PERKARA ....
Inilah Benda bukti bertanda........."A"...........
yang disebutkan didalam surat ikrar Soo Boon Chio

Diikrar pada .... 11 MAR 2019 ....

Pengadil, Mahkamah Rendah, Pulau Pinang
Pesuruhjaya Sumpah Pulau Pinang

PESURUHJAYA SUMPAH
No: P 140
Nama: MOK CHENG YOON
PJK
24.6.2018-23.6.2019
MALAYSIA

Jalan Zainal Abidin
Pulau Pinang

ROFINA MARKETING (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 383936-A

FINANCIAL REPORT

for the financial year ended 31 May 2017

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ROFINA MARKETING (M) SDN. BHD.
(Incorporated in Malaysia)
Company No: 383936-A

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 May 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the design, sourcing and distribution of luggage, bags, briefcases, travel accessories and winter apparel.

RESULTS

	RM
Loss for the financial year	(9,252,177)

DIVIDENDS

No dividends were recommended, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES OR DEBENTURES

The Company did not issue any shares or debentures during the financial year.

SHARE OPTIONS

The Company did not grant any share options during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements were prepared, 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 provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent.

DIRECTORS' REPORT

CURRENT ASSETS

Before the financial statements were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records have been written down to an amount which the current assets 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 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 would render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

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

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company to meet its 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 which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations 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 Company for the financial year in which this report is made.

DIRECTORS' REPORT

DIRECTORS

The directors in office since the beginning of the financial year are:-

Soo Boon Chin
Wong Yeng Fong
Soo Wei Yin
Soo Yi Yun

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests in shares in the Company of the directors in office at the end of the financial year are as follows:-

	Number of Ordinary Shares			
Name of Director	Balance at 1.6.2016	Bought	(Sold)	Balance at 31.5.2017
Soo Boon Chin	250,000	0	0	250,000
Wong Yeng Fong	100,000	0	0	100,000
Soo Wei Yin	100,000	0	0	100,000
Soo Yi Yun	50,000	0	0	50,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the directors' remuneration as disclosed in Note 13 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of certain related party transactions as disclosed in Note 17 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement 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.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity given to or liability insurance effected for any director or officer of the Company during the financial year.

ROFINA MARKETING (M) SDN. BHD.
(Incorporated in Malaysia)
Company No: 383936-A

DIRECTORS' REPORT

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 12 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 1 1 MAR 2019

Soo Boon Chin

Wong Yeng Fong

ROFINA MARKETING (M) SDN. BHD.
(Incorporated in Malaysia)
Company No: 383936-A

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 10 to 36 give a true and fair view of the financial position of the Company as at 31 May 2017 and of its 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 2016 in Malaysia.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 11 MAR 2019

Soo Boon Chin

Wong Yeng Fong

STATUTORY DECLARATION

I, Soo Boon Chin, being the director primarily responsible for the financial management of Rofina Marketing (M) Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 36 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Soo Boon Chin at George Town in the State of Penang on this 11 MAR 2019

Soo Boon Chin

Before me

PESURUHJAYA SUMPAH
No: P 140
Nama: MOK CHENG YOON
PJK
MALAYSIA

27, Jalan Zainal Abidin
10400 Pulau Pinang

Crowe

Crowe Malaysia PLT
(LLP0018817-LCA & AF 1018)
Chartered Accountants
Level 6, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang
Malaysia
Main +6 04 2277 061
Fax +6 04 2278 011
Email info.pg@crowe.my
www.crowe.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROFINA MARKETING (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 383936-A

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rofina Marketing (M) Sdn. Bhd., which comprise the statement of financial position as at 31 May 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 36.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 May 2017, and of its 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.3 to the financial statements, which indicates that the Company incurred a loss of RM9,252,177 for the financial year ended 31 May 2017 and as at that date, its net current liabilities and net liabilities amounted to RM7,422,564 and RM2,716,225 respectively. As stated in Note 2.3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Crowe

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ROFINA MARKETING (M) SDN. BHD. (cont'd)
(Incorporated in Malaysia)
Company No: 383936-A

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the directors' report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the directors' report and, in doing so, consider whether the directors' report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the directors' report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company 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 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Crowe

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ROFINA MARKETING (M) SDN. BHD. (cont'd)
(Incorporated in Malaysia)
Company No: 383936-A

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Crowe

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ROFINA MARKETING (M) SDN. BHD. (cont'd)
(Incorporated in Malaysia)
Company No: 383936-A

Other Matters

(i) As stated in Note 2.1 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 June 2016 with a transition date of 1 June 2015. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31 May 2016 and 1 June 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 May 2016 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the financial year ended 31 May 2017, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 June 2016 do not contain misstatements that materially affect the financial position as at 31 May 2017 and the financial performance and cash flows for the financial year then ended.

(ii) This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Eddy Chan Wai Hun
02182/10/2019 J
Chartered Accountant

Date: 11 MAR 2019

Penang

"A"

ROFINA MARKETING (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 383936-A

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2017

	Note	31.5.2017 RM	31.5.2016 RM	1.6.2015 RM
NON-CURRENT ASSETS				
Property, plant and equipment	4	10,207,077	7,602,727	8,429,722
Investment properties	5	1,244,086	1,272,043	1,300,000
Intangible assets		0	338,583	334,473
		11,451,163	9,213,353	10,064,195
CURRENT ASSETS				
Inventories		6,212,910	9,986,415	6,286,560
Trade and other receivables	6	4,331,302	4,084,886	3,879,950
Prepayments		14,400	25,353	10,587
Current tax assets		146,663	0	0
Cash and bank balances		95,867	95,870	617,172
		10,801,142	14,192,524	10,794,269
CURRENT LIABILITIES				
Trade and other payables	7	11,635,917	6,787,871	5,518,650
Loans and borrowings	8	6,587,789	4,570,271	3,171,336
Current tax liabilities		0	330,000	110,000
		18,223,706	11,688,142	8,799,986
NET CURRENT (LIABILITIES)/ASSETS		(7,422,564)	2,504,382	1,994,283
NON-CURRENT LIABILITIES				
Loans and borrowings	8	6,744,824	4,852,783	6,021,224
Deferred tax liabilities	9	0	329,000	329,000
		6,744,824	5,181,783	6,350,224
NET (LIABILITIES)/ASSETS		(2,716,225)	6,535,952	5,708,254
EQUITY				
Share capital	10	500,000	500,000	500,000
(Accumulated losses)/Retained profits		(3,216,225)	6,035,952	5,208,254
TOTAL EQUITY		(2,716,225)	6,535,952	5,708,254

ROFINA MARKETING (M) SDN. BHD.
(Incorporated in Malaysia)
Company No: 383936-A

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017

	Note	2017 RM	2016 RM
Revenue	11	27,271,305	21,789,239
Cost of sales		(17,943,685)	(7,512,944)
Gross profit		9,327,620	14,276,295
Other income		2,492	4,872
Administrative and general expenses		(18,073,288)	(12,416,787)
Finance costs		(678,991)	(590,835)
(Loss)/Profit before tax	12	(9,422,167)	1,273,545
Tax income/(expense)	14	169,990	(445,847)
(Loss)/Profit for the financial year		(9,252,177)	827,698
Other comprehensive income for the financial year		0	0
Total comprehensive income for the financial year		(9,252,177)	827,698

ROFINA MARKETING (M) SDN. BHD.
(Incorporated in Malaysia)
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017

	Share capital RM	Retained profits/ (Accumulated losses) RM	Total equity RM
Balance at 1 June 2015	500,000	5,208,254	5,708,254
Profit (representing total comprehensive income) for the financial year	0	827,698	827,698
Balance at 31 May 2016	500,000	6,035,952	6,535,952
Loss (representing total comprehensive income) for the financial year	0	(9,252,177)	(9,252,177)
Balance at 31 May 2017	500,000	(3,216,225)	(2,716,225)

ROFINA MARKETING (M) SDN. BHD.
(Incorporated in Malaysia)
Company No: 383936-A

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017

	Note	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax		(9,422,167)	1,273,545
Adjustments for:-			
Bad debts written off		177,579	0
Depreciation of investment properties		27,957	27,957
Depreciation of property, plant and equipment		605,741	710,650
Intangible assets written off		338,583	0
Interest expense		678,991	590,835
Interest income		(105)	0
Loss on disposal of property, plant and equipment		0	381,230
Property, plant and equipment written off		93,683	0
Operating (loss)/profit before working capital changes		(7,499,738)	2,984,217
Changes in:-			
Inventories		3,773,505	(3,699,855)
Receivables and prepayments		(413,042)	(265,077)
Payables		4,848,046	1,373,102
Cash generated from operations		708,771	392,387
Tax paid		(635,673)	(180,472)
Net cash from operating activities		73,098	211,915
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		105	0
Proceeds from disposal of property, plant and equipment		0	480,000
Purchase of property, plant and equipment	15	(3,202,774)	(724,785)
Purchase of intangible assets		0	(4,110)
Net cash used in investing activities		(3,202,669)	(248,895)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans and borrowings	15	1,294,095	1,337,197
Interest paid		(678,991)	(590,835)
Repayment of hire purchase obligations	15	(99,497)	(106,674)
Repayment of term loans	15	(752,010)	(1,435,582)
Term loans raised	15	2,666,500	253,000
Net cash from/(used in) financing activities		2,430,097	(542,894)
Net decrease in cash and cash equivalents		(699,474)	(579,874)
Cash and cash equivalents brought forward		(1,316,616)	(736,742)
Cash and cash equivalents carried forward	15	(2,016,090)	(1,316,616)

1. GENERAL INFORMATION

The Company is a private company limited by shares, incorporated and domiciled in Malaysia.

The Company is principally engaged in the design, sourcing and distribution of luggage, bags, briefcases, travel accessories and winter apparel.

The registered office of the Company is located at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia and its principal place of business is located at Pine Valley Business Centre, 22 & 22A, Lebuh Rambai 11, 11060 Paya Terubong, Penang, Malaysia.

The presentation currency of the financial statements is Ringgit Malaysia ("RM").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 11 MAR 2019

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements of the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

These are the first MFRS financial statements of the Company, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The Company adopted MFRSs on 1 June 2016 with a transition date of 1 June 2015. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31 May 2016 and 1 June 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 May 2016 and related disclosures. The Company prepared its previous financial statements in accordance with Private Entity Reporting Standards ("PERSs"). The transition from PERSs to MFRSs did not have any significant impacts on the financial statements except as disclosed in Note 2.2.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.1 Basis of Preparation of Financial Statements (cont'd)

The Company has not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

MFRS (Issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 9 *Financial Instruments* (IFRS 9 *Financial Instruments* as issued by IASB in July 2014)	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
MFRS 16 *Leases*	1 January 2019
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9* Financial Instruments *with MFRS 4* Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred
Amendments to MFRS 15 *Clarifications to MFRS 15* Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 107 *Disclosure Initiative*	1 January 2017
Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycle:-	
(i) Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2018
(ii) Amendments to MFRS 12 *Disclosure of Interests in Other Entities*	1 January 2017
(iii) Amendments to MFRS 128 *Investments in Associates and Joint Ventures*	1 January 2018

Management foresees that the initial application of the above MFRSs will not result in any significant changes in the accounting policies of the Company except as follows:-

<u>MFRS 9 *Financial Instruments*</u>

MFRS 9, which replaces MFRS 139 *Financial Instruments: Recognition and Measurement*, sets out the requirements for recognising and measuring financial instruments. The major changes introduced by MFRS 9 (that are relevant to the Company) relate to the classification and measurement of financial assets. Under MFRS 9:-

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.1 Basis of Preparation of Financial Statements (cont'd)

MFRS 9 *Financial Instruments* (cont'd)

(i) Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the business model within which they are held and their contractual cash flow characteristics. Based on management's assessment, the adoption of the new guidance will not significantly affect the existing classification and measurement of financial assets of the Company.

(ii) Impairment loss on financial assets is recognised using a new "expected credit loss" model as opposed to the "incurred credit loss" model currently used in MFRS 139. Under the new model, expected credit losses are recognised for financial assets using reasonable and supportable historical and forward-looking information even before a loss event occurs. Based on management's assessment, any additional impairment losses to be recognised using the new impairment model are not expected to be material to the Company.

The Company will apply the new requirements of MFRS 9 from 1 June 2018 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 139.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15, which replaces MFRS 111 *Construction Contracts*, MFRS 118 *Revenue* and other related interpretations, establishes a single comprehensive model for revenue recognition. Under MFRS 15, revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Revenue is recognised either over time or at a point in time depending on the timing of transfer of control. Based on management's assessment, the adoption of the new revenue recognition model will not significantly affect the current practice of recognising revenue from the sale of goods based on the transfer of risks and rewards which generally coincides with the transfer of control at a point in time.

The Company will apply the new requirements of MFRS 15 from 1 June 2018 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 118.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.1 Basis of Preparation of Financial Statements (cont'd)

MFRS 16 *Leases*

MFRS 16, which replaces MFRS 117 *Leases* and other related interpretations, eliminates the distinction between finance and operating leases for lessees. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Company will apply the new requirements of MFRS 16 from 1 June 2019 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 117.

2.2 Transition to MFRSs

The effects of transition from PERSs to MFRSs on the reported financial position and financial performance are as follows:-

	PERSs RM	Effects of transition RM	MFRSs RM
Statement of Financial Position as at 1 June 2015 (extract)			
Property, plant and equipment	8,358,641	71,081	8,429,722
Investment properties	0	1,300,000	1,300,000
Deferred tax liabilities	0	329,000	329,000
Retained profits	4,166,173	1,042,081	5,208,254
Total equity	4,666,173	1,042,081	5,708,254
Statement of Financial Position as at 31 May 2016 (extract)			
Property, plant and equipment	7,641,455	(38,728)	7,602,727
Investment properties	0	1,272,043	1,272,043
Deferred tax liabilities	0	329,000	329,000
Retained profits	5,131,637	904,315	6,035,952
Total equity	5,631,637	904,315	6,535,952
Statement of Comprehensive Income for the financial year ended 31 May 2016 (extract)			
Administrative and general expenses	12,279,021	137,766	12,416,787
Tax expense	445,847	0	445,847
Total comprehensive income	965,464	(137,766)	827,698

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Transition to MFRSs (cont'd)

Upon transition to MFRSs, the Company elected to measure its commercial shoplots (classified under property, plant and equipment) and residential unit (classified under investment properties) at the date of transition at fair value and use that fair value as deemed cost at that date. The total fair value of these properties as at 1 June 2015 was determined to be RM7,111,230 compared to the then carrying amount of RM5,740,149 under PERSs. The opening adjustment of RM1,371,081 to the carrying amount gave rise to additional deferred tax liabilities of RM329,000. Administrative and general expenses for the financial year ended 31 May 2016 increased by RM137,766 due to higher depreciation of the properties.

The transition from PERSs to MFRSs did not have any significant effects on the reported cash flows as it mainly involved adjustments for non-cash items.

2.3 Going Concern

The Company incurred a loss of RM9,252,177 for the financial year ended 31 May 2017 and as at that date, its net current liabilities and net liabilities amounted to RM7,422,564 and RM2,716,225 respectively. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.6.

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Commercial shoplots	2%
Cargo lift	10%
Computer and software	10%
Electrical installation and renovation	10%
Furniture, fittings and office equipment	10%
Motor vehicles	20%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Investment Properties

Investment property, being a property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.6.

Residential unit is depreciated on a straight-line basis over its estimated useful life of 50 years.

2.6 Impairment of Non-financial Assets

At the end of each reporting period, the Company assesses whether there is any indication that a non-financial asset, other than inventories, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss.

2.7 Inventories

Inventories of materials and goods are valued at the lower of cost (determined principally on the first-in, first-out basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2.8 Financial Assets

Financial assets of the Company consist of receivables and cash and cash equivalents.

Recognition and Measurement

A financial asset is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is initially recognised at fair value plus directly attributable transaction costs. After initial recognition, the financial asset is measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired as well as through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Financial Assets (cont'd)

Recognition and Measurement (cont'd)

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset have expired or all the risks and rewards of ownership have been substantially transferred.

Impairment

At the end of each reporting period, the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. The gross carrying amount and the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, 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 to the extent that the increased carrying amount does not exceed what the amortised cost would have been had no impairment loss been recognised at the reversal date. The reversal is recognised in profit or loss.

Fair value measurement

The carrying amounts of receivables and cash and cash equivalents which are short-term in nature or repayable on demand are reasonable approximations of fair values.

2.9 Financial Liabilities

Financial liabilities of the Company consist of payables and loans and borrowings.

Recognition and Measurement

A financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value less directly attributable transaction costs. After initial recognition, the financial liability is measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial liability is derecognised as well as through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 Financial Liabilities (cont'd)

Recognition and Measurement (cont'd)

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

Fair value measurement

The carrying amounts of payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities.

2.10 Leases

Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

A finance lease, including hire purchase, is initially recognised as an asset and liability at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The minimum lease payments are subsequently apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciation policy for depreciable leased assets is consistent with that for equivalent owned assets.

Operating Lease

An operating lease is a lease other than a finance lease.

Lease payments under an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

2.11 Foreign Currency Transactions and Translation

The financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements are measured using the functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Foreign Currency Transactions and Translation (cont'd)

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date, whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

2.12 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability, whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

2.13 Income Recognition

Income from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Interest income is recognised using the effective interest method.

2.14 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss in the period in which the associated services are rendered by the employee.

Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). Contributions to defined contribution plans are recognised in profit or loss in the period in which the associated services are rendered by the employee.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.16 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents 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 by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences, whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.17 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

Sources of Estimation Uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Valuation of inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates may result in revisions to the valuation of inventories carried at RM6,212,910 at 31 May 2017.

Impairment of receivables

The Company makes allowance for impairment based on an assessment of the recoverability of receivables. Allowance is applied to receivables when there is objective evidence that the balances may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of receivables as disclosed in Note 6.

4. PROPERTY, PLANT AND EQUIPMENT

	Commercial shoplots RM	Cargo lift RM	Computer and software RM	Electrical installation and renovation RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Cost							
Balance at 1 June 2015	5,811,230	172,066	507,357	648,492	2,471,854	790,875	10,401,874
Additions	0	0	52,291	129,003	537,591	26,000	744,885
Disposals	(861,230)	0	0	0	0	0	(861,230)
Balance at 31 May 2016	4,950,000	172,066	559,648	777,495	3,009,445	816,875	10,285,529
Additions	2,043,000	0	150,508	528,134	469,583	112,549	3,303,774
Write-offs	0	0	(276,463)	(168,464)	(621,538)	0	(1,066,465)
Balance at 31 May 2017	6,993,000	172,066	433,693	1,137,165	2,857,490	929,424	12,522,838
Accumulated Depreciation							
Balance at 1 June 2015	0	34,413	321,436	177,257	1,138,479	300,567	1,972,152
Depreciation	109,809	17,207	55,965	77,750	300,945	148,974	710,650
Balance at 31 May 2016	109,809	51,620	377,401	255,007	1,439,424	449,541	2,682,802
Depreciation	140,454	17,207	54,008	82,766	139,821	171,485	605,741
Write-offs	0	0	(276,463)	(74,781)	(621,538)	0	(972,782)
Balance at 31 May 2017	250,263	68,827	154,946	262,992	957,707	621,026	2,315,761
Carrying Amount							
Balance at 1 June 2015	5,811,230	137,653	185,921	471,235	1,333,375	490,308	8,429,722
Balance at 31 May 2016	4,840,191	120,446	182,247	522,488	1,570,021	367,334	7,602,727
Balance at 31 May 2017	6,742,737	103,239	278,747	874,173	1,899,783	308,398	10,207,077

The commercial shoplots have been pledged as security for credit facilities granted to the Company.

The motor vehicles were acquired under hire purchase financing which remained outstanding as at the end of the reporting period.

5. INVESTMENT PROPERTIES

	Residential unit RM
Cost	
Balance at 1 June 2015 / 31 May 2016 / 31 May 2017	1,300,000
Accumulated Depreciation	
Balance at 1 June 2015	0
Depreciation	27,957
Balance at 31 May 2016	27,957
Depreciation	27,957
Balance at 31 May 2017	55,914
Carrying Amount	
Balance at 1 June 2015	1,300,000
Balance at 31 May 2016	1,272,043
Balance at 31 May 2017	1,244,086

Management estimates that the carrying amounts of investment properties approximate to their fair values.

The investment properties have been pledged as security for credit facilities granted to the Company.

6. TRADE AND OTHER RECEIVABLES

	2017 RM	2016 RM
Trade receivables	765,988	683,419
Other receivables	2,434,882	2,647,059
Amounts due from related parties*	1,130,432	754,408
	4,331,302	4,084,886

* *Being companies in which certain directors have substantial financial interests*

Trade Receivables

The Company determines credit risk concentration in terms of counterparties. As at 31 May 2017, there were 2 (2016 : 2) major customers that accounted for 10% or more of the Company's trade receivables and the total outstanding balances due from these major customers amounted to RM643,909 (2016 : RM645,151).

The credit terms of trade receivables range from 30 to 90 days.

6. TRADE AND OTHER RECEIVABLES (cont'd)

Trade Receivables (cont'd)

The Company uses past due information to assess the credit risk of trade receivables. The analysis by past due status is as follows:-

	2017 RM	2016 RM
Not past due	750,613	350,680
Past due 1 to 30 days	15,115	159,438
Past due 31 to 120 days	260	173,301
	765,988	683,419

Trade receivables that are neither past due nor impaired mainly relate to creditworthy customers who have regular transactions and good payment records with the Company.

Amounts Due From Related Parties

The amounts due from related parties are unsecured, interest free and repayable on demand.

7. TRADE AND OTHER PAYABLES

	2017 RM	2016 RM
Trade payables	2,144,325	1,611,576
Other payables	6,691,592	2,004,169
Amounts due to directors	2,800,000	3,172,126
	11,635,917	6,787,871

The currency profile of trade and other payables is as follows:-

	2017 RM	2016 RM
Ringgit Malaysia	11,115,887	5,955,783
US Dollar	326,686	822,469
Others	193,344	9,619
	11,635,917	6,787,871

Payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

7. TRADE AND OTHER PAYABLES (cont'd)

Trade Payables

The credit terms of trade payables range from 30 to 90 days.

Amounts Due To Directors

The amounts due to directors are unsecured, interest free and repayable on demand.

8. LOANS AND BORROWINGS

	2017 RM	2016 RM
Bank overdrafts (floating rate)	2,111,957	1,412,486
Banker acceptances (fixed rate)	3,226,031	1,009,000
Hire purchase payables (fixed rate)	392,969	391,466
Term loans (fixed rate)	354,392	411,420
Term loans (floating rate)	7,041,978	5,070,460
Trust receipts (floating rate)	205,286	1,128,222
	13,332,613	9,423,054
Disclosed as:-		
- Current liabilities	6,587,789	4,570,271
- Non-current liabilities	6,744,824	4,852,783
	13,332,613	9,423,054

Hire purchase payables are secured against the assets acquired thereunder (Note 4). Other loans and borrowings are secured against certain property, plant and equipment (Note 4) and investment properties (Note 5).

The effective interest rates of loans and borrowings as at 31 May 2017 ranged from 3.83% to 16.99% (2016 : 4.00% to 16.99%) per annum.

Except for hire purchase payables and term loans, loans and borrowings are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

8. LOANS AND BORROWINGS (cont'd)

Hire Purchase Payables

Hire purchase payables are repayable over 3 to 7 years. The repayment analysis is as follows:-

	2017 RM	2016 RM
Minimum hire purchase payments:-		
- Within 1 year	150,888	110,583
- Later than 1 year and not later than 2 years	133,695	127,020
- Later than 2 years and not later than 5 years	143,626	212,268
Total contractual undiscounted cash flows	428,209	449,871
Future finance charges	(35,240)	(58,405)
Present value of hire purchase payables:-		
- Within 1 year	133,125	93,088
- Later than 1 year and not later than 2 years	123,012	114,835
- Later than 2 years and not later than 5 years	136,832	183,543
	392,969	391,466

The fair values of hire purchase payables are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities. The fair values measured are considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximate to the effective interest rates of hire purchase payables.

Term Loans

Term loans are repayable over 1 to 25 years. The repayment analysis is as follows:-

	2017 RM	2016 RM
Gross loan instalments:-		
- Within 1 year	1,402,876	1,002,070
- Later than 1 year and not later than 2 years	1,106,516	840,277
- Later than 2 years and not later than 5 years	2,862,192	1,899,463
- Later than 5 years	4,136,633	3,297,408
Total contractual undiscounted cash flows	9,508,217	7,039,218
Future finance charges	(2,111,847)	(1,557,338)
Present value of term loans:-		
- Within 1 year	911,390	927,475
- Later than 1 year and not later than 2 years	668,303	526,205
- Later than 2 years and not later than 5 years	1,894,163	1,203,938
- Later than 5 years	3,922,514	2,824,262
	7,396,370	5,481,880

8. LOANS AND BORROWINGS (cont'd)

Term Loans (cont'd)

The fair values of term loans are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities. The fair values measured are considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximate to the effective interest rates of term loans.

9. DEFERRED TAX LIABILITIES

	2017 RM	2016 RM
Balance at 1 June	329,000	329,000
Deferred tax income relating to origination and reversal of temporary differences	(533,000)	0
Deferred tax liabilities underprovided in prior year	204,000	0
Balance at 31 May	0	329,000
In respect of taxable temporary differences of:-		
- Property, plant and equipment	0	307,000
- Investment properties	0	22,000
	0	329,000

As at 31 May 2017, deferred tax liabilities and deferred tax assets have effectively been recognised and offset against each other by the Company to the extent of approximately RM578,000 (2016 : NIL). No further deferred tax assets have been recognised for the excess of the unused capital allowances and unused tax losses over the taxable temporary differences as follows:-

	2017 RM	2016 RM
Unused capital allowances	471,000	0
Unused tax losses	8,018,000	0
Taxable temporary differences of:-		
- Property, plant and equipment	(2,318,000)	0
- Investment properties	(89,000)	0
	6,082,000	0

10. SHARE CAPITAL

	No. of ordinary shares	RM
Authorised		
Balance at 1 June 2015* / 31 May 2016*	500,000	500,000
Cancellation upon abolition of par value	(500,000)	(500,000)
Balance at 31 May 2017	0	0
Issued and fully paid		
Balance at 1 June 2015* / 31 May 2016* / 31 May 2017**	500,000	500,000

* *Ordinary shares of RM1 each*
** *Ordinary shares with no par value*

Pursuant to Section 74 of the Companies Act 2016, all shares issued before or upon the commencement of the Act on 31 January 2017 shall have no par value.

11. REVENUE

Revenue represents income from the sale of goods.

12. (LOSS)/PROFIT BEFORE TAX

	2017 RM	2016 RM
(Loss)/Profit before tax is arrived at after charging:-		
Auditors' remuneration	40,000	5,500
Bad debts written off	177,579	0
Depreciation of investment properties	27,957	27,957
Depreciation of property, plant and equipment	605,741	710,650
Employee benefits expense (Note 13)	5,937,981	4,031,370
Fee expense for financial instruments not at fair value through profit or loss	233,510	172,086
Intangible assets written off	338,583	0
Interest expense for financial liabilities not at fair value through profit or loss	678,991	590,835
Loss on disposal of property, plant and equipment	0	381,230
Property, plant and equipment written off	93,683	0
Realised loss on foreign exchange	158,247	13,994
Rental expense	7,544,762	5,321,217

12. (LOSS)/PROFIT BEFORE TAX (cont'd)

	2017 RM	2016 RM
and crediting:-		
Interest income for financial assets not at fair value through profit or loss	105	0

13. EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' REMUNERATION)

	2017 RM	2016 RM
Directors:-		
- Short-term employee benefits	509,284	371,000
- Defined contribution plans	56,366	39,180
	565,650	410,180
Other employees:-		
- Short-term employee benefits	5,036,840	3,375,883
- Defined contribution plans	335,491	245,307
	5,372,331	3,621,190
	5,937,981	4,031,370

14. TAX (INCOME)/EXPENSE

	2017 RM	2016 RM
Tax based on results for the year:-		
Current tax	0	330,000
Deferred tax	(533,000)	0
	(533,000)	330,000
Tax underprovided in prior year:-		
Current tax	159,010	115,847
Deferred tax	204,000	0
	(169,990)	445,847

14. TAX (INCOME)/EXPENSE (cont'd)

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate is as follows:-

	2017 %	2016 %
Applicable tax rate	(24.00)	24.00
Non-deductible expenses	2.85	4.64
Effect of differential tax rates	0.00	(2.02)
Increase in unrecognised deferred tax assets	15.49	0.00
Average effective tax rate	(5.66)	26.62

15. NOTES TO STATEMENT OF CASH FLOWS

Purchase of Property, Plant and Equipment

	2017 RM	2016 RM
Cost of property, plant and equipment purchased	3,303,774	744,885
Amount financed through hire purchase	(101,000)	(20,100)
Net cash disbursed	3,202,774	724,785

Short-term Loans and Borrowings

	2017 RM	2016 RM
Balance at 1 June	2,137,222	800,025
Net cash flow changes	1,294,095	1,337,197
Balance at 31 May	3,431,317	2,137,222
Represented by:-		
- Banker acceptances (Note 8)	3,226,031	1,009,000
- Trust receipts (Note 8)	205,286	1,128,222
	3,431,317	2,137,222

Hire Purchase Payables

	2017 RM	2016 RM
Balance at 1 June	391,466	478,040
Drawdowns	101,000	20,100
Repayments	(99,497)	(106,674)
Balance at 31 May (Note 8)	392,969	391,466

15. NOTES TO STATEMENT OF CASH FLOWS (cont'd)

Term Loans

	2017 RM	2016 RM
Balance at 1 June	5,481,880	6,664,462
Drawdowns	2,666,500	253,000
Repayments	(752,010)	(1,435,582)
Balance at 31 May (Note 8)	7,396,370	5,481,880

Cash and Cash Equivalents

	2017 RM	2016 RM
Cash and bank balances	95,867	95,870
Bank overdrafts	(2,111,957)	(1,412,486)
	(2,016,090)	(1,316,616)

16. CONTRACTUAL COMMITMENTS

	2017 RM	2016 RM
Purchase of property, plant and equipment	237,000	0

17. RELATED PARTY DISCLOSURES

Transactions with related parties during the financial year are as follows:-

	2017 RM	2016 RM
Key management personnel compensation:-		
- Short-term employee benefits	509,284	371,000
- Defined contribution plans	56,366	39,180
	565,650	410,180
Purchase of goods from other related party*	106,003	0
Receiving of services from other related party*	31,718	0
Rental of motor vehicles charged by other related party**	5,094	0

* *Being a firm of which a close family member of the directors is a member*
** *Being a company in which certain directors has substantial financial interest*

18. FINANCIAL RISK MANAGEMENT

The activities of the Company expose it to certain financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The overall financial risk management objective of the Company is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit Risk

The Company's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position.

As the Company only deals with reputable financial institutions, the credit risk associated with deposits placed with them is minimal. The Company manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms.

Liquidity Risk

The Company's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Company practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Currency Risk

The Company's exposure to currency risk arises mainly from transactions entered into in currencies other than its functional currency, i.e. Ringgit Malaysia ("RM"). The major foreign currency transacted is US Dollar ("USD").

The Company observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk.

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	(Increase)/ Decrease in Loss 2017 RM	Increase/ (Decrease) in Profit 2016 RM
Appreciation of USD against RM by 10%	(32,669)	(62,508)
Depreciation of USD against RM by 10%	32,669	62,508

18. FINANCIAL RISK MANAGEMENT (cont'd)

Interest Rate Risk

The Company's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely loans and borrowings.

The Company observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Company's policy to maintain a mix of fixed and floating rate financial instruments.

As the Company does not account for its fixed rate financial instruments at fair value through profit or loss or as available-for-sale, any change in interest rates at the end of the reporting period would not affect its profit or loss or other comprehensive income. For floating rate financial instruments stated at amortised cost, the following table demonstrates the sensitivity of profit or loss to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	(Increase)/ Decrease in Loss 2017 RM	Increase/ (Decrease) in Profit 2016 RM
Increase in interest rates by 50 basis points	(46,796)	(28,922)
Decrease in interest rates by 50 basis points	46,796	28,922

19. CAPITAL MANAGEMENT

The overall capital management objective of the Company is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Company always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Company considers its total equity and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. Management has not formulated any formal policies and processes for monitoring the Company's capital in view of its simple structure. Nevertheless, management will always strive to improve those policies and processes whenever the need arises.

20. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

In August 2017, the Company issued 2,800,000 ordinary shares at RM1 per share, for cash to provide for additional working capital.

ROFINA MARKETING (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 383936-A

DETAILED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017

	2017 RM	2016 RM
REVENUE	27,271,305	21,789,239
COST OF SALES		
Opening inventories	9,986,415	6,286,560
Duty, port and container charges	34,400	6,888
Insurance	12,549	0
Labour charges	25,766	44,920
Ocean freight charges	79,820	94,833
Purchases	12,058,887	9,309,740
Repairs of bags	34,824	10,759
Sales commission	1,440,346	1,630,359
Transport, handling and permit charges	483,588	115,300
Closing inventories	(6,212,910)	(9,986,415)
	(17,943,685)	(7,512,944)
GROSS PROFIT	9,327,620	14,276,295
OTHER INCOME		
Interest income	105	0
Sundry income	2,387	4,872
	2,492	4,872
EXPENSES		
Administrative and general expenses	18,073,288	12,416,787
Finance costs	678,991	590,835
	(18,752,279)	(13,007,622)
(LOSS)/PROFIT BEFORE TAX	(9,422,167)	1,273,545

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ROFINA MARKETING (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 383936-A

DETAILED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017

	2017 RM	2016 RM
ADMINISTRATIVE AND GENERAL EXPENSES		
Employee benefits expense		
Annual dinner	4,490	10,580
Bonus	88,028	1,000
Director's remuneration		
Bonus	41,000	53,000
Commission	84	0
EPF	56,366	39,180
Salary	468,200	318,000
EPF	335,491	245,307
Salaries, bonus, allowances and overtime	4,887,550	3,322,940
SOCSO	43,465	32,335
Staff welfare	13,307	9,028
	5,937,981	4,031,370
Accounting fee	22,729	22,080
Administrative fee	13,459	680
Advertisement	54,644	75,401
Assessment and quit rent	16,995	17,571
Auditors' remuneration	40,000	5,500
Bad debts written off	177,579	0
Bank charges	233,510	172,086
Credit card terminal rental	0	8,100
Deposits written off	264,566	0
Depreciation of investment properties	27,957	27,957
Depreciation of property, plant and equipment	605,741	710,650
Donation and gift	0	5,175
Electricity, water and sewerage charges	220,060	194,163
Entertainment	0	719
Filing fees	250	200
Fit out fees	9,260	0
Greeting and condolences	124	9,106
GST expenses	970	1,342
Hotel and accommodation	117,618	60,622
Insurance	64,695	61,645
Late payment charges	11,432	21,156
Legal and professional fee	432,823	42,216
License fee	14,149	12,250
Loss on disposal of property, plant and equipment	0	381,231
Maintenance fee	31,320	46,284
Marketing expenses	475,100	387,155
Newspaper and magazines	466	456
Packing material	49,667	36,089
Parking fee	10,712	12,465
Penalty and compound	50,063	1,512
Petrol	47,771	44,895
Postages and stamps	58,729	1,665
Printing and stationery	91,367	48,273
Property, plant and equipment written off	93,683	0
Realised loss on foreign exchange	158,247	13,994
Registration fee	0	1,030
Rental of equipment	0	400
Rental of premises	7,544,762	5,320,817
Restoration fees	2,073	0
Road tax	3,589	2,593
Secretarial fee	1,440	1,800
Balance carried forward	16,885,531	11,780,648

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ROFINA MARKETING (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 383936-A

DETAILED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017

	2017 RM	2016 RM
ADMINISTRATIVE AND GENERAL EXPENSES (cont'd)		
Balance brought forward	16,885,531	11,780,648
Service charges	115	1,519
Stamp duty	0	7,089
Stock rewards	0	200
Subscription fee	5,064	2,684
Sundry expenses	5,076	7,091
Telephone charges	87,041	101,041
Toll charges	23,779	21,646
Trademark written off	342,364	0
Transport charges	337,440	305,115
Travelling expenses	229,029	58,637
Upkeep of motor vehicle	15,624	29,267
Upkeep of office equipment	108,746	89,219
Upkeep of premises	7,382	8,671
Vouchers	23,908	0
Website hosting	2,189	3,960
	18,073,288	12,416,787
FINANCE COSTS		
Banker acceptance interest	108,052	92,532
Hire purchase interest	41,446	15,901
Overdraft interest	83,886	80,520
Term loan interest	445,607	401,882
	678,991	590,835