	734,040
Renovation, furniture and fittings	4,676,412	(3,648,209)	(261,000)	767,203
Tools and equipment	15,203,779	(9,587,745)	-	5,616,034
Capital work-in-progress	830,741	-	-	830,741
	56,271,436	(32,879,114)	(1,261,000)	22,131,322

At 31.7.2013				
Freehold land	4,120,000	-	-	4,120,000
Leasehold land	1,569,000	(268,638)	-	1,300,362
Buildings	6,780,000	(519,750)	-	6,260,250
Motor vehicles	1,796,377	(1,165,986)	-	630,391
Plant and machinery	19,120,350	(16,842,101)	-	2,278,249
Renovation, furniture and fittings	4,527,475	(3,494,825)	(261,000)	771,650
Tools and equipment	10,492,875	(9,000,887)	-	1,491,988
Capital work-in-progress	4,108,000	-	-	4,108,000
	52,514,077	(31,292,187)	(261,000)	20,960,890

The Company	At 1.8.2013 RM	Depreciation Charge RM	At 31.7.2014 RM
NET BOOK VALUE			
Renovation, furniture and fittings	203	(202)	1

	At 1.8.2012 RM	Depreciation Charge RM	At 31.7.2013 RM
NET BOOK VALUE			
Renovation, furniture and fittings	813	(610)	203

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

6. PROPERTY, PLANT AND EQUIPMENT *Cont'd*

The Company	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
At 31.7.2014			
Renovation, furniture and fittings	1,829	(1,828)	1
At 31.7.2013			
Renovation, furniture and fittings	1,829	(1,626)	203

- (a) Included in the property, plant and equipment of the Group at the end of the reporting period were plant and machinery and motor vehicles with a total net book value of RM1,053,426 (2013: RM782,385), which were acquired under hire purchase terms.
- (b) As at 31 July 2014, property, plant and equipment of the Group with a carrying amount of RM18,092,570 (2013: RM19,944,615) are pledged to a licensed bank for credit facilities granted to the Group.
- (c) Capital-in-progress mainly represent building under construction and which are not ready for commercial use.
- (d) During the financial year, the Group carried out a review of the recoverable amount of its plant and equipment because the manufacturing segment had been making losses. An impairment loss of RM1,000,000 (2013: Nil), representing the write-down of the plant and equipment to the recoverable amount was recognised in profit or loss as disclosed in Note 23 to the financial statements. The recoverable amount of plant and equipment was based on its value in use and the pre-tax discount rate used was 14.71%.

7. INVESTMENT PROPERTY

The Group/The Company	At 1.8.2013 RM	Addition RM	Depreciation Charge RM	At 31.7.2014 RM
NET BOOK VALUE				
Freehold land and building	-	2,067,375	(31,011)	2,036,364

The Group/The Company	At Cost RM	Accumulated Depreciation RM	Net Carrying Amount RM
At 31.7.2014			
Freehold land and building	2,067,375	(31,011)	2,036,364

	RM
FAIR VALUE	
At 31.7.2014	2,200,000

- (a) As at 31 July 2014, investment property of the Group and the Company is pledged to a licensed bank for credit facilities granted to the Company as disclosed in Note 17 to the financial statements.
- (b) The directors have opted for the cost model in determining the carrying amount of the investment property.

The fair value of this property at the end of the reporting period was determined by the directors by reference to market prices of similar properties at the end of the reporting period and after having considered specific factors such as locality and availability of amenities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

8. AMOUNT OWING BY A SUBSIDIARY

	The Company	
	2014	2013
	RM	RM
Amount owing by a subsidiary		
<u>Non-current</u>		
- TRP	7,000,000	-

The amount owing represents advances and payment made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. This amount is, in substance, a part of the Company's net investment in the subsidiary. It is stated at cost less accumulated impairment losses, if any.

9. GOODWILL

	The Group	
	2014	2013
	RM	RM
At 1.8.2013/2012	406,711	406,711
Accumulated impairment losses	(406,711)	-
At 31.7.2014/2013	-	406,711

The goodwill arose from the acquisition of a business in prior financial years is stated at cost.

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. The recoverable amount of the goodwill was determined based on value-in-use calculations. An impairment loss on goodwill amounting to RM406,711 relating to a subsidiary, BVSB has been recognised during the financial year due to loss of its recycling of glass operations.

10. INVENTORIES

	The Group	
	2014	2013
	RM	RM
At cost:-		
Raw materials	1,755,176	2,044,379
Work-in-progress	1,368,128	1,373,268
Finished goods	4,009,190	3,275,783
	7,132,494	6,693,430

The amount of inventories recognised as an expense in cost of sales was RM28,917,109 (2013: RM35,192,330).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

11. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Trade receivables:-				
Third parties	10,848,744	10,947,307	-	-
Allowance for impairment losses:-				
At 1.8.2013/2012	(628,552)	(320,336)	-	-
Addition	-	(308,216)	-	-
Writeback	17,465	-	-	-
Written off	584,508	-	-	-
At 31.7.2014/2013	(26,579)	(628,552)	-	-
	10,822,165	10,318,755	-	-
Other receivables:-				
Third parties	199,541	435,944	-	-
Amount owing by subsidiaries	-	-	19,396,852	25,343,297
Deposits	746,610	557,494	20,925	273,875
Prepayments	183,395	220,993	47,429	-
	1,129,546	1,214,431	19,465,206	25,617,172
Total	11,951,711	11,533,186	19,465,206	25,617,172

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

Included in other receivables is an amount of RM164,378 (2013: RM339,842), being advance payments made to suppliers for future supply of goods.

The amount owing by subsidiaries represents unsecured interest-free advances and payments made on behalf. The amount owing is repayable on demand and is to be settled in cash.

12. FIXED DEPOSITS WITH LICENSED BANKS

The effective interest rate of the deposits at the end of the reporting period was 3.15% (2013: 3.02%) per annum. The deposits have a maturity period of 1 month (2013: 1 month).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

13. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

	The Company			
	2014	2013	2014	2013
	Number Of Shares		RM	RM
AUTHORISED				
Ordinary shares of RM0.25 each	400,000,000	400,000,000	100,000,000	100,000,000
ISSUED AND FULLY PAID-UP				
Ordinary shares of RM0.25 each				
At 1.8.2013/2012	148,743,799	148,743,799	37,185,950	37,185,950
Issuance of shares pursuant to SIS	12,004,000	-	3,001,000	-
At 31.7.2014/2013	160,747,799	148,743,799	40,186,950	37,185,950

During the financial year, the Company increased its issued and paid-up ordinary shares from RM37,185,950 to RM40,186,950 by the issuance of 12,004,000 new ordinary shares of RM0.25 each at an exercise price of RM0.25 each per share for cash pursuant to the Company's SIS.

All the new ordinary shares issued during the financial year rank pari passu in all respects with the existing shares in issue of the Company.

14. RESERVES

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Warrant reserve	4,575,992	4,575,992	4,575,992	4,575,992
Share premium	4,607,260	3,884,561	3,884,561	3,884,561
Foreign exchange translation reserve	(96,130)	36,134	-	-
Share Issuance Scheme reserve	864,301	1,400,000	1,587,000	1,400,000
Accumulated losses	(11,053,744)	(5,106,900)	(6,081,835)	(4,495,079)
	(1,102,321)	4,789,787	3,965,718	5,365,474

(a) Warrant Reserve

The warrant reserve arose from the allocation of the proceeds received from the issuance of the Warrants B by reference to the fair value of the Warrants B net of discount, amounting to RM0.08 per Warrant B and net of expenses incurred in relation to the Rights Issue completed on 13 September 2011.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

14. RESERVES *Cont'd*

(b) Share Premium

The movement of the share premium of the Group and the Company are as follows:

	The Group/ The Company	
	2014 RM	2013 RM
At 1.8.2013/2012	3,884,561	3,884,561
Transfer of share premium for SIS exercised	722,699	-
At 31.7.2014/2013	4,607,260	3,884,561

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

(c) Foreign Exchange Translation Reserve

The translation reserve arose from the translation of the financial statements of a foreign subsidiary and is not distributable by way of dividends.

(d) Share Issuance Scheme Reserve

The SIS reserve represents the equity-settled share options granted to employees of certain subsidiaries and the Company's directors. This reserve consists of the cumulative value of services received from the employees recorded on the grant of share options and is reduced by the expiry or exercise of the share options.

15. LONG-TERM BORROWINGS

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Hire purchase payables (Note 16)	632,513	527,030	-	-
Term loans (Note 17)	679,431	-	679,431	-
	1,311,944	527,030	679,431	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

16. HIRE PURCHASE PAYABLES

	The Group	
	2014 RM	2013 RM
Minimum hire purchase payments:		
- not later than one year	249,183	173,010
- later than one year and not later than five years	646,273	563,873
- later than five years	69,813	41,134
	965,269	778,017
Less: Future finance charges	(124,253)	(105,419)
Present value of hire purchase payables	841,016	672,598
Current portion (Note 20):		
- not later than one year	208,503	145,568
Non-current portion (Note 15):		
- later than one year and not later than five years	566,004	487,018
- later than five years	66,509	40,012
	632,513	527,030
	841,016	672,598

The hire purchase payables of the Group bore effective interest rates ranging from 4.62% to 7.33% (2013: 4.62% to 7.33%) per annum at the end of the reporting period.

17. TERM LOANS

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current portion (Note 20):				
- not later than one year	67,025	12,262	67,025	-
Non-current portion (Note 15):				
- later than one year and not later than five years	301,103	-	301,103	-
- later than five years	378,328	-	378,328	-
	679,431	-	679,431	-
	746,456	12,262	746,456	-

In the previous year, the term loan 1 was unsecured.

The term loan 2 is secured by way of:-

- a fixed charge over the investment property as disclosed in Note 7 to the financial statements; and
- corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

17. TERM LOANS *Cont'd*

The repayment terms of the term loans are as follows:-

Term loan 1 at effective interest rate of 9.50% Repayable in 23 monthly instalments effective from 1 December 2012.

Term loan 2 at effective interest rate of 4.85% Repayable in 120 monthly instalments effective from 1 October 2013.

On 1 October 2013, term loan 1 has been fully repaid.

18. DEFERRED TAX LIABILITY

	The Group	
	2014 RM	2013 RM
At 1.8.2013/2012	115,530	115,530
Recognised in profit or loss (Note 24)	142,470	-
At 31.7.2014/2013	258,000	115,530

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

	The Group	
	2014 RM	2013 RM
Accelerated capital allowances	(7,043,000)	(6,460,000)
Unutilised tax losses	16,854,000	15,025,000
Unabsorbed capital allowances	11,867,000	9,889,000
Unabsorbed reinvestment allowances	5,710,000	5,710,000
Other deductible timing differences	1,177,000	472,240
	28,565,000	24,636,240

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

19. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Trade payables:-				
Third party	2,307,462	2,063,220	-	-
Related party	667,932	556,452	-	-
	2,975,394	2,619,672	-	-
Other payables:-				
Third parties	2,107,316	2,631,794	24,256	9,648
Amounts owing to directors	726,081	585,366	10,000	16,300
Accruals	701,263	970,652	30,345	30,345
	3,534,660	4,187,812	64,601	56,293
	6,510,054	6,807,484	64,601	56,293

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from cash term to five months (2013: cash term to five months).

Amounts owing to directors represent mainly advances and remuneration payable, which are unsecured, interest-free and payable upon demand in cash.

20. SHORT-TERM BORROWINGS

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Bankers' acceptances	137,000	3,500,000	-	-
Hire purchase payables (Note 16)	208,503	145,568	-	-
Term loans (Note 17)	67,025	12,262	67,025	-
	412,528	3,657,830	67,025	-

The short-term borrowings of the Group are secured by a fixed charge over the property, plant and equipment and investment property with a total carrying amount of RM18,092,570 and RM2,036,364 respectively (2013: RM19,944,615 and Nil) as disclosed in Note 6 and Note 7 to the financial statements. These borrowings are also guaranteed by the Company.

21. BANK OVERDRAFTS

The bank overdrafts bore a weighted average effective interest rate of 8.51% (2013: 8.19%) per annum as at the end of the reporting period.

The bank overdrafts of the Group are secured by a fixed charge over the property, plant and equipment with a total carrying amount of RM18,092,570 (2013: RM19,944,615) as disclosed in Note 6 to the financial statements. These bank overdrafts are also guaranteed by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

22. REVENUE

Revenue of the Group represents the invoiced value of goods sold less discounts and returns.

23. LOSS BEFORE TAXATION

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Loss before taxation is arrived at after charging/ (crediting):-				
Audit fee:				
- for the financial year	101,012	106,153	28,000	28,000
- underprovision in the previous financial year	2,500	17,000	-	3,000
Bad debts written off	11,868	-	-	-
Depreciation of:				
- investment property	31,011	-	31,011	-
- property, plant and equipment	1,681,547	1,440,989	202	610
Directors' fee	120,000	124,000	120,000	124,000
Directors' non-fee emoluments	395,200	461,708	3,700	4,900
Impairment losses on:				
- goodwill	406,711	-	-	-
- investment in a subsidiary	-	-	638,000	-
- plant and equipment	1,000,000	-	-	-
- trade receivables	-	308,216	-	-
Interest expense:				
- bank overdrafts	264,021	319,015	-	-
- hire purchase	37,229	24,354	-	-
- term loans	29,944	21,020	29,748	-
- bankers' acceptances	115,755	158,217	-	-
Inventories written off	132,417	-	-	-
Loss/(Gain) on disposal of plant and equipment	3,596	(24,682)	-	-
Loss on foreign exchange:				
- realised	13,219	85,132	-	21,008
- unrealised	1,520	-	43,114	-
Rental of:				
- motor vehicles	26,981	28,200	-	-
- premises	1,255,337	911,459	44,928	-
Staff costs:				
- defined contribution plan	656,059	599,677	45,866	45,487
- salaries, wages, bonuses and allowances	5,857,968	5,382,487	380,169	404,525
- other benefits	154,816	138,665	1,859	1,859
- compensation for SIS	187,000	1,400,000	-	769,000
Plant and equipment written off	35,340	168,282	-	-
Bad debts recovered	(21,155)	-	-	-
Interest income	(229,432)	(241,151)	(92,024)	(93,870)
Rental income	(55,290)	-	(41,290)	-
Reversal of impairment loss on receivables	(17,465)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

24. INCOME TAX EXPENSE

	The Group	
	2014	2013
	RM	RM
Income tax:		
- Malaysian tax	-	145,451
- Foreign tax	57,617	-
	57,617	145,451
Underprovision of income tax in the previous financial year	11,404	2,000
	69,021	147,451
Deferred tax expense (Note 18):		
- underprovision in the previous financial year	142,470	-
	211,491	147,451

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

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Loss before taxation	(5,735,353)	(3,459,092)	(1,586,756)	(1,687,601)
Tax at the statutory tax rate of 25%	(1,433,838)	(864,773)	(396,689)	(421,900)
Tax effects of:-				
Non-deductible expenses	575,103	641,027	396,689	421,900
Deferred tax assets not recognised during the financial year	982,190	365,180	-	-
Differential in tax rates	(65,838)	4,017	-	-
Underprovision in the previous financial year:				
- income tax	11,404	2,000	-	-
- deferred tax	142,470	-	-	-
Income tax expense for the financial year	211,491	147,451	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

25. LOSS PER SHARE

	The Group	
	2014	2013
Loss attributable to owners of the Company (RM)	(5,946,844)	(3,606,543)
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1.8.2013/2012	148,743,799	148,743,799
Effect of SIS	8,879,671	-
Weighted average number of ordinary shares at 31.7.2014/2013	157,623,470	148,743,799
Basic loss per share (Sen)	(3.77)	(2.42)

The diluted loss per ordinary share of the current and previous financial year are not presented as it is anti-dilutive effect arising from the assumed conversion of SIS and warrants.

26. SHARE-BASED COMPENSATION PURSUANT TO SHARE ISSUANCE SCHEME

On 23 January 2013 and 24 October 2013, the Group granted share options to employees of certain subsidiaries and the Company's directors to purchase shares in the Company under the SIS approved by the shareholders of the Company on 27 June 2012.

The number of share options are as follows:

	Number of ordinary shares of RM0.25 each granted under option			
	The Group		The Company	
	2014	2013	2014	2013
At 1.8.2013/2012	10,649,600	-	5,143,600	-
Granted	11,611,000	10,649,600	3,011,000	5,143,600
Exercised	(12,004,000)	-	-	-
Cancellation due to staff resignation	(300,000)	-	-	-
At 31.7.2014/2013	9,956,600	10,649,600	8,154,600	5,143,600

The fair value of the share options granted were estimated by using the binomial model, taking into consideration the terms and conditions upon which the options were granted. The fair value of the share options measured at the grant date and the assumptions are as follow:-

	2014	2013
Fair value of share options at the grant date (RM per share)	0.02	0.13
Exercise price per option (RM)	0.25	0.25
Expected volatility (%)	23.76	72.21
Expected life (years)	5	5
Risk free rate (%)	4.1	4.1

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

26. SHARE-BASED COMPENSATION PURSUANT TO SHARE ISSUANCE SCHEME *Cont'd*

Value of employee services received for issue of share options

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Total expense recognised as share-based compensation pursuant to SIS	187,000	1,400,000	-	769,000

27. PURCHASE OF INVESTMENT PROPERTY

	The Group/ The Company	
	2014	2013
	RM	RM
Cost of investment property purchased	2,067,375	-
Amount financed through term loan	(800,000)	-
Cash disbursed for purchase of investment property	1,267,375	-

28. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group	
	2014	2013
	RM	RM
Cost of property, plant and equipment purchased	3,901,248	4,772,730
Amount financed through hire purchase	(332,063)	(139,000)
Cash disbursed for purchase of property, plant and equipment	3,569,185	4,633,730

29. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Fixed deposits with licensed banks	4,244,237	9,237,392	-	4,090,112
Cash and bank balances	2,811,278	6,801,305	656,498	158,574
Bank overdrafts (Note 21)	(2,775,279)	(2,532,056)	-	-
	4,280,236	13,506,641	656,498	4,248,686

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

30. DIRECTORS' REMUNERATION

- (a) The aggregate amounts of emoluments received and receivable by directors of the Group and the Company during the financial year are as follows:-

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive directors:				
- fee	48,000	42,000	48,000	42,000
- allowance	1,200	1,800	1,200	1,800
- non-fee emoluments	391,500	456,808	-	-
Non-executive directors:				
- fee	72,000	82,000	72,000	82,000
- allowance	2,500	3,100	2,500	3,100
	515,200	585,708	123,700	128,900

- (b) Details of directors' emoluments of the Group and the Company received/receivable for the financial year in bands of RM50,000 are as follows:-

	The Group	
	2014	2013
Executive directors:-		
RM150,001 – RM200,000	-	1
RM200,001 – RM250,000	2	2
Non-executive directors:-		
Below RM50,000	3	4
	5	7

31. SIGNIFICANT RELATED PARTY DISCLOSURES

- (a) Identities of related parties

The Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

31. SIGNIFICANT RELATED PARTY DISCLOSURES *Cont'd*

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

	The Group	
	2014	2013
	RM	RM
Sales to companies in which a substantial shareholder has a substantial financial interest	4,861,366	1,378,350
Professional services rendered by a company in which a director has a substantial financial interest	65,543	66,800
Rental paid to companies in which a substantial shareholder has a substantial financial interest	312,934	118,218
Purchases from a company in which a director has a substantial financial interest	1,340,714	866,311
Key management personnel compensation:		
- short-term employee benefits	1,491,554	1,291,400
- contribution to defined contribution plan	170,324	131,021
- share-based payments	17,440	883,708

32. OPERATING SEGMENTS

The Group are principally engaged in the manufacturing of rubber products and baby products as well as trading in baby apparels, infant milk and toiletries, recycling, trading of general products, electrical and mechanical products.

The Group has arrived at three reportable segments that are organised and managed separately according to the nature of products and services. The reportable segments are summarised as follows:-

Manufacturing	:	Manufacturing of condoms, baby products and moulds and recycling of glass.
Trading	:	Trading and retailing in rubber products, baby apparels, infant milk formula, toiletries, consumable products, electrical and mechanical products.
Others	:	Consist of investment holding company and a subsidiary which is dormant.

The accounting policies of operating segments are the same as those disclosed in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and are based on negotiated and mutually agreed terms. Inter-segment revenue is eliminated in the consolidated financial statements.

Segments assets exclude tax asset.

Segments liabilities exclude tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

32. OPERATING SEGMENTS *Cont'd*

Business Segments

	Manufacturing RM	Trading RM	Others RM	Group RM
2014				
Revenue				
External revenue	12,880,341	24,682,629	-	37,562,970
Inter-segment revenue	2,963,933	37,158	-	3,001,091
	15,844,274	24,719,787	-	40,564,061
Consolidation adjustments and eliminations				(3,001,091)
Consolidated revenue				37,562,970
Results				
Results before the following adjustments	(551,410)	(294,897)	(1,004,610)	(1,850,917)
Consolidation adjustments and eliminations	14,903	-	-	14,903
Other material items of income (Note a)	18,884	19,736	-	38,620
Depreciation of investment property	-	-	(31,011)	(31,011)
Depreciation of property, plant and equipment	(1,443,619)	(237,726)	(202)	(1,681,547)
Other material items of expenses (Note b)	(1,140,340)	(231,401)	(406,711)	(1,778,452)
Segment results	(3,101,582)	(744,288)	(1,442,534)	(5,288,404)
Finance costs				(446,949)
Income tax expense				(211,491)
Consolidated loss after taxation				(5,946,844)
Assets				
Segment assets	28,988,069	15,580,655	5,738,682	50,307,406
Current tax assets	91,209	11,000	-	102,209
Consolidated total assets	29,079,278	15,591,655	5,738,682	50,409,615
Liabilities				
Segment liabilities	7,772,971	2,412,663	824,171	11,009,805
Deferred tax liability	258,000	-	-	258,000
Provision for taxation	-	57,181	-	57,181
Consolidated total liabilities	8,030,971	2,469,844	824,171	11,324,986
Other segment items				
Additions to non-current assets other than financial instruments:-				
- investment property	-	-	2,067,375	2,067,375
- property, plant and equipment	596,731	732,590	2,571,927	3,901,248

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

32. OPERATING SEGMENTS *Cont'd*

Business Segments *Cont'd*

	Manufacturing RM	Trading RM	Others RM	Group RM
2013				
Revenue				
External revenue	18,452,195	26,631,079	-	45,083,274
Inter-segment revenue	3,356,905	37,550	-	3,394,455
	21,809,100	26,668,629	-	48,477,729
Consolidation adjustments and eliminations				(3,394,455)
Consolidated revenue				45,083,274
Results				
Results before following adjustments	1,313,730	(27,090)	(917,991)	368,649
Consolidation adjustments and eliminations	(12,330)	-	-	(12,330)
Other material items of income (Note a)	24,682	-	-	24,682
Depreciation of property, plant and equipment	(1,308,824)	(131,555)	(610)	(1,440,989)
Other material items of expenses (Note b)	(793,962)	(313,536)	(769,000)	(1,876,498)
Segment results	(776,704)	(472,181)	(1,687,601)	(2,936,486)
Finance costs				(522,606)
Income tax expense				(147,451)
Consolidated loss after taxation				(3,606,543)
Assets				
Segment assets	33,004,212	17,699,228	4,929,474	55,632,914
Current tax assets	29,106	-	-	29,106
Consolidated total assets	33,033,318	17,699,228	4,929,474	55,662,020
Liabilities				
Segment liabilities	11,579,194	1,888,913	56,293	13,524,400
Deferred taxation	115,530	-	-	115,530
Provision for taxation	46,353	-	-	46,353
Consolidated total liabilities	11,741,077	1,888,913	56,293	13,686,283
Other segment items				
Additions to non-current assets other than financial instruments:-				
- property, plant and equipment	4,363,635	409,095	-	4,772,730

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

32. OPERATING SEGMENTS *Cont'd*

Business Segments *Cont'd*

(a) Other material items of income consist of the following:-

	The Group	
	2014	2013
	RM	RM
Bad debts recovered	21,155	-
Gain on disposal of plant and equipment	-	24,682
Reversal of impairment loss on receivables	17,465	-
	38,620	24,682

(b) Other material items of expenses consist of the following:-

	The Group	
	2014	2013
	RM	RM
Allowance for impairment losses on receivable	-	308,216
Bad debts written off	11,868	-
Compensation for SIS	187,000	1,400,000
Loss on disposal of plant and equipment	3,596	-
Impairment loss on goodwill	406,711	-
Impairment loss of plant and equipment	1,000,000	-
Inventories written off	132,417	-
Plant and equipment written off	35,340	168,282
Unrealised loss on foreign exchange	1,520	-
	1,778,452	1,876,498

Geographical Information

	Revenue		Non-current Assets	
	2014	2013	2014	2013
	RM	RM	RM	RM
Malaysia	18,390,873	29,095,464	20,974,862	20,716,272
Other Asian countries	18,155,880	14,493,072	3,192,824	244,618
European countries	289,582	23,051	-	-
African countries	358,159	876,121	-	-
Others	368,476	595,566	-	-
	37,562,970	45,083,274	24,167,686	20,960,890

Major Customers

Revenue from a major customer with revenue equal to or more than 10% of Group revenue amounted to RM4,169,700 arising from sales of the trading segments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

33. CONTINGENT LIABILITIES

	The Company	
	2014	2013
	RM	RM
Corporate guarantees extended:		
- to financial institutions for credit facilities granted to a subsidiary	3,022,279	6,152,056
- to a supplier for purchases made by a subsidiary	96,622	335,615
	3,118,901	6,487,671

34. CAPITAL COMMITMENT

	The Group	
	2014	2013
	RM	RM
<u>Contracted But Not Provided For</u>		
Purchase of equipment	300,000	-

35. FINANCIAL INSTRUMENTS

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

(a) Financial Risk Management Policies

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

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar, Euro, Singapore Dollar, Chinese Renminbi and Thailand Baht. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

35. FINANCIAL INSTRUMENTS *Cont'd*

(a) Financial Risk Management Policies *Cont'd*

(i) Market Risk *Cont'd*

(i) Foreign Currency Risk *Cont'd*

The Group's exposure to foreign currency is as follows:-

The Group	United States Dollar RM	Euro RM	Singapore Dollar RM	Chinese Renminbi RM	Thailand Baht RM	Ringgit Malaysia RM	Total RM
2014							
Financial assets							
Trade and other receivables	162,828	55,373	4,220,110	651	31,960	7,297,394	11,768,316
Fixed deposits with licensed banks	-	-	-	-	-	4,244,237	4,244,237
Cash and bank balances	131,343	2,635	136,167	-	358,335	2,182,798	2,811,278
	294,171	58,008	4,356,277	651	390,295	13,724,429	18,823,831
Financial liabilities							
Hire purchase payables	-	-	502,955	-	-	338,061	841,016
Term loans	-	-	-	-	-	746,456	746,456
Trade and other payables	1,704,809	92,350	1,351,718	168,714	13,114	3,179,349	6,510,054
Bank overdrafts	-	-	-	-	-	2,775,279	2,775,279
Bankers' acceptances	-	-	-	-	-	137,000	137,000
	1,704,809	92,350	1,854,673	168,714	13,114	7,176,145	11,009,805
Net financial (liabilities)/ assets	(1,410,638)	(34,342)	2,501,604	(168,063)	377,181	6,548,284	7,814,026
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(2,501,604)	-	(377,181)	(6,548,284)	(9,427,069)
Currency exposure	(1,410,638)	(34,342)	-	(168,063)	-	-	(1,613,043)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

35. FINANCIAL INSTRUMENTS *Cont'd*

(a) Financial Risk Management Policies *Cont'd*

(i) Market Risk *Cont'd*

(i) Foreign Currency Risk *Cont'd*

The Group	United States Dollar RM	Euro RM	Singapore Dollar RM	Chinese Renminbi RM	Ringgit Malaysia RM	Total RM
2013						
Financial assets						
Trade and other receivables	332,466	126,003	2,240,511	7,452	8,605,761	11,312,193
Fixed deposits with licensed banks	-	-	-	-	9,237,392	9,237,392
Cash and bank balances	5,979	9,705	382,147	-	6,403,474	6,801,305
	338,445	135,708	2,622,658	7,452	24,246,627	27,350,890
Financial liabilities						
Hire purchase payables	-	-	226,310	-	446,288	672,598
Term loans	-	-	12,262	-	-	12,262
Trade and other payables	802,575	45,256	1,079,234	98,194	4,782,225	6,807,484
Bank overdrafts	-	-	-	-	2,532,056	2,532,056
Bankers' acceptances	-	-	-	-	3,500,000	3,500,000
	802,575	45,256	1,317,806	98,194	11,260,569	13,524,400
Net financial (liabilities)/ assets	(464,130)	90,452	1,304,852	(90,742)	12,986,058	13,826,490
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(1,304,852)	-	(12,986,058)	(14,290,910)
Currency exposure	(464,130)	90,452	-	(90,742)	-	(464,420)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

35. FINANCIAL INSTRUMENTS *Cont'd*

(a) Financial Risk Management Policies *Cont'd*

(i) Market Risk *Cont'd*

(i) Foreign Currency Risk *Cont'd*

The Company	Singapore Dollar RM	Thailand Baht RM	Ringgit Malaysia RM	Total RM
2014				
Financial assets				
Trade and other receivables	1,648,160	1,045,719	16,723,898	19,417,777
Cash and bank balances	-	-	656,498	656,498
	1,648,160	1,045,719	17,380,396	20,074,275
Financial liabilities				
Trade and other payables	-	-	64,601	64,601
Term loans	-	-	746,456	746,456
	-	-	811,057	811,057
Net financial assets	1,648,160	1,045,719	16,569,339	19,263,218
Less: Net financial assets denominated in the entity's functional currency	-	-	(16,569,339)	(16,569,339)
Currency exposure	1,648,160	1,045,719	-	2,693,879

The Company	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
2013			
Financial assets			
Trade and other receivables	1,127,290	24,489,882	25,617,172
Fixed deposits with licensed banks	-	4,090,112	4,090,112
Cash and bank balances	-	158,574	158,574
	1,127,290	28,738,568	29,865,858
Financial liability			
Trade and other payables	-	56,293	56,293
	-	56,293	56,293
Net financial assets	1,127,290	28,682,275	29,809,565
Less: Net financial assets denominated in the entity's functional currency	-	(28,682,275)	(28,682,275)
Currency exposure	1,127,290	-	1,127,290

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

35. FINANCIAL INSTRUMENTS *Cont'd*

(a) Financial Risk Management Policies *Cont'd*

(i) Market Risk *Cont'd*

(i) Foreign Currency Risk *Cont'd*

Foreign currency risk sensitivity analysis

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

	The Group		The Company	
	2014 Increase/ (Decrease) RM	2013 Increase/ (Decrease) RM	2014 Increase/ (Decrease) RM	2013 Increase/ (Decrease) RM
Effects on loss after taxation				
United States Dollar:				
- strengthened by 10%	105,798	34,810	-	-
- weakened by 10%	(105,798)	(34,810)	-	-
Euro:				
- strengthened by 10%	2,575	(6,784)	-	-
- weakened by 10%	(2,575)	6,784	-	-
Singapore Dollar:				
- strengthened by 10%	-	-	(123,612)	(84,547)
- weakened by 10%	-	-	123,612	84,547
Chinese Renminbi:				
- strengthened by 10%	12,605	6,806	-	-
- weakened by 10%	(12,605)	(6,806)	-	-
Thailand Baht:				
- strengthened by 10%	-	-	(78,429)	-
- weakened by 10%	-	-	78,429	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

35. FINANCIAL INSTRUMENTS *Cont'd*

(a) Financial Risk Management Policies *Cont'd*

(i) Market Risk *Cont'd*

(i) Foreign Currency Risk *Cont'd*

Foreign currency risk sensitivity analysis *Cont'd*

	The Group		The Company	
	2014	2013	2014	2013
	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)
	RM	RM	RM	RM
Effects on equity				
United States Dollar:				
- strengthened by 10%	(105,798)	(34,810)	-	-
- weakened by 10%	105,798	34,810	-	-
Euro:				
- strengthened by 10%	(2,575)	6,784	-	-
- weakened by 10%	2,575	(6,784)	-	-
Singapore Dollar:				
- strengthened by 10%	-	-	153,612	84,547
- weakened by 10%	-	-	(153,612)	(84,547)
Chinese Renminbi:				
- strengthened by 10%	(12,605)	(6,806)	-	-
- weakened by 10%	12,605	6,806	-	-
Thailand Baht:				
- strengthened by 10%	-	-	78,429	-
- weakened by 10%	-	-	(78,429)	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

35. FINANCIAL INSTRUMENTS *Cont'd*

(a) Financial Risk Management Policies *Cont'd*

(i) Market Risk *Cont'd*

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities are disclosed in Note 12, Note 17, Note 20 and Note 21 to the financial statements.

Interest rate risk sensitivity analysis

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

	The Group		The Company	
	2014 Increase/ (Decrease) RM	2013 Increase/ (Decrease) RM	2014 Increase/ (Decrease) RM	2013 Increase/ (Decrease) RM
Effects on loss after taxation				
Increase of 100 basis points (bp)	(43,912)	(23,950)	5,598	(30,675)
Decrease of 100 bp	43,912	23,950	(5,598)	30,675
Effects on equity				
Increase of 100 bp	43,912	23,950	(5,598)	30,675
Decrease of 100 bp	(43,912)	(23,950)	5,598	(30,675)

(iii) Equity Price Risk

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

(ii) Credit Risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

35. FINANCIAL INSTRUMENTS *Cont'd*

(a) Financial Risk Management Policies *Cont'd*

(ii) Credit Risk *Cont'd*

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by two (2) customers which constituted approximately 32% of its trade receivables as at the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables (including amount owing by related parties) by geographical region is as follows:-

	The Group	
	2014 RM	2013 RM
Malaysia	6,532,296	7,596,581
Other Asian Countries	4,210,130	2,557,989
European Countries	69,611	140,241
African Countries	10,128	23,944
	10,822,165	10,318,755

Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2014				
Not past due	4,523,123	-	-	4,523,123
Past due:				
- less than 3 months	2,470,028	-	-	2,470,028
- 3 to 6 months	604,658	-	-	604,658
- over 6 months	3,250,935	(26,579)	-	3,224,356
	10,848,744	(26,579)	-	10,822,165
2013				
Not past due	5,922,511	-	-	5,922,511
Past due:				
- less than 3 months	3,797,037	-	-	3,797,037
- 3 to 6 months	576,577	-	-	576,577
- over 6 months	651,182	(628,552)	-	22,630
	10,947,307	(628,552)	-	10,318,755

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

35. FINANCIAL INSTRUMENTS *Cont'd*

(a) Financial Risk Management Policies *Cont'd*

(ii) Credit Risk *Cont'd*

Ageing analysis *Cont'd*

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

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

(iii) Liquidity Risk

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

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

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2014						
Hire purchase payables	5.44	841,016	965,269	249,183	646,273	69,813
Bankers' acceptances	4.75	137,000	137,000	137,000	-	-
Term loans	4.85	746,456	916,258	99,960	399,840	416,458
Trade and other payables	-	6,510,054	6,510,054	6,510,054	-	-
Bank overdrafts	8.51	2,775,279	2,775,279	2,775,279	-	-
		11,009,805	11,303,860	9,771,476	1,046,113	486,271

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

35. FINANCIAL INSTRUMENTS *Cont'd*

(a) Financial Risk Management Policies *Cont'd*

(iii) Liquidity Risk *Cont'd*

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2013						
Hire purchase payables	4.89	672,598	778,017	173,010	563,873	41,134
Bankers' acceptances	4.28	3,500,000	3,500,000	3,500,000	-	-
Term loans	9.50	12,262	12,456	12,456	-	-
Trade and other payables	-	6,807,484	6,807,484	6,807,484	-	-
Bank overdrafts	8.19	2,532,056	2,532,056	2,532,056	-	-
		13,524,400	13,630,013	13,025,006	563,873	41,134
The Company						
2014						
Trade and other payables	-	64,601	64,601	64,601	-	-
Term loans	4.85	746,456	916,258	99,960	399,840	416,458
		811,057	980,859	164,561	399,840	416,458
2013						
Trade and other payables	-	56,293	56,293	56,293	-	-

(b) Capital Risk Management

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

The Group manages its capital based on gearing ratio. The Group's strategies were unchanged from the previous financial year. The gearing ratio is calculated as net debt divided by total capital plus net debt. Net debt is calculated as borrowings less cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

35. FINANCIAL INSTRUMENTS *Cont'd*

(b) Capital Risk Management *Cont'd*

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

	The Group	
	2014 RM	2013 RM
Hire purchase payables	841,016	672,598
Term loans	746,456	12,262
Bankers' acceptances	137,000	3,500,000
Bank overdrafts	2,775,279	2,532,056
	4,499,751	6,716,916
Less: Fixed deposits with licensed banks	(4,244,237)	(9,237,392)
Less: Cash and bank balances	(2,811,278)	(6,801,305)
Net debt	-	-
Total capital	39,084,629	41,975,737
Net debt	-	-
Equity attributable to owners of the parent	39,084,629	41,975,737
Gearing ratio	Not applicable	Not applicable

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

(c) Classification Of Financial Instruments

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Financial asset				
<u>Loans and receivables financial assets</u>				
Trade and other receivables	11,768,316	11,312,193	19,417,777	25,617,172
Fixed deposits with licensed banks	4,244,237	9,237,392	-	4,090,112
Cash and bank balances	2,811,278	6,801,305	656,498	158,574
	18,823,831	27,350,890	20,074,275	29,865,858
Financial liability				
<u>Other financial liabilities</u>				
Hire purchase payables	841,016	672,598	-	-
Term loans	746,456	12,262	746,456	-
Trade payables and other payables	6,510,054	6,807,484	64,601	56,293
Bankers' acceptances	137,000	3,500,000	-	-
Bank overdrafts	2,775,279	2,532,056	-	-
	11,009,805	13,524,400	811,057	56,293

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

35. FINANCIAL INSTRUMENTS *Cont'd*

(d) Fair Value Information

At the end of the reporting period, there was no financial instrument carried at fair values.

The fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are determined by discounting the relevant cash flows at rates equal to the current market interest rate plus appropriate credit rating, where necessary. The fair values are included in level 2 of the fair value hierarchy.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 24 October 2013, the Company had granted 11,611,000 share options pursuant to the SIS with an exercise price of RM0.25 per new ordinary share to eligible employees and directors of the Company and its subsidiaries. The SIS Options will expire on 29 August 2017;
- (b) On 4 November 2013, the Company issued 12,004,000 new ordinary shares of RM0.25 each pursuant to the exercise of SIS;
- (c) On 27 November 2013, the Company subscribed for 200,000 ordinary shares, representing 100% of the total issued and paid-up share capital of TSC for a total consideration of THB20,000,000. TSC is presently dormant and is intended to be involved in the business of distribution and marketing of rubber related products and manufacturing and marketing of food business;
- (d) On 28 November 2013, on behalf of the Board, TA Securities Holdings Berhad has announced that the Company proposed to undertake a private placement of up to ten percent (10%) of the Company's issued and paid up share capital to investors to be identified later ("Proposed Private Placement"). Bursa Securities had vide its letter dated 18 June 2014, approved the application for the listing of and quotation for up to 22,712,400 placement shares to be issued pursuant to the Proposed Private Placement;
- (e) On 14 May 2014, the agreement to acquire the buildings together with a piece of freehold land in area located in Kanchanavanich Road, Sadao, Songkhla, Thailand, from the vendor, Furnustry Co., Ltd. for a cash consideration of THB25,000,000 (equivalent to approximately RM2,496,875) has been completed; and
- (f) On 4 June 2014, the Company announced that its wholly owned subsidiary, TIPL has entered into a Joint Venture and Shareholders' Agreement to form a joint venture company, P. T. Takaso Indonesia Manufacturing, to manufacture some of Takaso's products for sale in the Indonesian market as well as for export.

At the end of the reporting period, the agreement has yet to be completed.

37. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) On 2 October 2014, the Company announced that the Company had on 1 October 2014 entered into a conditional Share Sale Agreement with Dynavance Construction Sdn. Bhd. ("Dynavance") to acquire the entire issued and paid up capital of Dynavance ("Acquisition") for a total cash consideration of RM9,500,000. This Acquisition may result in a diversification in the business operations of the Company as the Company will be seeking its shareholders' approval in due course;
- (b) On 1 October 2014, there are allotment of a total of 9,956,600 new ordinary shares of RM0.25 each at an exercise price of RM0.25 each per share for cash pursuant to the Company's SIS; and
- (c) On 13 October 2014, 16 October 2014, 21 October 2014 and 24 October 2014, there are allotment of a total of 3,319,000 new ordinary shares of RM0.25 each at an exercise price of RM0.35 each per share for cash pursuant to the conversion of Warrant B by warrant holders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

38. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED LOSSES

The breakdown of the accumulated losses of the Group and of the Company as at the end of the reporting period into realised and unrealised losses are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Total accumulated losses:				
- realised	(26,092,019)	(19,543,133)	(6,038,721)	(4,495,079)
- unrealised	(259,520)	(115,530)	(43,114)	-
	(26,351,539)	(19,658,663)	(6,081,835)	(4,495,079)
Less: Consolidation adjustments	15,297,795	14,551,763	-	-
At 31.7.2014/2013	(11,053,744)	(5,106,900)	(6,081,835)	(4,495,079)

LIST OF PROPERTIES

Location	Description	Tenure	Existing use, Age of Building and Building up Area	Net Book Value as at 31-07-2014	Date of Revaluation
Lot PTD No. 4917 Mukim Kesang District of Ledang Johor Darul Ta'zim	The Building is a lean-to structure which adjoins a two-storey office cum factory building. A three-storey administrative building.	60 years lease expiring on 01.04.2049 (i.e. having an unexpected term of 36 years)	1. A unit of 23 years single-storey lean-to factory building. 2. A unit of 19 years factory building. (1 + 2 with a total built- up area of 43,560 sq. ft.) 3. A unit of 10 years 8 months three- storey administrative building with a built- up area of 11,500 sq. ft.	4,183,160	28th September 2009
Lot P.T.D No. 4965 Mukim Kesang District of Ledang Johor Darul Ta'zim	A two-storey factory building.	60 years lease expiring on 20.09.2049 (i.e. having an unexpired term of 36 years)	A 15 years two-storey factory building.	2,136,693	28th September 2009
Lot No.987 Mukim Sungai Terap District of Muar Johor Darul Ta'zim	A piece of agriculture land with land area of 77,591.25 sq. ft.	Freehold	Unoccupied vacant land.	1,000,000	28th September 2009
Lot No. 2526 Mukim Serom District of Muar Johor Darul Ta'zim	A piece of newly converted medium industrial land with land area of 395,034.75 sq. ft.	Freehold	Permitted to build a warehouse with total built- up area of 10,940 sq. ft. (10 years 3 month).	4,185,933	28th September 2009
Lot No. 5619 Mukim Pekan Kinrara District of Petaling Selangor Darul Ehsan	3 1/2 storey shop-offices	Freehold	A unit of 4 years 3 1/2 shop-offices with total built-up area 5,652 sq. ft.	2,036,364	-

ANALYSIS OF SHAREHOLDINGS

As at 17 October 2014

Authorised Capital	:	400,000,000 ordinary shares of RM0.25 each
Total number issued	:	172,870,399 ordinary shares of RM0.25 each
Class of securities	:	Ordinary shares of RM0.25 each
Voting rights	:	Each member of the Company, present in person or by proxy, shall have one (1) vote on a show of hands and in the case of a poll, shall have one (1) vote for every ordinary share held. A proxy need not be a member.
Number of shareholders	:	1,398

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	102	7.30	4,594	0.00
100 – 1,000	103	7.37	52,249	0.03
1,001 – 10,000	685	49.00	3,342,883	1.93
10,001 – 100,000	403	28.82	13,638,684	7.89
100,001 – 8,643,518 *	102	7.30	98,611,089	57.05
8,643,519 and above **	3	0.21	57,220,900	33.10
Total	1,398	100.00	172,870,399	100.00

Notes:

* means less than 5% of issued and paid-up share capital

** means 5% and above of issued and paid-up share capital

DIRECTORS' SHAREHOLDINGS AS AT 17.10.2014

The respective share and warrant holdings of the Directors of Takaso Resources Berhad in the Company are as follows:-

Directors	SHARE HOLDINGS				WARRANT B HOLDINGS			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	No. of shares held	%	No. of shares held	%	No of Warrant B held	%	No of Warrant B held	%
Tee Tze Chern, JP	2,034,488	1.18	⁽¹⁾ 25,000,000 ⁽²⁾ 800,000	14.46 0.46	-	-	⁽¹⁾ 90	0.00
Tunku Makhlad Bin Tunku Mohamed Jamil	-	-	-	-	-	-	-	-
Tan Ooi Jin	668,000	0.39	-	-	-	-	-	-
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	-	-	-	-	-	-	-	-
Yong Mong Huay	2,034,400	1.18	-	-	-	-	-	-

Notes:-

The direct and indirect interest of Mr. Ong Kah Hoe of 10.41% and 9.52% respectively was not disclosed above as he was only appointed to the Board on 14 November 2014.

(1) Deemed interested by virtue of Tee Tze Chern's shareholding in JF Apex Nominees (Tempatan) Sdn. Bhd., pledged securities account for Nextplus Fortune Sdn. Bhd., pursuant to Section 6A of the Companies Act, 1965.

(2) Held through Mr. Tee Tze Chern's spouse, Madam Lim Kwee Hua.

ANALYSIS OF SHAREHOLDINGS

As at 17 October 2014

Cont'd

SUBSTANTIAL SHAREHOLDERS AS AT 17 OCTOBER 2014

Substantial shareholders (holding 5% or more of the capital) based on the Register of Substantial Shareholdings of the Company as at 17 October 2014 are as follows:-

Substantial Shareholders	Direct Interest		Indirect Interest	
	No of shares held	% held	No of shares held	% held
JF Apex Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Nextplus Fortune Sdn. Bhd. (Margin)]	25,000,000	14.46	-	-
Kenanga Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Kombinasi Emas Sdn. Bhd.]	18,264,000	10.57	-	-
Kenanga Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Sincere Goldyear Sdn. Bhd.]	13,956,900	8.07	-	-

THIRTY LARGEST SHAREHOLDERS AS AT 17 OCTOBER 2014

No.	Shareholders	No. of Shares	%
1	JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR NEXTPLUS FORTUNE SDN BHD (MARGIN)</i>	25,000,000	14.46
2	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KOMBINASI EMAS SDN BHD</i>	18,264,000	10.57
3	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SINCERE GOLDFEED SDN BHD</i>	13,956,900	8.07
4	JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW CHOON LAN (MARGIN)</i>	7,369,300	4.26
5	LIM BOON HONG	6,610,000	3.82
6	SJ SEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHAI WEI WEI (SJ8)</i>	6,237,200	3.61
7	TAN CHIN CHING	4,930,000	2.85
8	SJ SEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ENG MOK HOCK (SMT)</i>	4,676,000	2.70
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHIN BOON LONG (8122133)</i>	4,500,000	2.60
10	SJ SEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHIN BOON LONG (SJB)</i>	3,500,000	2.02
11	THAM KIN FOONG (JOHN)	2,750,000	1.59
12	THAM QUEK NGOK	2,610,000	1.51
13	TAN POO YOT	2,600,000	1.50
14	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHENG YING YING (CHE3060M)</i>	2,069,900	1.20
15	TEE TZE CHERN	2,034,400	1.18
16	YONG MONG HUAY	2,034,400	1.18

ANALYSIS OF SHAREHOLDINGS

As at 17 October 2014

Cont'd

THIRTY LARGEST SHAREHOLDERS AS AT 17 OCTOBER 2014 Cont'd

No.	Shareholders	No. of Shares	%
17	JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHAN TUCK LEONG (MARGIN)</i>	2,000,000	1.16
18	LILY TEE	1,708,900	0.99
19	SU SEONG YEEN	1,708,900	0.99
20	KUAK JUAN CHEE	1,432,900	0.83
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK FOR ONG KAH HOE (MY1325)</i>	1,310,000	0.76
22	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM PECK HONG (LIM6037M)</i>	1,306,200	0.76
23	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SEE YEW TIONG</i>	1,220,000	0.71
24	LEONG SENG WUI	1,199,200	0.69
25	TAN KHENG KOOI	1,134,000	0.66
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK FOR ANG HWEE HWEE (MY1622)</i>	1,080,000	0.62
27	SEOW CHOW WAH	1,056,000	0.61
28	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YAP CHOR HOW (YAP2107M)</i>	1,030,000	0.60
29	TA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHONG TZE-BAN</i>	1,022,000	0.59
30	JF APEX NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEW WAI KONG (STA 1)</i>	1,002,000	0.58
		127,352,200	73.67

ANALYSIS OF WARRANT B [TAKASO-WB] HOLDINGS

As at 17 October 2014

Number of outstanding Warrant B	:	54,254,285 TAKASO-WB
Exercise period	:	The exercise period is five (5) years from the date issue on 5 September 2011 and maturing on 4 September 2016.
Exercise price	:	RM0.35 and subject to adjustment in accordance with the conditions provided in the Deed Poll dated 26 July 2011.
Warrant B Entitlement	:	Each Warrant B entitles the registered holder during the Exercise Period to subscribe for one new ordinary share of RM0.25 each at the Exercise Price.
Number of Warrant B Holders	:	793

DISTRIBUTION OF WARRANT B HOLDING

Size of Holdings	No. of Warrant B Holders	%	No. of Warrants B	%
1 – 99	20	2.52	1,081	0.00
100 – 1,000	23	2.90	13,474	0.02
1,001 – 10,000	209	26.36	1,372,180	2.53
10,001 – 100,000	440	55.48	19,616,250	36.16
100,001 – 2,712,713 *	101	12.74	33,251,300	61.29
2,712,714 and above **	0	0	0	0
Total	793	100.00	54,254,285	100.00

Notes:

* means less than 5% of the total Warrant B of the Company

** means 5% and above of the total Warrant B of the Company

ANALYSIS OF WARRANT B [TAKASO-WB] HOLDINGS

As at 17 October 2014

Cont'd

THIRTY LARGEST WARRANT B (TAKASO-WB) HOLDERS AS AT 17 OCTOBER 2014

No.	Warrant B Holders	No. of Warrant B	%
1	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHONG SOONG HUAT</i>	1,500,000	2.76
2	SU-AZIAN @ MUZAFFAR SYAH BIN ABD RAHMAN	1,201,000	2.21
3	LIAW MENG HUI	1,136,000	2.09
4	HLIB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SUCCESS SECRETS SDN BHD (MG0179-192)</i>	1,000,000	1.84
5	LAY SOOK HWEY	1,000,000	1.84
6	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HIANG ENG HOE (E-JBU)</i>	840,000	1.55
7	AIBB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHAN WENG FUI</i>	800,000	1.47
8	KANG LENG OOI	700,000	1.29
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>ONG KIM CHONG @ ONG HWEE CHOO</i>	650,000	1.20
10	LING LEONG KEONG	627,900	1.16
11	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>THONG WENG KIN</i>	600,000	1.11
12	MOHD AMIRUL KHAMIL BIN MOHD KHUSAIRI	528,700	0.97
13	CHONG SOONG HUAT	500,000	0.92
14	HLIB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHONG MOO LING</i>	500,000	0.92
15	LIM HA CHING	500,000	0.92
16	LING SOON ENG	500,000	0.92
17	NELSON JEYAKUMAR DASON	500,000	0.92
18	NEO SOON BOON	500,000	0.92
19	MUHD ABD MUIZ AL-AMIN BIN MUHAMMAD FIRDAUS	452,000	0.83
20	HASMAD BIN AHMAD	433,000	0.80
21	JAFFAR BIN MANAP	430,000	0.79
22	NG SU HONG	409,000	0.75
23	CHENG MEI NA	400,000	0.74
24	GRACE LOO SHUK YEE	400,000	0.74
25	KOH KOOI BOON	400,000	0.74
26	MUHAMMAD SHAZWAN BIN MUSTAFA	400,000	0.74
27	NG AIK GUAN	400,000	0.74
28	TOH HONG CHYE	400,000	0.74
29	WONG YONG SIANG	400,000	0.74
30	YEAH HAI ENG	400,000	0.74
		18,507,600	34.11

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of the Company will be held at Level 16, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf and Country Resort, 47410 Petaling Jaya, Selangor on Tuesday, 16 December 2014, at 2.00 p.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 July 2014 together with the Directors' and Auditors' Reports thereon. *(Please refer Explanatory Note 1)*
2. To approve the payment of Directors' fees of not exceeding RM250,000 for the financial year ending 31 July 2015. **(Ordinary Resolution 1)**
3. To re-elect the following Directors who retire in accordance with Article 92 and Article 98 of the Company's Articles of Association and being eligible, had offered themselves for re-election:-
 - i) Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria (Article 92) **(Ordinary Resolution 2)**
 - ii) Tunku Makhlad Bin Tunku Mohamed Jamil (Article 92) **(Ordinary Resolution 3)**
 - iii) Ong Kah Hoe (Article 98) **(Ordinary Resolution 4)**
4. To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the financial year ending 31 July 2015 and to authorise the Board of Directors to fix their remuneration. **(Ordinary Resolution 5)**

AS SPECIAL BUSINESS:-

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

5. **As Ordinary Resolution**
Proposed Authority to Directors to Issue New Ordinary Shares Pursuant to Section 132D of the Companies Act, 1965

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue new ordinary shares in the Company from time to time and upon such terms and conditions to such persons and for such purposes as the Directors may deem fit PROVIDED THAT the aggregate number of new ordinary shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the nominal value of the total issued and paid up share capital (excluding treasury shares) of the Company and that such authority shall unless revoked or varied by an ordinary resolution by the shareholders of the Company in general meeting, commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier, AND THAT the Directors are further authorised to do all such things and upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company to give effect to the issuance of new ordinary shares under this resolution including making such applications to Bursa Malaysia Securities Berhad for the listing of and quotation for the new ordinary shares to be issued pursuant to this resolution."

(Ordinary Resolution 6)

6. **As Ordinary Resolution**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction (the "Proposal")

"THAT, subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company, the MMLR of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Main Market and the regulations, guidelines and guidance notes issued from time to time by Bursa Securities or any other regulatory authorities, approval be and is hereby given for the Company and its subsidiaries (collectively the "Group") to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.4(i) of the Company's Circular to Shareholders dated 24 November 2014 ("Circular") provided that such transactions and/or arrangements are in the ordinary course of business which are necessary for the day-to-day operations of the Group, on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.



NOTICE OF ANNUAL GENERAL MEETING

THAT the authority conferred by this resolution shall take effect immediately upon the passing of this resolution and the shareholders' mandate shall continue to be in force until:

- (a) the conclusion of the next annual general meeting ("AGM") of the Company following the AGM at which the ordinary resolution for the Proposal was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Act [but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act], or
- (c) revoked or varied by resolution passed by the shareholders at a general meeting,

whichever is the earlier.

THAT authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution.

AND THAT the estimates given in respect of the Recurrent Related Party Transactions specified in Section 2.4(i) of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amounts(s) thereof provided that such amount or amounts comply with the procedures set out in Section 2.5 of the Circular."

(Ordinary Resolution 7)

- 7. To transact any other business of which due notice have been given in accordance with the Companies Act, 1965.

By order of the Board,

LAM SOOK CHING (MAICSA 7006942)
LOW BEE KHENG (MAICSA 7060813)
Secretaries

Melaka
24 November 2014

NOTES:

- 1. Depositors whose names appear in the Record of Depositors as at 9 December 2014 are entitled to attend, speak and vote at the meeting.
- 2. Where a member of the Company who is entitled to attend and vote at the meeting is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- 3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- 4. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies failing which, the appointment(s) shall be invalid.
- 5. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia.

NOTICE OF ANNUAL GENERAL MEETING

6. *The instrument appointing a proxy or proxies, in the case of an individual, shall be signed by the appointer or his/her attorney and in the case of a corporation, either under seal or under the hand of a duly authorised officer or attorney.*
7. *If there is no indication as to how a member wishes his/her vote to be cast, the proxy will vote or abstain from voting at his/her discretion. In the event a member duly executes the Form of Proxy but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his/her proxy.*
8. *To be valid, the instrument appointing a proxy or proxies shall be deposited at the Registered Office of the Company at K55 Jalan Kesang, Kawasan Perindustrian Tanjung Agas, 84000 Ledang, Johor not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.*

Explanatory Notes on Ordinary and Special Business:-

1. Item 1 of the Agenda
The Audited Financial Statements in Agenda Item 1 is meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda item is not put forward for voting by the shareholders of the Company.
2. Item 5 of the Agenda
Ordinary Resolution 6 proposed under Item 5 of the Agenda is to renew the general mandate obtained from the shareholders at the last Annual General Meeting ("AGM") of the Company held on 19 December 2013 (the "General Mandate").

The proposed Ordinary Resolution 6 is a renewal of the General Mandate obtained from the members at the last AGM of the Company. The Company had on 19 June 2014 announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 18 June 2014 approved the listing of and quotation for up to 22,712,400 Placement Shares to be issued pursuant to the Proposed Private Placement ("Placement Shares") subject to the conditions as disclosed in the said announcement. Based on the Company's announcement made on 28 November 2013, the Company is expected to raise gross proceeds of up to either RM4.2 million or RM5.9 million under the Minimum Scenario and Maximum Scenario, ("Proceeds") as illustrated in the said announcement. The Proceeds are expected to be utilised by the Company and its subsidiaries for partial repayment of bank borrowings and payment of professional fees in relation to the Proposed Private Placement and fees payable to the relevant authorities. As at the date of this Notice, although the Company has yet to receive any proceeds raised from the Placement Shares to be issued pursuant to the General Mandate, it expects the Placement Shares to be allotted before the General Mandate lapses at the conclusion of the Seventeenth Annual General Meeting to be held on 16 December 2014.

The proposed Ordinary Resolution 6, if passed, would provide flexibility to the Directors to undertake fund raising activities including but not limited to further placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this mandate does not exceed ten percent (10%) of the nominal value of the total issued and paid-up share capital (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

3. Item 6 of the Agenda
This is a renewal of the mandate obtained from the members at the last EGM of the Company held on 27 March 2014.

*The proposed Ordinary Resolution 7, if passed, will **renew** the authority given to the Company and its subsidiaries (the "TRB Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the TRB Group's day-to-day operations with the respective related parties, subject that the transactions are transacted in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.*

ANNUAL REPORT 2014 OF THE COMPANY:

The Annual Report 2014 of the Company is in CD-ROM format.

A printed copy of the Annual Report 2014 shall be provided to the shareholders within four (4) market days from the date of receipt of the verbal or written request.

Shareholders who wish to receive the printed copy of the Annual Report 2014 or who require assistance with viewing the CD-ROM, kindly contact Ms. Ally Yong (Tel. No. +6 06 951 0988) or fax (Fax No. +6 06 951 6333) or you may send the completed request form to K55 Jalan Kesang, Kawasan Perindustrian Tanjung Agas, 84000 Ledang, Johor Darul Ta'zim for a printed copy of the Annual Report 2014.

You may also e-mail your request for a printed copy of the Annual Report 2014 to ally_yong@takaso.com



STATEMENT ACCOMPANYING THE NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

1. Directors Standing for Re-election and Re-appointment

- a. Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria (Article 92)
- b. Tunku Makhlad Bin Tunku Mohamed Jamil (Article 92)
- c. Ong Kah Hoe (Article 98)

2. Details of Directors Standing for Re-Election and Re-Appointment

Details of the Directors who are retiring and standing for re-election at the Seventeenth Annual General Meeting of the Company are set out in the Directors' profile appearing on pages 6 and 9 of this Annual Report.

3. Details of Attendance of Directors at Board Meetings

A total of five (5) Board of Directors' Meetings were held during the financial year ended 31 July 2014, details of the Directors' attendances at Board meetings are set out on page 13 of this Annual Report.

4. Date, Time and Place of the Annual General Meeting

Date : Tuesday, 16 December 2014
Time : 2.00 p.m.
Place : Level 16 Persoft Tower
6B Persiaran Tropicana
Tropicana Golf and Country Resort
47410 Petaling Jaya
Selangor

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PROXY FORM	CDS A/C No.
	No. of shares held.

I/We _____
(Full Name in Capital Letters)

of _____
(Full Address)

being (a) member(s) of TAKASO RESOURCES BERHAD, do hereby appoint(s) _____
(Full Name in Capital Letters)

of _____
(Full Address)

or failing him/her, _____
(Full Name in Capital Letters)

of _____
(Full Address)

or failing him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Level 16, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf and Country Resort, 47410 Petaling Jaya, Selangor on Tuesday, 16 December 2014, at 2.00 p.m. and at any adjournment thereof.

Please indicate with "X" in the space provided below how you wish your votes to be cast. If no specific direction as to voting is given, the Proxy will vote or abstain from voting at his/her discretion.

ITEM	AGENDA			
1.	To receive the Audited Financial Statements for the financial year ended 31 July 2014 together with the Directors' and Auditors' Reports thereon.			
		RESOLUTION	FOR	AGAINST
2.	To approve Directors' fees of not exceeding RM250,000 for the financial year ending 31 July 2015.	1		
3.	To re-elect the following Directors who retire and being eligible, offer themselves for re-election in accordance with Article 92 and Article 98 of the Company's Articles of Association:- i) Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria (Article 92) ii) Tunku Makhlad Bin Tunku Mohamed Jamil (Article 92) iii) Ong Kah Hoe (Article 98)	2 3 4		
4.	To re-appoint Messrs. Crowe Horwath as auditors of the Company for the financial year ending 31 July 2015 and to authorise the Board of Directors to fix their remuneration.	5		
5.	To approve the Proposed Authority to Directors to Issue New Ordinary Shares Pursuant to Section 132D of the Companies Act, 1965.	6		
6.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction.	7		

* Strike out whichever not applicable.

As witness *my/our hand this _____ day of _____, 2014

Telephone number during office hours: _____

Signature of member/Common Seal

NOTES:

- Depositors whose names appear in the Record of Depositors as at 9 December 2014 are entitled to attend, speak and vote at the meeting.
- Where a member of the Company who is entitled to attend and vote at the meeting is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies failing which, the appointment(s) shall be invalid.
- A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia.
- The instrument appointing a proxy or proxies, in the case of an individual, shall be signed by the appointer or his/her attorney and in the case of a corporation, either under seal or under the hand of a duly authorised officer or attorney.
- If there is no indication as to how a member wishes his/her vote to be cast, the proxy will vote or abstain from voting at his/her discretion. In the event a member duly executes the Form of Proxy but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his/her proxy.
- To be valid, the instrument appointing a proxy or proxies shall be deposited at the Registered Office of the Company at K55 Jalan Kesang, Kawasan Perindustrian Tanjung Agas, 84000 Ledang, Johor not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

The Company Secretary
TAKASO RESOURCES BERHAD
(Company No.440503-K)
K55 Jalan Kesang
Kawasan Perindustrian Tanjung Agas
84000 Ledang
Johor Darul Ta'zim

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