

THE SPECIALIST IN AUTOMOTIVE PARTS



ANNUAL REPORT **2016**



Delivering Superior Value, Quality and Service

SOLID AUTOMOTIVE BERHAD

(Company No. 1016725-P)
(Incorporated in Malaysia under the Companies Act, 1965)

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Form of Proxy



The picture on the cover symbolises the nurturing of our values of passion, sharing and support, working in unison for long term sustainability.

OUR VALUES



VISION

Actively pursuing and delivering superior value, quality and service by being a dynamic, customer orientated, value driven and sustainability focused.

- Create value for our stakeholders through sustainability, profitable growth and business expansion.
- Pursue market leadership in our core business.
- Focus on value, quality and comprehensive product offerings.
- Exceed customer expectations through excellence in service to achieve total customer satisfaction and customer loyalty.
- Continuously improve and innovate in everything we do.
- Active engagement in our employees' development.

MISSION

CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. KEK KOK SWEE
Independent Non-Executive Chairman

MR. KER MIN CHOO
Managing Director

MR. KER MONG KENG
Executive Director

MR. KER MENG OI
Executive Director

MR. ONG KHENG SWEE
Executive Director

MR. AZAHAR BIN BAHARUDIN
Independent Non-Executive Director

MS. TAN LAY BENG
Independent Non-Executive Director

COMPANY SECRETARIES

Ang Mui Kiow (LS0001886)
Chen Yew Ting (MAICSA0869733)

SHARE REGISTRAR

Tricor Investor & Issuing House Services
Sdn Bhd
Unit G-3, Ground Floor
Vertical Podium, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : (603) 2783 9299
Fax : (603) 2783 9222

REGISTERED OFFICE

Suite 7E, Level 7
Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor Darul Takzim
Tel : (607) 224 1035
Fax : (607) 221 0891

HEAD OFFICE

No. 5, Jalan Dataran 5
Taman Kempas
81200 Johor Bahru
Johor Darul Takzim
Tel : (607) 238 1782
Fax : (607) 238 9073
Website : www.solidautomotive.com
Email : ir@solidautomotive.com

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Hong Leong Bank Berhad
AmBank (M) Berhad

AUDITORS

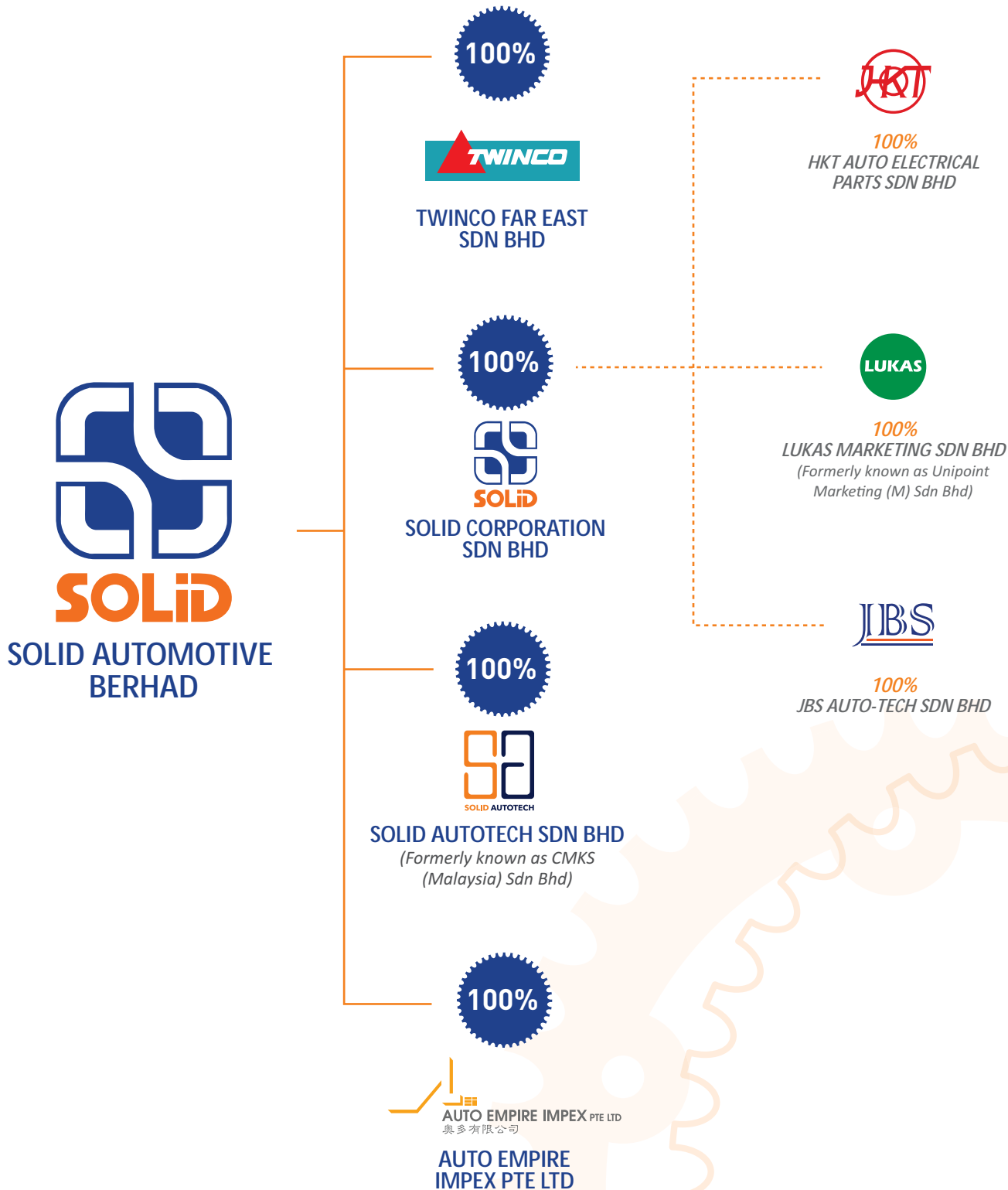
Crowe Horwath (AF1018)
E-2-3, Pusat Komersial Bayu Tasek
Persiaran Southkey 1, Kota Southkey
80150 Johor Bahru, Johor Darul Takzim

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia
Securities Berhad ("Bursa Securities")
Sector : Trading/Services
Stock name : SOLID
Stock Code : 5242
Date of Listing : 12 September 2013



CORPORATE STRUCTURE



DIRECTORS' PROFILE

MR. KEK KOK SWEE

*Independent Non-Executive Chairman
Malaysian, aged 62*

Kek Kok Swee is our Independent Non-Executive Chairman. He was appointed to the Board on 9 October 2012. He is also a member of the Audit Committee and the Chairman of both the Remuneration Committee and Nominating Committee.

He holds a Bachelor's Degree in Commerce and Administration from Victoria University of Wellington, New Zealand. He is a member of the Malaysian Institute of Accountants.

He has vast experience and exposure in the field of accounting, finance and consulting in various countries, namely New Zealand, Singapore, China, Cambodia and Malaysia.

Kek Kok Swee does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past ten (10) years.

He attended all the 4 (four) Board meetings held during the financial year ended 30 April 2016.

MR. KER MIN CHOO

*Managing Director
Malaysian, aged 54*

Ker Min Choo is our Managing Director. He was appointed to the Board on 9 October 2012 and is one of the founding members of our Group. He is also a member of the Remuneration Committee.

He has extensive experience and in-depth knowledge of the automotive electrical parts trade in Malaysia as well as overseas. He has been actively involved in the automotive aftermarket for electrical parts and components in Malaysia for over 30 years.

Ker Min Choo does not have any family relationship with any Director or substantial shareholder of the Company except for Ker Mong Keng and Ker Meng Oi who are his siblings, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past ten (10) years.

He attended all the 4 (four) Board meetings held during the financial year ended 30 April 2016.

MR. KER MONG KENG

*Executive Director
Malaysian, aged 61*

Ker Mong Keng is our Executive Director. He was appointed to the Board on 9 October 2012 and is one of the founding members of our Group.

He has extensive exposure in the local automotive aftermarket for parts and components used in commercial and heavy-duty vehicles.

Ker Mong Keng does not have any family relationship with any Director or substantial shareholder of the Company except for Ker Min Choo and Ker Meng Oi who are his siblings, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past ten (10) years.

He attended all the 4 (four) Board meetings held during the financial year ended 30 April 2016.



MR. KER MENG OI

Executive Director
Malaysian, aged 52

Ker Meng Oi is our Executive Director. He was appointed to the Board on 9 October 2012.

He graduated from Boise State University, USA with a Bachelor of Business Administration. He went to Japan in 1987 to pursue Japanese studies and worked as a Store Assistant on a part-time basis in a Tokyo-based automotive parts manufacturing company. He returned to Malaysia in 1989 and joined Solid Corporation Sdn Bhd.

Ker Meng Oi does not have any family relationship with any Director or substantial shareholder of the Company except for Ker Min Choo and Ker Mong Keng who are his siblings, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past ten (10) years.

He attended all the 4 (four) Board meetings held during the financial year ended 30 April 2016.

MR. ONG KHENG SWEE

Executive Director
Malaysian, aged 58

Ong Kheng Swee is our Executive Director and Chief Financial Officer. He is a Director since incorporation of our Company on 12 September 2012.

Mr Ong is a Fellow of the Association of Chartered Certified Accountants of United Kingdom, a member of the Malaysian Institute of Accountants and a Fellow of the Chartered Tax Institute of Malaysia. He held various senior positions in both the professional sector (having worked with two major international accounting firms) and in the commercial sector as financial controller, group finance director and management consultant in various industries including petrochemicals, ceramic tiles, minerals and glass. He is currently an Independent Non-Executive Director of Power Root Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad.

Ong Kheng Swee does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past ten (10) years.

He attended all the 4 (four) Board meetings held during the financial year ended 30 April 2016.

MR. AZAHAR BIN BAHARUDIN

Independent Non-Executive Director
Malaysian, aged 60

Azahar bin Baharudin is our Independent Non-Executive Director. He was appointed to the Board on 9 October 2012. He is also the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.

He is a graduate from MARA Institute of Technology.

He has considerable experience in the banking and finance field with his tenure at two Malaysian financial institutions and subsequently as business development head and consultant in the financial services sector.

He is currently an Independent Non-Executive Director of Power Root Berhad and Gromutual Berhad, both of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

Azahar bin Baharudin does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past ten (10) years.

He attended all the 4 (four) Board meetings held during the financial year ended 30 April 2016.

MS. TAN LAY BENG

Independent Non-Executive Director
Malaysian, aged 62

Tan Lay Beng is our Independent Non-Executive Director. She was appointed to the Board on 18 August 2014. She is also a member of the Audit Committee and Nominating Committee.

She is a Fellow of the Association of Chartered Certified Accountants of United Kingdom, a member of the Malaysian Institute of Accountants and a Fellow of the Chartered Tax Institute of Malaysia.

She has wide experience in accounting, audit and tax having worked with a mid-size and an international accounting firm before starting her own consulting practice in 1999.

Tan Lay Beng does not have any family relationship with any Director or substantial shareholder of the Company, nor does she have any conflict of interest with the Group. She has not been convicted of any offences within the past ten (10) years.

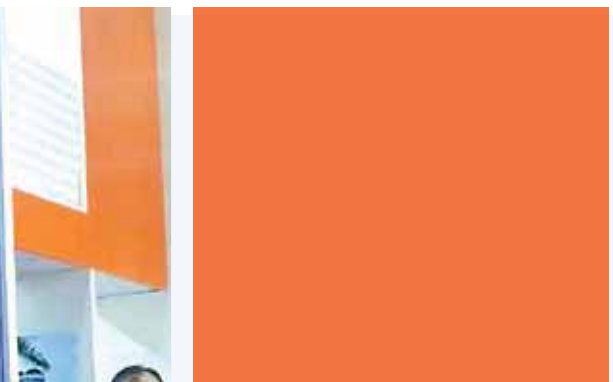
She attended all the 4 (four) Board meetings held during the financial year ended 30 April 2016.

EXHIBITIONS



EXHIBITIONS

cont'd



COMPANY EVENTS



COMPANY EVENTS

cont'd





CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of Solid Automotive Berhad for the financial year ended 30 April 2016.

FINANCIAL PERFORMANCE

For the financial year ended 30 April 2016 ("FYE 2016"), the Group achieved revenue of RM120.95 million a decrease of 9.33% from RM133.39 million recorded in the previous year. The Profit After Tax ("PAT") for FYE 2016 of RM5.56 million showed a decrease of 41.4% over the previous year's ("FYE 2015") PAT of RM9.49 million.

The decrease in revenue and PAT was mainly due to the weaker market demand in both the domestic and export markets coupled with lower gross margins and higher operating expenses resulting from the uncertainties in the Malaysian and world economies affected by low commodity and oil prices and general weak global economic conditions.

DIVIDENDS

On 31 March 2016, the Company paid an interim single tier dividend of 0.6 sen per ordinary share amounting to RM0.99 million in respect of FYE 2016.

The Board is pleased to recommend a final single tier dividend of 1.0 cent per ordinary share amounting to RM1.66 million for FYE 2016, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

The total dividends for FYE 2016 would be 1.6 cent per ordinary share amounting to RM2.65 million and representing a dividend payout ratio of approximately 47.7%.

YEAR UNDER REVIEW

The revenue for the year was principally derived from our automotive electrical parts segment, which contributed approximately 76.6% of our total revenue, while the automotive engine and mechanical parts and others contributed approximately 23.4%. On a geographical basis, our domestic market contributed approximately 60.0% while exports contributed 40.0%. The main market for our exports continues to be the Middle East.

The year was a challenging one for the Group especially the implementation of Goods & Services Tax in Malaysia in April 2015, coupled with the low commodity and oil prices, uncertainty in the global and domestic business environment and increasing cost of doing businesses, which affected demand and profitability.

PROSPECTS FOR THE COMING YEAR

The Malaysian economy continues to face concerns about economic developments and the rising cost of doing business, while our export market is affected by the weak global economic condition and uncertainties in Europe and China. The low commodity prices and fluctuations in oil prices continue to put pressure on the economies of the commodity and oil producing countries including Malaysia.

To meet these challenges, the Group will focus on its sales and marketing activities and increase our market presence with the opening of new outlets in strategic locations in Malaysia, continuing participation at international automotive exhibitions to promote our products and introduction of new products such as automotive brake parts, lubricants and batteries. We will also concentrate on improving operational efficiencies and productivity and strengthening our supply chain management.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

During the year under review, the Group made financial contributions in support of significant cultural events in Johor (notably the Chingay celebrations) and visiting and making donations to orphanage.

APPRECIATION AND ACKNOWLEDGMENT

On behalf of the Board, I would like to take this opportunity to convey our gratitude and appreciation to our shareholders as well as our other stakeholders for their continuous support. Further I would also like to express my appreciation to the Board of Directors, management and staff for their contribution and commitment to the Solid Group.

KEK KOK SWEE
Chairman

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“Board”) of Solid Automotive Berhad (“Solid” or “the Company”) is committed to ensuring that the principles and practices of good corporate governance are adopted throughout the Company and its subsidiaries (“the Group”).

The Board, pursuant to paragraph 15.25 and Practice Note 9 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), sets out below the manner in which the principles and recommendations of the Malaysian Code of Corporate Governance 2012 (“the Code”) has been applied for the financial year ended 30 April 2016.

1: BOARD OF DIRECTORS

Board Functions and Responsibilities

The Board has the key role in setting the Group’s strategic direction and business performance.

The Board assumed, among others, six (6) core responsibilities as follows:

- Reviewing and adopting the strategic plan for the Group

The Board reviews and approves Management’s proposal on the strategic plan for the Group and receives updates from the Management on specific business environment and future business trend as well as factors affecting the performance and strategies of the Group on a quarterly basis. Any development regarding the current strategies and actions taken are discussed during the Board Meetings with the proposed strategic direction deliberated and decided by the Board. In addition, any investment contemplated by the Group is proposed by the Executive Director(s) to the Board for deliberation to ensure that it is in line with the Group’s strategic direction and all key risks are properly assessed and addressed.

- Overseeing the conduct and performance management of the Group

On a quarterly basis, the financial results are presented by the Management to the Board for review. In addition, key business indicators, such as, customers’ (local and export) ageing analysis, inventory ageing analysis and trade payables ageing analysis, are tabled to the Audit Committee for their review and subsequent reporting to the Board on quarterly basis. Key business and financial issues identified and raised are deliberated by the Board to ensure that the issues in question are properly addressed and the associated risks adequately managed. On a quarterly basis, the outsourced internal audit function table their internal audit findings to the Audit Committee.

- Reviewing and managing principal risks affecting the Group

The Board is kept apprised of any emergence and changes of the key risk faced by the Group and the steps taken to manage these risks by the Executive Directors and the Management during the scheduled meetings. Through the use of the internal audit function, the Board ensures that the risk management and internal controls systems are in place and operating as laid down. Further explanation on such processes are disclosed in the Statement on Risk Management and Internal Control on page 29 to 32.

- Succession Planning

The Board has adopted a formal Succession Planning policy during the financial year under review to ensure that candidates appointed to senior management positions are of sufficient calibre and competency. The Group has in place succession planning procedures whereby competent and suitably qualified staff is identified by the Managing Director and Executive Directors for key functions within the Group. The development of the identified staff is managed through on-the-job training and guidance as well as external trainings to close the competency gap required.

1: BOARD OF DIRECTORS *Cont'd*

Board Functions and Responsibilities *Cont'd*

- Reviewing the adequacy and integrity of the Group management information and internal control systems

The Board has established an internal audit function to assist in ensuring that risk management and internal control systems are in place, adequate and operating as laid down. The Internal Audit function is performed by an outsourced independent professional firm which reports directly to the Audit Committee and performs their work based on internal audit plans approved by the Audit Committee. The internal audit report together with findings, recommendations and management action plans are presented to the Audit Committee quarterly and the results reported to the Board. Further details on the Group's Internal Audit functions are disclosed in the Statement on Risk Management and Internal Control on page 29 to 32.

- Implementing policies relating to investor relations and shareholder communication

The Board has established a formal Corporate Disclosure Policy to ensure timely, factual, accurate and comprehensive communication of material events to the regulatory authorities, shareholders and stakeholders.

The principles adopted by the Board on corporate disclosure are transparency and accountability, compliance with relevant laws and regulations, confidential and timely disclosure as well as fair and equitable access to information. Proper governance structure and processes are established within the Corporate Disclosure Policy to guide the proper disclosure of material information as well as confidentiality preservation requirements.

Board Charter

The Board has established the Board Charter which outlines the duties and responsibilities of directors, including the division of responsibilities and authorities between the Board and the Executive Management as well as between the Chairman of the Board and the Managing Director, with matters reserved for the Board for review and decision clearly defined. The Board Charter sets out the purpose, Board's strategic intent, responsibilities and authorities as well as terms of reference so as to provide clear guidance for the Directors and Management. The Board Charter is accessible through the Company's corporate website at www.solidautomotive.com.

In carrying out the Board's responsibilities, significant matters that require deliberation and approval from the Board is clearly defined in the Board Charter as matters reserved for the Board for consideration and approval during the Board's meetings. The key matters reserved for the Board's approval, among other matters, include material new ventures, corporate planning programmes, material acquisitions and disposals, material investments, changes in the major activities, major borrowings, major agreements/contracts, changes to the management and control structure and compliance with relevant laws and regulations. In addition, the authorisation requirements delegated to the Management are incorporated in the key business processes and stated in the Group's policies and procedures.

Code of Conduct

The Board has formalised ethical standards of conduct through a code of conduct that includes whistleblowing. Compliance is ensured through appropriate internal policies and procedures. The code of conduct will be reviewed periodically and is published on the Company's corporate website.

CORPORATE GOVERNANCE STATEMENT

cont'd

1: BOARD OF DIRECTORS *Cont'd*

Sustainability

The Board recognises the importance of sustainability to the Group's business operations and has formalise strategies to promote sustainability in all aspects of the conduct of its business including governance, environmental and social factors. The Group's sustainability policy is published on the Company's corporate website.

Access to Information and Advice

In order for the Board to operate effectively, all board members are expected to devote sufficient time and effort in discharging their individual responsibilities with reasonable due care, skills and diligence. To enable Directors to plan and facilitate their attendance, all Board meetings are scheduled in advance at the start of the financial year.

All members of the Board have unrestricted access to company information and management. There are agreed upon procedure for directors whether as a full Board or in their individual capacities, in furtherance of their duties as to seek independent professional advice, where necessary, at the Company's expense.

Company Secretary

The Board is assisted by a suitably qualified and competent Company Secretary in the discharge of its functions, and who also serve in that capacity in the various Board Committees. The Company Secretary provides support to the Board in ensuring adherence to Board policies and procedures and ensures that all Board meetings are properly convened, and that accurate and proper records of the deliberations and resolutions passed at the meetings are recorded and maintained in the statutory register kept at the registered office of the Company.

2: STRENGTHEN COMPOSITION

As at the date of this report, the Board comprises of seven (7) members of whom four (4) are Executive Directors and three (3) are Independent Non-Executive Directors. This is in compliance with Paragraph 15.02 of the MMLR of Bursa Securities that requires at least two (2) directors or one-third (1/3) of the Board, whichever is higher, must be Independent Directors.

The profile of each Director is presented on page 4 to 5 of this Annual Report.

Nominating Committee

The Board, through the Nominating Committee, ensures that all members of the Board possess the necessary leadership experience, skill set and diverse background, integrity and professionalism that brings value to the Board so as to be able to discharge its duties and responsibilities diligently and effectively. The Board is satisfied that, through the structured annual performance evaluation of the Board, board committees and individual directors, the current board composition represents the required mix of knowledge, skills and experience required to discharge the Board's duties and responsibilities effectively.

Currently, the Board does not have a formal gender diversity policy. Whilst the Board supports gender diversity, the Board firmly believes in recruiting and retaining the right talent for every position, regardless of gender, and taking into account the requisite knowledge, skill set, and experience required. The Board comprises of seven (7) members, one of which is a woman director.

2: STRENGTHEN COMPOSITION *Cont'd*

Nominating Committee *Cont'd*

The Nominating Committee comprises of the following directors during the financial year under review:-

Chairman: Kek Kok Swee *(Independent Non-Executive Director)*

Members: Azahar Bin Baharudin *(Independent Non-Executive Director)*
Tan Lay Beng *(Independent Non-Executive Director)*

The Nominating Committee, in compliance with paragraph 15.08A of MMLR of Bursa Securities, comprises exclusively of non-executive directors, all of whom are independent and is guided by written terms of reference duly approved by the Board with rights, authorities and responsibilities clearly spelt out.

The Board has not nominated a Senior Independent Non-Executive Director to chair the Nominating Committee as the Board is satisfied that the Independent Non-Executive Chairman of the Board possesses the required skills, knowledge and experience to lead the Nominating Committee to ensure an effective and well-balanced board composition.

The Nominating Committee is charged with, among other duties and responsibilities, the duties of assessing and recommending to the Board the candidature of directors, appointment of directors to Board committees, evaluating the effectiveness of the Board, the Board's committees and individual directors on annual basis as well as facilitating Board inductions and training programs for directors.

The terms of reference of the Nominating Committee are available for viewing in the Company's corporate website.

The Nominating Committee has established a formal orientation program for new directors as well as annual procedures for the evaluation of the performance of Board, Board committees and individual directors. The criterias include, among others, Board effectiveness, composition of the Board and Board committees and contribution of individual Board members at meetings.

For the financial year ended 30 April 2016, the Nominating Committee met once to review the compliance of the composition requirement of the Nominating Committee in accordance with MMLR of Bursa Securities and the annual assessments process. The Nominating Committee conducted evaluations of the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director as well as independence assessments on the Independent Non-Executive Directors. The Nominating Committee also reviewed the independence, competencies, contributions and suitability of directors seeking re-election and re-appointments before recommending them to the Board prior to submission of their names to shareholders for approval at the Annual General Meeting.

Appointment of new Directors to the Board or Board Committee is recommended to the Nominating Committee for consideration and approved by the Board. All Board members who are newly appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election. There were no resignation or new appointment of directors during the financial year under review.

All Directors (including the Managing Director) shall retire from office, by rotation at least once every three years and shall be eligible for re-election.

Directors over seventy years of age are required to seek re-election annually in accordance with Section 129 (6) of the Companies Act 1965. There is no director who is subject to such reappointment.

CORPORATE GOVERNANCE STATEMENT

cont'd

2: STRENGTHEN COMPOSITION *Cont'd*

Remuneration Committee

The Board recognises the need for fair remuneration to be able to attract, retain and motivate Directors that reflect the Board's responsibilities, expertise and the Group's business activities. The Board takes cognisance that Directors remuneration should be aligned with the business strategy and long-term objectives of the Group and is reflective of their experience and level of responsibilities.

The Board has put in place a formal Board Remuneration Policy for guidance to the Remuneration Committee in the review and consideration of proposed remuneration package of the members of the Board. Major components of the remuneration package for executive directors and non-executive directors are identified for review based on criteria established in the formal policy.

The objectives of the formal Board Remuneration Policy are as follows:-

- to enable the Company to attract and retain highly qualified members and provide a well-balanced and competitive directors compensation package.
- to ensure that the interests of Executive Directors are aligned with the business strategy, risk tolerance, values and medium to long-term interests of the Group and is consistent with the "pay-for-performance" principle.
- to promote strong teamwork culture among the Executive Directors.
- to instil transparency and openness in the review and approval of compensation package of the Board's members.

Principal components of the remuneration of the Executive Directors are fixed salary, variable compensations, equity-based remuneration and other fringe benefits while the principal components of the remuneration of the Non-Executive Directors are annual director's fees.

The Remuneration Committee is responsible for recommending to the Board the remuneration packages of the Executive Directors. None of the Executive Directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of the non-executive directors and individual non-executive director abstained from deliberation and approval of his own remuneration.

The Remuneration Committee comprises of three (3) members, majority of whom are Non-Executive Directors in compliance with the Code. The Remuneration Committee is governed by written terms of reference approved by the Board.

The Remuneration Committee comprises of the following Directors during the financial year under review:-

<i>Chairman:</i>	Kek Kok Swee	<i>(Independent Non-Executive Director)</i>
<i>Members:</i>	Azahar Bin Baharudin	<i>(Independent Non-Executive Director)</i>
	Ker Min Choo	<i>(Executive Director)</i>

The Remuneration Committee met twice during the financial year with attendance by all members of the Committee for the review of remuneration package of Executive Directors.

CORPORATE GOVERNANCE STATEMENT

cont'd

2: STRENGTHEN COMPOSITION *Cont'd*

Remuneration Committee *Cont'd*

The total remuneration of Directors during the financial year ended 30 April 2016, distinguishing between Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components are disclosed below:-

	Basic Salary, Bonus, Incentives. Allowance, EPF & SOCSO RM'000	Fees RM'000	Others RM'000
Executive Directors	1,982	180	-
Non-Executive Directors	-	132	-

Detailed disclosure is not made for individual director's remuneration as prescribed by the Code as the Board is of the view that the transparency and accountability aspect of corporate governance in respect of Directors' remuneration are adequately addressed by the band disclosure as disclosed below:

Remuneration bands per annum	Executive	Non-Executive
Below RM50,000	-	2
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	2	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	1	-

3: REINFORCE INDEPENDENCE

The Chairman of the Board is an Independent Non Executive Director. The position of the Chairman and the Managing Director is separated and there is a clear division of responsibility between the Chairman and the Managing Director of the Company to ensure an appropriate balance of role, responsibilities and accountability to provide a balance of power and authority at the Board level. The independent non-executive Chairman is responsible for the leading of the Board and oversight of the management, while the Managing Director is responsible for managing the Group's business and day-to-day management of the Group.

The Group practices the division of responsibilities and powers between the Chairman and the Managing Director. The independent non-executive Chairman is primarily responsible for governance, effectiveness of the Board and overall implementation of the Board policies and decisions. In addition, the Chairman represents the Board at general meetings and ensures effective communication with the shareholders. The Chairman acts as facilitator at the meetings of the Board to ensure that no board member dominates the discussion, and that appropriate discussion takes place and Board decisions are arrived at after due deliberations by the Board members.

With the assistance from the other key senior management (i.e. the Executive Directors), the Managing Director implements approved corporate strategies and provide the overall leadership and management of the business as well as oversee the day-to-day operations of the Group.

The Independent Non-Executive Directors bring independent and objective judgment to the Board deliberations. Being from diverse backgrounds and impartial, their contributions during Board and Board Committee meetings are unbiased and provide a pivotal point for deliberations.

CORPORATE GOVERNANCE STATEMENT

cont'd

3: REINFORCE INDEPENDENCE *Cont'd*

All Independent Non-Executive Directors shall dedicate sufficient time and attention to fulfil their roles.

The Nomination Committee carried out Independence assessments of the independent director during the annual performance evaluation of the contribution of individual directors.

None of the Independent Non Executive Directors have served for a cumulative term of nine (9) years that would require shareholders approval for continuation as Independent Non-Executive Director at the forthcoming Annual General Meeting.

4: FOSTER COMMITMENT

The Directors are required to commit sufficient time and attention in order to discharge their duty and responsibility with reasonable due care, skills and diligence to the Board.

Directors are required to inform the Chairman before accepting any new appointments to directorships and indicate the time that will be spent on the new appointment.

The Board meets at regular intervals during the financial year under review to effectively discharge its functions and responsibilities.

The Board met four (4) times during the financial year ended 30 April 2016 and the attendance of each Director at the Board Meetings is as follows:

Director	Designation	No. of Meetings Attended
Kek Kok Swee	Chairman, Independent Non-Executive Director	4/4
Ker Min Choo	Managing Director	4/4
Ker Mong Keng	Executive Director	4/4
Ker Meng Oi	Executive Director	4/4
Ong Kheng Swee	Executive Director	4/4
Azahar Bin Baharudin	Independent Non-Executive Director	4/4
Tan Lay Beng	Independent Non-Executive Director	4/4

The Board shall meet at least four (4) times a year at quarterly intervals, with additional meetings convened when urgent and important decisions are required to be made between the scheduled meetings. The directors will receive the agenda and the Board papers prior to the Board meeting. This will allow sufficient time for the directors to review and seek clarifications from management on any matters they may require.

In discharging its fiduciary duties, the Board has delegated specific responsibilities to three (3) subcommittees, namely, Audit Committee, Remuneration Committee and Nominating Committee. The Committees have the responsibility to examine particular issues delegated and report to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

All committees have written terms of references and/or authorities and responsibilities and the Board receives reports on their proceedings and deliberations. The Chairman of the respective committees will brief the Board on the matters discussed at the committee meetings and minutes of these meetings are circulated at the Board meetings.

CORPORATE GOVERNANCE STATEMENT

cont'd

4: FOSTER COMMITMENT *Cont'd*

Newly appointed directors will be given induction briefings by the Executive Directors and senior management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as directors.

The Directors are encouraged to review their individual training requirements, as they deem necessary to enhance their knowledge and to keep abreast of developments in the market environment, regulatory and statutory requirements.

During the financial year ended 30 April 2016, all Directors received regular briefings and updates on the Group's business and operations, as well as being updated on new regulations and statutory requirements.

During the financial year, all Directors have attended the seminars and briefings conducted by regulatory bodies or professional organizations as follows:

Name of Directors	Seminars and Briefing Attended
Ker Min Choo	Team Building 2015 by NL Global Management Sdn Bhd; Automechanika Shanghai 2015 by Messe Frankfurt (HK) Ltd
Ker Mong Keng	Automechanika Shanghai 2015 by Messe Frankfurt (HK) Ltd; China Import and Export Fair by China Foreign Trade Centre
Ker Meng Oi	APAC Service Centre Shanghai Product Training by Osram (Malaysia) Sdn Bhd; Cooking the Books – The Malaysian Recipe on Financial Fraud by Bursatra Sdn Bhd
Ong Kheng Swee	Team Building 2015 by NL Global Management Sdn Bhd; Public Practice Program by Malaysian Institute of Accountants; 2016 Budget & Tax Planning by Crowe Horwath CPE Sdn Bhd
Kek Kok Swee	2016 Budget & Tax Planning by Crowe Horwath CPE Sdn Bhd
Azahar Bin Baharuddin	2016 Budget & Tax Planning by Crowe Horwath CPE Sdn Bhd
Tan Lay Beng	2016 Budget & Tax Planning by Crowe Horwath CPE Sdn Bhd

The Directors will continue to undergo relevant training programs and seminars as and when required and from time to time to update their knowledge and skills.

5: UPHOLDING INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board ensures that fair, accurate and meaningful financial reporting is made to shareholders, investors and the regulatory authorities. The Audit Committee assist the Board to scrutinise and review the information for disclosure to ensure accuracy, adequacy and completeness and compliance with the relevant accounting standards and legislation.

CORPORATE GOVERNANCE STATEMENT

cont'd

5: UPHOLDING INTEGRITY IN FINANCIAL REPORTING *Cont'd*

Financial Reporting *Cont'd*

A summary of the activities of the Audit Committee during the year is set out in the Audit Committee Report on pages 24 to 28 of this Annual Report.

The Directors are responsible for ensuring that the annual financial statements of the Group and the Company are prepared in accordance with the provisions of the Malaysian Companies Act, 1965 and applicable approved accounting standards of Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 April 2016, and of the results of their operations and cash flows for the financial year ended on that date. In preparing the Group's financial statements, the Directors have ensured that the appropriate and relevant accounting policies have been applied on a consistent basis, judgments and estimates made are reasonable and prudent and the annual audited financial statements prepared on a going concern basis.

The Directors also have the responsibility for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Relationship with External Auditors

Through the Audit Committee, the Board maintains a transparent and professional relationship with the external auditors and outsourced internal auditors.

The role and responsibilities of the Audit Committee in relation to the external auditors is described in the Audit Committee's terms of reference.

The terms of engagement of the external auditors is set out in their engagement letter which includes among others, the scope of coverage, responsibilities of the external auditors, confidentiality, independence and proposed fees.

Prior to the commencement of the external audit, the external auditors presented the Audit Planning Memorandum to the Audit Committee which states the engagement and reporting requirements, audit approach, areas of audit emphasis, communication with management, engagement team, reporting and deliverables and proposed audit fees for the Audit Committee's review. In addition the Audit Committee met with the external auditors twice during the year without the presence of the executive directors or management to discuss on any areas of concern which the external auditors may wish to highlight and for the members to discuss on accounting or other matters.

The external auditors, upon completion of the audit, presented their audit review memorandum, which highlights among other matters, significant audit findings, significant deficiencies in control, status of audit, independence and communications with the Audit Committee, for the Audit Committees' review.

A summary of the activities of the Audit Committee involving the external and outsourced internal auditor is set out in the Audit Committee Report on pages 24 to 28 to and the Statement on Risk Management and Internal Control on pages 29 to 32.

The Board recognizes the importance of the independence and capability of external auditors on the reliability and quality to the annual financial statements prepared for the stakeholders. Based on the review of the external auditors reports and declaration of independence, the Audit Committee is satisfied that the current external auditors are independent and possess the capabilities and resources to fulfil the terms of engagement.

5: UPHOLDING INTEGRITY IN FINANCIAL REPORTING *Cont'd*

Relationship with External Auditors *Cont'd*

No formal policy has been adopted to assess the independence of the external auditors as the external auditors, have annually confirmed to the Audit Committee their independence in relation to the audit work to be performed and their commitment to communicate to the Audit Committee on their independence on on-going manner.

After having considered that the current external auditors have been performing the audit services for the Company since the incorporation of the Company on 12 September 2012, the mandatory rotation of audit partners every 5 years, coupled with the firm's internal quality control process, the Audit committee is of the opinion that the external auditors is suitable and capable to deliver the assurance professionally with a sufficient level of independence under the relevant legislations and regulations and recommends their reappointment to the Board, and upon which shareholders approval will be sought at the forthcoming Annual General Meeting.

6: RECOGNISE AND MANAGE RISKS

Sound framework to manage risk

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls and robust risk management framework to safeguard shareholders' investment and the Group's assets.

The Statement on Risk Management and Internal Control made in pursuance of paragraph 15.26(b) of the Listing Requirements of Bursa Securities is separately set out on pages 29 to 32 of this Annual Report.

7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board is committed to maintaining effective communications with its shareholders and investors. The main communication channels with shareholders and investors are the announcements made through Bursa Securities and the Annual Report. All material announcements to be made through Bursa Securities are to be approved by the Board prior to its release to Bursa Securities. The Board observes all disclosure requirements as laid down by MMLR and the Capital Markets and Services Act 2007 with regard to dissemination of material corporate information on timely basis.

The Board has established a formal Corporate Disclosure Policy which sets out the policies and procedures for disclosure of material information of the Group and which is applicable to all Directors and employees of the Group.

For effective dissemination of material information, the Company's website incorporates an "Investor Relations" section which provides all relevant information on the Company and is accessible by the public via <http://www.solidautomotive.com>. Furthermore, an email address is provided in "Investor Relations" section of Company's website to which concerns or request of any investor can be forwarded to.

CORPORATE GOVERNANCE STATEMENT

cont'd

8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Annual General Meeting is the principal forum for dialogue with shareholders. The shareholders are given the opportunity and are encouraged to participate in general meetings of the Company. Notice of the Annual General Meeting and Annual Reports are sent out to shareholders at least 21 days before the date of the meeting.

Shareholders are kept well informed of developments and performances of the Group through announcements made to Bursa Securities and press releases (where appropriate) as well as the Annual Report. The Annual Report provides information and disclosures on the Group and complies with the relevant regulations and guidelines.

In line with the recommendation of the Code, at the announcement of all General Meetings, the Chairman will inform the shareholders of their right to demand a vote by poll.

ADDITIONAL COMPLIANCE INFORMATION

• Utilisation of Proceeds

Private Placement

The net proceeds from the Private Placement, completed on 9 June 2015, was utilised as follows:

Purpose	Proposed Utilization RM'000	Actual Utilization to 30 April 2016 RM'000	Deviation RM'000	Balance RM'000
i) Repayment of bank borrowings	10,000	(10,000)	-	-
ii) Working Capital	9,980	(9,980)	-	-
iii) Estimate placement expenses	120	(120)	-	-
Total gross proceeds	20,100	(20,100)	-	-

Rights Issue of Warrants

The net proceeds from the Rights Issue of Warrants, completed on 23 December 2015, was utilised as follows:

Purpose	Proposed Utilization RM'000	Actual Utilization to 30 April 2016 RM'000	Deviation RM'000	Balance RM'000
i) Working Capital	15,915	(101)	186	16,000
ii) Estimated expenses	585	(399)	(186)	-
Total gross proceeds	16,500	(500)	-	16,000

ADDITIONAL COMPLIANCE INFORMATION *Cont'd*

- **Material Contracts involving Directors and Major Shareholders' Interests**

There were no material contracts entered into by the Company and its subsidiaries involving directors and major shareholders' interests still subsisting at the end of the financial year ended 30 April 2016.

- **Sanctions and/or Penalties imposed**

The Company and its subsidiaries, Directors and management have not been imposed with any sanctions and/or penalties by regulatory bodies.

- **Share buy-backs**

There was no share buy-back by the Company during the financial year.

- **Options, Warrants or Convertible Securities Exercised**

Other than disclosed elsewhere in this report, there were no outstanding convertible securities pending exercise during the financial year ended 30 April 2016.

- **American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) programme**

The Company has not sponsored any ADR or GDR programme for the financial year ended 30 April 2016.

- **Non-audit fees**

During the financial year ended 30 April 2016, the non-audit fee incurred for services rendered by external auditors to the Group amounted to RM50,000 for work performed in relation to the rights issue of warrants.

- **Variation of Results**

There were no profit estimations, forecasts or projections made or released by the Company during the financial year.

The audited financial results for the financial year ended 30 April 2016 did not differ by 10% or more from the unaudited full year's results previously announced on 29 June 2016 to Bursa Securities.

- **Profit Guarantee**

The Company did not give any profit guarantee during the financial year.

- **Recurrent Related Party Transaction**

At the Annual General Meeting ("AGM") to be held on 27 September 2016, the Company intends to seek the shareholders' approval for the renewal of the shareholders' mandate for the recurrent related party transactions ("RRPT"), which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that are not more favourable to its related parties than those generally available to the public.

Further details of which are disclosed in the Circular to Shareholders dated 26 August 2016 despatched together with the Annual Report 2016.

AUDIT COMMITTEE REPORT

A. ESTABLISHMENT AND COMPOSITION

The Audit Committee comprises the following members:-

Chairman:

Azahar bin Baharudin (*Independent Non-Executive Director*)

Members:

Kek Kok Swee (*Independent Non-Executive Director*)

Tan Lay Beng (*Independent Non-Executive Director*)

B. TERMS OF REFERENCE

The terms of reference of the Committee is set out on pages 26 to 28 of this Annual Report.

C. MEETINGS

During the financial year ended 30 April 2016, the Audit Committee held four (4) meetings. Details of each member's meeting attendances are as follows:-

Name of Member	No. of Meetings Attended
Azahar bin Baharuddin	4/4
Kek Kok Swee	4/4
Tan Lay Beng	4/4

The meetings were appropriately structured through the use of agendas, which were distributed to the members, together with the minutes of meetings and relevant papers and reports, prior to the meetings with sufficient notification and time to allow for review by the members. The company secretary as the appointed secretary for the Committee attended all the meetings during the financial year under review.

The executive directors, chief financial officer, representatives of the external auditors and internal auditors, at the invitation of the Committee, may attend the Committee meetings to present their reports and/or findings for proper deliberation of the matters on hand.

D. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Committee carried out its duties in accordance with its terms of reference during the year. The main activities undertaken by the Audit Committee during the financial year included the following:-

1. Reviewed and recommended for Board approval the quarterly unaudited financial statements for announcement to Bursa Malaysia Securities Berhad ("Bursa Securities");
2. In respect of the quarterly and annual financial statements, reviewed the Company's compliance with the Bursa Securities' Listing Requirements, the Companies Act 1965, approved accounting standards and other relevant legislations;
3. Reviewed the audit report and observations made by the external auditors on the audited financial statements that require appropriate management action and the management's response thereon and reporting them to the Board;

D. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR *Cont'd*

4. Considered and recommended to the Board for approval of the audit fees payable to the external auditors as disclosed in Note 27 to the financial statements;
5. Reviewed the external auditors' scope of work and audit plan for the financial year ended 30 April 2016;
6. Met with the external auditors, without the presence of the executive management, twice during the financial year ended 30 April 2016 to discuss any areas of concern which the external auditors may wish to bring to notice of the members and for the members to discuss or seek clarification on accounting or other matters;
7. Reviewed the independence and objectivity of the external auditors and the services provided, including non-audit services;
8. Reviewed and approved the Internal Audit plan and internal audit reports, which highlighted the internal audit findings, recommendations, management responses and action plans. Discussed with management, actions taken to improve and enhance the internal control systems based on the improvement opportunities highlighted in the internal audit reports;
9. Reviewed related party transactions entered into by the Group and ensured all transactions are at arms length's basis;
10. Reviewed the annual report (which includes the Corporate Governance Statement, Audit Committee Report and Statement on Risk Management and Internal Control), and the audited financial statements of the Group and recommended to the Board for approval.

E. INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to an independent professional firm to undertake independent, objective, regular and systematic reviews of the internal controls system. The outsourced internal auditors report directly to the Audit Committee. The Audit Committee reviews and approves the internal audit plan tabled at the beginning of the financial year to ensure its adequacy of coverage and scope in relation to the risk management framework, key business risk exposure and risk appetite of the Group prior to its approval for execution. Further, the Committee regularly reviewed the internal audit plans during the financial year to take into account any changes in the prevailing business environment, business structure and composition and its associated risks to ensure the continuing relevance of the approved internal audit plans, adequacy of the scope and resources being allocated to the internal audit function and any changes are approved by the Committee prior to execution.

The outsourced internal auditors table the results of their review to the Audit Committee at their scheduled meetings, highlighting their findings, recommendations, areas of improvement opportunities, management response and action plan. Further, the outsourced internal audit function performed follow up reviews to ascertain the status of implementation of agreed management action plans. The results of the follow up reviews were reported to the Audit Committee for their review and deliberation. The areas of review conducted by the outsourced internal auditors are disclosed in the Statement on Risk Management and Internal Control disclosed on pages 29 to 32 of this annual report.

AUDIT COMMITTEE REPORT

cont'd

E. INTERNAL AUDIT FUNCTION *Cont'd*

The Audit Committee ensures the adequacy of the function, competency and resources allocated to the outsourced internal audit function through the review of the outsourced internal auditors resources and the qualifications, working experience and continuous professional development of the personnel of the outsourced internal audit function which is tabled by the outsourced internal audit function during the financial year under review.

The cost incurred in connection with the internal audit function during the financial year amounted to RM67,313.

F. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:-

- Assess the Group's risk and control environment;
- Oversee financial reporting;
- Evaluate the internal and external audit processes; and
- Review conflict of interest situations and related party transactions.

Composition

The Board shall elect and appoint Committee members from amongst their members, comprising no fewer than three (3) Directors, all of whom shall be Non-Executive Directors and a majority of whom shall be Independent Directors of the Company. No alternate Director of the Board shall be appointed as a member of the Committee.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:-

- A member of the Malaysian Institute of Accountants ("MIA"); or
- If he or she is not a member of MIA, he must have at least (3) years of working experience, and:-
 - i. He or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - ii. He or she must be a member of the associations of accountants specified in Part II of the Accountants Act, 1967.

If a member of the Committee resigns or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an Independent Non-Executive Director.

The Board shall review the terms of office of each of its members at least once (1) every three (3) years.

Quorum and Committee's Procedures

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate.

F. TERMS OF REFERENCE OF THE AUDIT COMMITTEE *Cont'd*

Quorum and Committee's Procedures *Cont'd*

In order to form a quorum for the meeting, the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be appointed Secretary of the Committee ("the Secretary"). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee. The minutes shall be circulated to members of the Board.

The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

The Chairman shall submit an annual report to the Board summarising the Committee's activities during the financial year and the related significant results and findings.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

Authority

The Committee is authorised to investigate any matter within its terms of reference and has the right of direct access to any employee in the Group, who shall cooperate fully with any request made by the Committee.

The Committee shall have full and unrestricted access to any information pertaining to the Group, including access to resources.

The Committee shall have direct communication channels with the internal and external auditors and with senior management of the Group and shall be able to convene meetings with the external auditors, the internal auditors, or both, excluding the attendance of other directors and other employees of the Group, whenever deemed necessary.

The Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Bursa Securities' Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

Responsibilities and Duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:-

1. Review the appointment of external auditors, the audit fees and any question of resignation or dismissal before making recommendations to the Board;
2. Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money;

AUDIT COMMITTEE REPORT

cont'd

F. TERMS OF REFERENCE OF THE AUDIT COMMITTEE *Cont'd*

Responsibilities and Duties *Cont'd*

3. Review with the external auditor before the commencement of each audit, the audit scope and plan, including any changes to the planned scope of the audit plan;
4. Review major audit findings and management's responses during the financial year with management, external auditors and internal auditors, including the status of previous audit recommendations;
5. To discuss any problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss (in the absence of management, where necessary);
6. For the outsourced internal audit function,
 - Review the adequacy of the internal audit scope and plan, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - Review the internal audit process to determine if the internal audit is conducted according to the standards set by recognised professional bodies; and
 - Review the internal audit program the results of the internal audit process and action taken on the recommendations of the internal audit function.
7. Review the adequacy and integrity of the internal control systems, including enterprise risk management, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems;
8. Review the quarterly results and the annual financial statements, prior to the approval by the Board focusing particularly on:-
 - Changes in or implementation of major accounting policy changes;
 - Significant or unusual events;
 - Compliance with accounting standards and other legal requirements; and
 - Going concern assumptions.
9. Review procedures in place to ensure that the Group is in compliance with the Companies Act, 1965, Bursa Securities' Listing Requirements and other relevant legislative and reporting requirements;
10. Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on management integrity;
11. Direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts;
12. Prepare reports as the circumstances dictate or at least once (1) a year, to the Board summarising the work performed in fulfilling the Committee's primary responsibilities; and
13. Any other activities, as authorised by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) of Solid Automotive Berhad (“the Company”) (collectively with its subsidiaries, “the Group”) is pleased to present the statement on the risk management and internal control of the Group for the financial year ended 30 April 2016, pursuant to paragraph 15.26(b) and Practice Note 9 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“MMLR”) and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”).

BOARD RESPONSIBILITY

The Board affirms its responsibility to maintain a sound risk management and internal control system and for reviewing their adequacy and effectiveness to safeguard its stakeholders’ interests and the Group’s assets. The Board has delegated these aforementioned responsibilities to the Audit Committee whereby the Audit Committee is assigned with the duty, through its terms of reference approved by the Board, to review and consider the adequacy and effectiveness of the risk management and internal control system of the Group. Through the Audit Committee, the Board is kept informed of all significant control issues brought to the attention of the Audit Committee by the management, the internal audit function and the external auditors.

However, the Board recognises that, in view of the limitations that are inherent in any system of internal controls, the system of internal controls is designed to manage, rather than to eliminate, the risk of failure to achieve the Group’s business objectives. Accordingly, the system of internal controls can only provide reasonable and not absolute assurance against material misstatement of losses and fraud.

KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

RISK MANAGEMENT

The Board recognise that an effective risk management process is key to good corporate governance in pursuit of the Group’s strategic business objectives and there is a continuous process to identify, evaluate and manage significant risks faced by the Group systematically during the financial year under review.

The Board has adopted a systematic risk management framework which are embedded into the Group processes and structure.

The Risk Management of the Group is delegated to the Risk Management Committee comprising an Executive Director and Senior Management to assess and monitor the Group’s risk.

The systematic risk management framework encompasses risk identification, risk assessment, control identification, risk treatment and control activities. Risk assessment are guided by the likelihood rating and impact rating established by the Board. Based on the risk management process, key risks profile were compiled, with relevant key risks identified and rated based on an agreed upon risk rating. The key risk profile is used for the identification of high residual risks which are above the risk appetite of the Group that require the Management and the Board’s immediate attention for risk treatment as well as for future risk monitoring.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM *Cont'd*

INTERNAL AUDIT FUNCTION

The Audit Committee, in carrying out its responsibilities, is supported by the internal audit function to ensure the adequacy and effectiveness of the Group's risk management and internal control systems.

The Group's internal audit function is outsourced to an independent professional firm. The internal audit function reports to the Audit Committee directly and is governed by the engagement letter detailing the scope of works, accountability/responsibility, authority, independence and confidentiality.

The Group relies on the internal audit function to provide the Board with the required level of assurance that its systems of internal controls are operating adequately and effectively in order to provide reasonable assurance that the business objectives of the Group are achievable.

The Group's outsourced internal audit function adopts a risk based approach and prepares its internal audit plan based on the Group's key risks profile.

The risk-based internal audit plan takes into consideration of the existing and emergent key business risks identified in the Group's key risk profile. The audit plan and any subsequent amendment are reviewed and approved by the Audit Committee prior to their execution.

The internal control review procedures performed by the internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls are conducted for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance to a predetermined formula, subject to the nature of testing and verification of the samples.

Regular internal audit reviews are performed based on the internal audit plan approved by the Audit Committee. For the financial year under review, the outsourced internal auditor conducted reviews for inventory management, credit controls, procurement management and intellectual property management. Upon completion of the internal audit work, the internal audit reports are presented to the Audit Committee during its quarterly meetings. During these meetings, the internal audit findings and recommendations as well as management responses and action plans are presented and deliberated. Updates on the status of action plans as identified in the previous internal audit reports were also presented for the Audit Committee's review and deliberation for the financial year under review. The Audit Committee reports the results of the review and deliberation to the Board in order for the Board to discharge its responsibility to ensure that sound internal controls are in place to manage the risks within the risk appetite of the Group and for regulatory compliance.

The cost incurred in maintaining the outsource Internal audit function for the financial year ended 30 April 2016 amounted to RM67,313.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

OTHER KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM

The other key features of the Group's internal control systems are described below:

- **Board of Directors/Board Committees**

Board Committees (i.e. Audit Committee, Remuneration Committee and Nominating Committee) have been established to carry out duties and responsibilities delegated by the Board and are governed by written terms of reference.

Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the business plans, business strategies and performance of the Group, from financial and operational perspectives.

- **Organisation Structure and Authorisation Procedures**

The Group has a well-defined organization structure with clear reporting line in place to ensure appropriate level of authorities and responsibilities are delegated accordingly to competent staff in achieving operational effectiveness and efficiency. The Group has established authorisation and approval levels for management to follow including those requiring approval from the Board.

- **Policies and Procedures**

The Group has documented policies and procedures for key business processes that are regularly reviewed and updated to ensure its relevance in support of the Group's business activities and business objectives. Standard operating procedures and work instructions are established by Solid Corporation Sdn Bhd in compliance with the International Standard Organisation ("ISO") certification.

- **Human Resource Management**

Formal human resource policies are in place to ensure the Group's ability to employ and retain adequate and competent employees possessing necessary knowledge, skill and experience to carry out their duties and responsibilities effectively and efficiently.

- **Information and Communication**

At operational levels, clear reporting lines established across the Group and operation and management accounts are prepared for dissemination to relevant personnel for effective communication of critical information throughout the Group for timely decision making and execution. Matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

- **Monitoring and Review**

The Executive Directors being closely involved in the daily operations regularly review the operational information including sales, inventory and financial information. The quarterly financial results containing key financial results and comparisons and management commentaries are presented to the Board for their review.

Further, internal audits are scheduled and carried out by the outsourced internal auditors on key areas identified based on the key risk profile of the Group and report their findings, recommendations, management responses and action plans directly to the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

ASSURANCE PROVIDED BY THE MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

In compliance with the Guidelines, the Managing Director, being highest ranking executive in the Company and the Chief Financial Officer, being the person primarily responsible for the management of the financial affairs of the Company have provided assurance to the Board that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, during the financial year under review.

CONCLUSION

The Board believes that the Group's risk management and internal control systems provide reasonable, but not absolute, assurance that weaknesses or deficiencies are identified on a timely basis and dealt with appropriately.

The Board reaffirms its commitment to maintaining a sound system of internal controls and will continue to take measures to review and, where necessary, enhance the Group's risk management and internal control systems to meet the Group's strategic objectives.

Based on the review of risk management process and internal control system as well as the monitoring and review mechanism stipulated above coupled with the assurance provided by the Managing Director and the Chief Financial Officer, the Board is of the opinion that the risk management and internal control systems are operating satisfactory and have not been made aware of any significant weaknesses or deficiencies in the Group's system of internal controls for the year under review and up to the date of this statement.

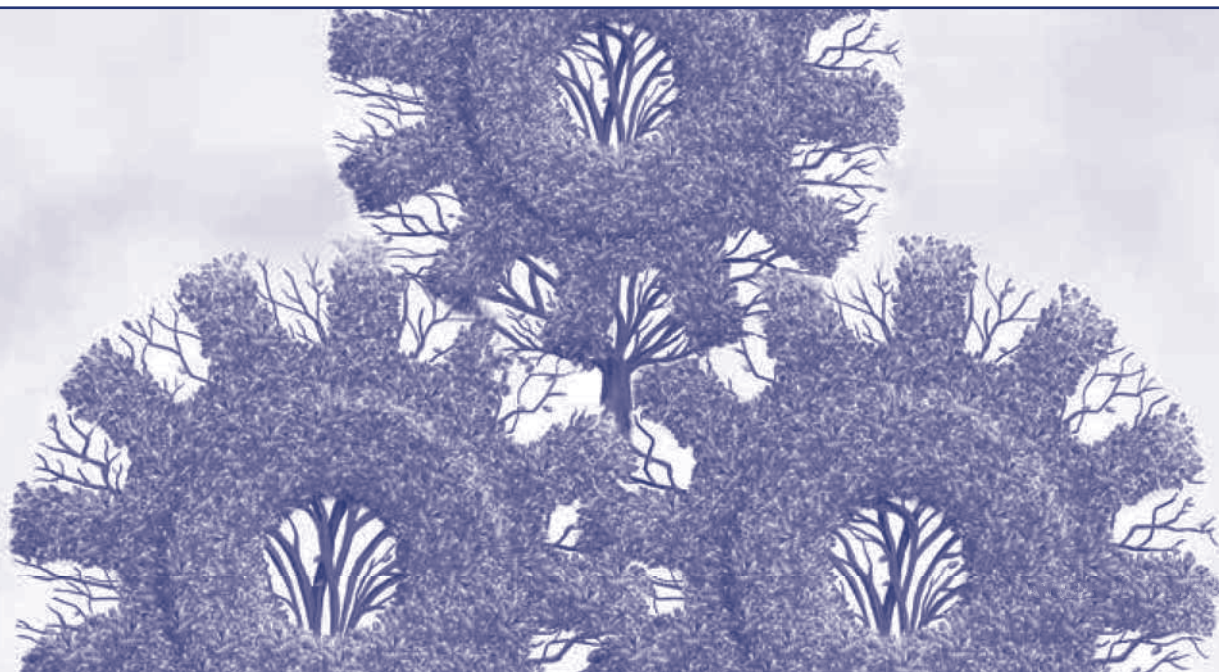
REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to Paragraph 15.23 of the Listing Requirements and in accordance with the Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 30 April 2016.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

FINANCIAL STATEMENTS

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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 30 April 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. 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
Profit after tax for the financial year	5,561,002	3,569,246
Attributable to:-		
Owners of the Company	5,706,882	3,569,246
Non-controlling interests	(145,880)	-
	5,561,002	3,569,246

DIVIDENDS

Since the end of previous financial year, the amount of dividends paid by the Company were as follows:-

An interim tax exempt dividend of 1.0 sen per ordinary share, amounting to RM1,500,000 for the financial year ended 30 April 2015 was paid on 17 June 2015.

A final dividend of 2.0 sen per ordinary share, amounting to RM3,300,000 for the financial year ended 30 April 2015 was approved by the shareholders of the Annual General Meeting held on 22 September 2015 and paid on 3 December 2015.

An interim tax exempt dividend of 0.6 sen per ordinary share, amounting to RM993,641 for current financial year was paid on 31 March 2016.

At the forthcoming Annual General Meeting, a final dividend of 1.0 sen per ordinary share amounting to RM1,656,068 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 30 April 2017.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the statements of changes in equity and Notes 27 and 29 to the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its authorised share capital from RM100,000,000 to RM500,000,000 by the creation of 800,000,000 new ordinary shares of RM0.50 each;
- (b) the Company increased its issued and paid-up share capital from RM75,000,000 to RM82,803,400 by way of:-
 - (i) an issuance of 15,000,000 new ordinary shares of RM0.50 each pursuant to a Private Placement exercise of an issue price of RM1.34 per ordinary share; and
 - (ii) issuance of 606,800 new ordinary shares for cash arising from the exercise of Warrants 2015/2020 at the exercise price of RM0.50 per Warrants as disclosed in Note 17 to the financial statements.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

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

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company apart from the issue of Warrants pursuant to the Rights Issue of Warrants.

WARRANTS

On 17 December 2015, 82,500,000 Warrants were issued pursuant to the Rights Issue of Warrants on the basis of one Warrant for every two existing ordinary shares subscribed by entitled shareholders at an issue price of RM0.20 per Warrant.

The salient terms of the Warrants 2015/2020 are disclosed in Note 18.5 to the financial statements. The movements of the Warrants since the listing and quotation thereof are as follows:-

	← Entitlement for Ordinary Shares of RM0.50 each →			
	At 1.5.2015	Issued	Exercised	At 30.4.2016
Number of unexercised Warrants	-	82,500,000	(606,800)	81,893,200

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 there are no known bad debts 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 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.

DIRECTORS' REPORT

cont'd

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

Ker Min Choo
Ong Kheng Swee
Azahar Bin Baharudin
Kek Kok Swee
Ker Meng Oi
Ker Mong Keng
Tan Lay Beng

DIRECTORS' INTERESTS

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

	← Number of Ordinary Shares of RM0.50 Each →			
	At 1.5.2015	Bought	Sold	At 30.4.2016
<i>Direct Interests in the Company</i>				
Ker Min Choo	40,450,113	-	-	40,450,113
Ong Kheng Swee	2,064,486	-	-	2,064,486
Kek Kok Swee	1,500,000	-	-	1,500,000
Ker Meng Oi	5,530,541	-	-	5,530,541
Ker Mong Keng	36,725,075	-	-	36,725,075
<i>Indirect Interests in the Company *</i>				
Ker Min Choo	37,546	-	-	37,546
Ong Kheng Swee	900,000	150,000	-	1,050,000
Kek Kok Swee	4,500,000	-	-	4,500,000
Ker Mong Keng	24,000	-	-	24,000

DIRECTORS' REPORT

cont'd

DIRECTORS' INTERESTS *Cont'd*

	Number of Warrant 2015/2020 issued pursuant to the Deed Poll dated 11 November 2015 ← exercisable of any time from 17 December 2015 → to 16 December 2020			
	At 1.5.2015	Bought	Exercised	At 30.4.2016
<i>Direct Interests in the Company</i>				
Ker Min Choo	-	20,225,056	-	20,225,056
Ong Kheng Swee	-	1,079,600	-	1,079,600
Kek Kok Swee	-	750,000	-	750,000
Ker Meng Oi	-	2,765,270	-	2,765,270
Ker Mong Keng	-	18,362,537	-	18,362,537
<i>Indirect Interests in the Company *</i>				
Ker Min Choo	-	19,473	-	19,473
Ong Kheng Swee	-	549,000	-	549,000
Kek Kok Swee	-	2,353,200	-	2,353,200
Ker Mong Keng	-	12,500	-	12,500

* Held through spouse or children

By virtue of their shareholdings in the Company, Ker Min Choo and Ker Mong Keng are 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 options over shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with 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 36 to the financial statements.

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 39 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 12 August 2016.

Ker Min Choo

Ong Kheng Swee

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of The Companies Act 1965

We, Ker Min Choo and Ong Kheng Swee, being two of the directors of Solid Automotive Berhad, state that, in the opinion of the directors, the financial statements set out on pages 43 to 111 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 April 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 40 on page 112, 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 12 August 2016.

KER MIN CHOO

ONG KHENG SWEE

STATUTORY DECLARATION

Pursuant to Section 169(16) of The Companies Act 1965

I, Ong Kheng Swee, being the director primarily responsible for the financial management of Solid Automotive Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 111 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

ONG KHENG SWEE,

at Johor Bahru in the State of Johor

on this 12 August 2016.

ONG KHENG SWEE

Before me

MOHDZAR BIN KHALID

Commissioner for Oaths

No. J 204

INDEPENDENT AUDITORS' REPORT

To the Members of Solid Automotive Berhad
(Incorporated in Malaysia)
Company No: 1016725-P

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Solid Automotive Berhad, which comprise statements of financial position as at 30 April 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 111.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 April 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

To the Members of Solid Automotive Berhad
(Incorporated in Malaysia)
Company No: 1016725-P
cont'd

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 subsidiary of which we have not acted as auditors, which are 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.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 40 on page 112 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

12 August 2016

Johor Bahru

FONG KIAT KEONG
Approval No.: 3048/06/17 (J)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

At 30 April 2016

		The Group		The Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	76,754,365	76,448,363
Property, plant and equipment	6	38,207,993	37,116,430	-	-
Investment properties	7	11,128,545	11,358,017	-	-
Other investment	8	102,610	102,610	-	-
Deferred tax assets	9	506,844	183,155	-	-
		49,945,992	48,760,212	76,754,365	76,448,363
CURRENT ASSETS					
Inventories	10	43,219,189	44,633,411	-	-
Trade receivables	11	29,489,767	31,428,479	-	-
Other receivables, deposits and prepayments	12	4,474,050	2,802,549	5,000	3,000
Amounts owing by subsidiaries	13	-	-	21,945,575	5,837,027
Short-term investment	14	2,185,840	-	2,185,840	-
Current tax assets		282,656	192,409	-	-
Derivative asset	15	318,943	-	-	-
Fixed deposits with licensed banks	16	16,126,625	-	15,126,625	-
Cash and bank balances		11,175,655	9,063,788	625,948	8,234
		107,272,725	88,120,636	39,888,988	5,848,261
TOTAL ASSETS		157,218,717	136,880,848	116,643,353	82,296,624
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	82,803,400	75,000,000	82,803,400	75,000,000
Reserves	18	51,303,440	22,258,510	33,313,452	6,968,710
Equity attributable to owners of the Company		134,106,840	97,258,510	116,116,852	81,968,710
Non-controlling interests		-	409,765	-	-
TOTAL EQUITY		134,106,840	97,668,275	116,116,852	81,968,710
NON-CURRENT LIABILITY					
Long-term borrowings	19	5,999,216	8,495,381	-	-
CURRENT LIABILITIES					
Trade payables	22	8,531,277	9,061,122	-	-
Other payables and accruals	23	4,311,862	4,618,076	526,501	327,914
Short-term borrowings	24	3,741,799	15,529,252	-	-
Current tax liabilities		261,523	648,909	-	-
Provision for warranty	25	266,200	859,833	-	-
		17,112,661	30,717,192	526,501	327,914
TOTAL LIABILITIES		23,111,877	39,212,573	526,501	327,914
TOTAL EQUITY AND LIABILITIES		157,218,717	136,880,848	116,643,353	82,296,624

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 April 2016

		The Group		The Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
REVENUE	26	120,952,899	133,398,745	3,568,715	9,087,008
COST OF SALES		(87,922,678)	(95,768,706)	-	-
GROSS PROFIT		33,030,221	37,630,039	3,568,715	9,087,008
OTHER INCOME		3,808,208	1,700,763	875,585	268,738
ADMINISTRATIVE EXPENSES		(13,804,390)	(14,205,073)	(794,226)	(680,160)
SELLING AND DISTRIBUTION EXPENSES		(13,604,519)	(11,120,990)	-	-
FINANCE COSTS		(956,844)	(712,537)	(773)	-
PROFIT BEFORE TAX	27	8,472,676	13,292,202	3,649,301	8,675,586
INCOME TAX EXPENSE	28	(2,911,674)	(3,798,091)	(80,055)	(47,913)
PROFIT AFTER TAX		5,561,002	9,494,111	3,569,246	8,627,673
OTHER COMPREHENSIVE INCOME	29				
<u>Items that may be reclassified subsequently to profit or loss</u>					
Foreign currency translation differences		870,686	411,002	-	-
Cash flow hedge		(266,017)	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME		604,669	411,002	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		6,165,671	9,905,113	3,569,246	8,627,673
PROFIT AFTER TAX ATTRIBUTABLE TO:-					
Owners of the Company		5,706,882	9,546,535	3,569,246	8,627,673
Non-controlling interests		(145,880)	(52,424)	-	-
		5,561,002	9,494,111	3,569,246	8,627,673
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		6,311,551	9,957,537	3,569,246	8,627,673
Non-controlling interests		(145,880)	(52,424)	-	-
		6,165,671	9,905,113	3,569,246	8,627,673
EARNINGS PER SHARE (SEN)					
Basic	30	3.51	6.36		
Diluted	30	3.02	Not applicable		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 April 2016

The Group	Note	Non-Distributable				Distributable			Total Equity RM
		Share Capital RM	Share Premium RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	
Balance at 1.5.2014		75,000,000	1,306,997	(43,360,988)	702,101	56,652,863	90,300,973	494,456	90,795,429
Profit after tax for the financial year		-	-	-	-	9,546,535	9,546,535	(52,424)	9,494,111
Other comprehensive income for the financial year									
- Foreign currency translation differences		-	-	-	411,002	-	411,002	-	411,002
Total comprehensive income for the financial year		-	-	-	411,002	9,546,535	9,957,537	(52,424)	9,905,113
Contributions by and distributions to owners of the Company:-									
- Dividends	32								
- by the Company		-	-	-	-	(3,000,000)	(3,000,000)	-	(3,000,000)
- by a subsidiary to non-controlling interests		-	-	-	-	-	-	(32,267)	(32,267)
Total transactions with owners		-	-	-	-	(3,000,000)	(3,000,000)	(32,267)	(3,032,267)
Balance at 30.4.2015		75,000,000	1,306,997	(43,360,988)	1,113,103	63,199,398	97,258,510	409,765	97,668,275

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 April 2016
cont'd

The Group	Note	Non-Distributable					Distributable				Attributable to Owners of the Company	Non-controlling Interests	Total Equity
		Share Capital	Share Premium	Merger Deficit	Foreign Exchange Translation Reserve	Warrants Reserve	Hedging Reserve	Retained Profits			RM	RM	RM
Balance at 30.4.2015/1.5.2015		75,000,000	1,306,997	(43,360,988)	1,113,103	-	-	63,199,398			97,258,510	409,765	97,668,275
Profit after tax for the financial year		-	-	-	-	-	-	5,706,882			5,706,882	(145,880)	5,561,002
Other comprehensive income for the financial year		-	-	-	870,686	-	-	-			870,686	-	870,686
- Foreign currency translation differences		-	-	-	-	-	(266,017)	-			(266,017)	-	(266,017)
- Cash flow hedge		-	-	-	-	-	-	-			-	-	-
Total comprehensive income for the financial year		-	-	-	870,686	-	(266,017)	5,706,882			6,311,551	(145,880)	6,165,671
Contributions by and distributions to owners of the Company:													
- Issuance of shares	17 & 18	7,500,000	12,600,000	-	-	-	-	-			20,100,000	-	20,100,000
- Private placement		-	-	-	-	16,500,000	-	-			16,500,000	-	16,500,000
- Rights issue of Warrants		303,400	121,360	-	-	(121,360)	-	-			303,400	-	303,400
- Exercise of Warrants		-	-	-	-	-	-	-			-	-	-
- Expenses relating to issuance of shares:		-	(120,500)	-	-	-	-	-			(120,500)	-	(120,500)
- Private placement		-	-	-	-	(410,363)	-	-			(410,363)	-	(410,363)
- Rights issue of Warrants		-	-	-	-	-	-	-			-	-	-
Sub-total of transactions with owners carried forward		7,803,400	12,600,860	-	-	15,968,277	-	-			36,372,537	-	36,372,537
Balance carried forward		75,000,000	1,306,997	(43,360,988)	1,983,789	-	(266,017)	68,906,280			103,570,061	263,885	103,833,946

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 April 2016
cont'd

The Group	Note	Non-Distributable					Distributable					Attributable to Owners of the Company		Non-controlling Interests		Total Equity RM
		Share Capital	Share Premium	Merger Deficit	Translation Reserve	Foreign Exchange	Warrants Reserve	Hedging Reserve	Retained Profits	Company RM	RM	RM	RM			
Balance brought forward		75,000,000	1,306,997	(43,360,988)	1,983,789	-	(266,017)	68,906,280	103,570,061	263,885	103,833,946					
Contributions by and distributions to owners of the Company: Cont'd																
Sub-total of transactions with owners brought forward		7,803,400	12,600,860	-	-	15,968,277	-	-	36,372,537	-	36,372,537					
- Changes in subsidiaries's ownership interests that do not result in a loss of control		-	-	-	-	-	-	(42,117)	(42,117)	(263,885)	(306,002)					
- Dividends		-	-	-	-	-	-	(5,793,641)	(5,793,641)	-	-					
- by the Company	32	-	-	-	-	-	-	(5,793,641)	(5,793,641)	-	(5,793,641)					
Total transactions with owners		7,803,400	12,600,860	-	-	15,968,277	-	(5,835,758)	30,536,779	(263,885)	30,272,894					
Balance at 30.04.2016		82,803,400	13,907,857	(43,360,988)	1,983,789	15,968,277	(266,017)	63,070,522	134,106,840	-	134,106,840					

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 April 2016
cont'd

The Company	Note	← Non-Distributable →			Distributable	Total Equity RM
		Share Capital RM	Share Premium RM	Warrants Reserve RM	Retained Profits RM	
Balance at 1.5.2014		75,000,000	1,306,997	-	34,040	76,341,037
Profit after tax/Total comprehensive income for the financial year		-	-	-	8,627,673	8,627,673
Distribution to owners of the Company:						
- Dividend	32	-	-	-	(3,000,000)	(3,000,000)
Balance at 30.4.2015/1.5.2015		75,000,000	1,306,997	-	5,661,713	81,968,710
Profit after tax/Total comprehensive income for the financial year		-	-	-	3,569,246	3,569,246
Contribution by and distribution to owners of the Company:						
- Issuance of shares	17 & 18					
- Private placement		7,500,000	12,600,000	-	-	20,100,000
- Rights issue of Warrants		-	-	16,500,000	-	16,500,000
- Exercise of warrants		303,400	121,360	(121,360)	-	303,400
- Expenses relating to issuance of shares:						
- Private placement		-	(120,500)	-	-	(120,500)
- Rights issue of Warrants		-	-	(410,363)	-	(410,363)
- Dividends	32	-	-	-	(5,793,641)	(5,793,641)
Total transactions with owners		7,803,400	12,600,860	15,968,277	(5,793,641)	30,578,896
Balance at 30.4.2016		82,803,400	13,907,857	15,968,277	3,437,318	116,116,852

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 April 2016

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before tax		8,472,676	13,292,202	3,649,301	8,675,586
Adjustments for:-					
Depreciation of:					
- investment properties		229,472	103,196	-	-
- property, plant and equipment		2,004,414	2,039,064	-	-
Dividend income		-	-	(3,568,715)	(9,087,008)
Fair value gain on short-term investments		(15,739)	-	(15,739)	-
Gain on disposal of property, plant and equipment		(558,216)	(42,166)	-	-
Unrealised gain on foreign exchange		(34,808)	(29,178)	-	-
Unrealised loss on foreign exchange		154,174	-	-	-
Impairment loss on trade receivables		289,460	579,785	-	-
Interest expenses		794,241	646,879	-	-
Interest income		(539,470)	(358,592)	(856,569)	(268,738)
Inventories written down		1,642,077	1,153,323	-	-
Property, plant and equipment written off		7,665	104	-	-
Provision of warranty		546,958	1,113,900	-	-
Reversal of inventories written down		(127,172)	(511,142)	-	-
Reversal of provision for warranty		(492,633)	-	-	-
Operating profit/(loss) before working capital changes		12,373,099	17,987,375	(791,722)	(680,160)
Increase in inventories		(100,683)	(3,334,796)	-	-
(Increase)/Decrease in trade and other receivables		(221,923)	(1,552,071)	(2,000)	89,000
(Decrease)/Increase in trade and other payables		(755,751)	(1,896,750)	198,587	182,172
Warranty claimed		(647,958)	(826,000)	-	-
CASH FLOWS FROM/(FOR) OPERATIONS		10,646,784	10,377,758	(595,135)	(408,988)
Income tax paid		(3,918,294)	(4,002,671)	(80,055)	(90,176)
Income tax refunded		205,457	8,390	-	388
Interest paid		(5,589)	(10,091)	-	-
Interest received		187,041	98,450	10,803	8,596
NET CASH FROM/(FOR) OPERATING ACTIVITIES		7,115,399	6,471,836	(664,387)	(490,180)

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 April 2016
cont'd

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
CASH FLOW FOR INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents acquired	31.1	-	(19,023,925)	-	(19,050,000)
(Advances to)/Repayment from subsidiaries		-	-	(12,279,041)	6,941,814
Dividends received		-	-	232,545	3,081,119
Interest income received		352,429	260,142	352,429	260,142
Placement of fixed deposits with licensed banks		(5,000,000)	-	(5,000,000)	-
Proceeds from disposal of property, plant and equipment		769,189	51,500	-	-
Purchase of short term investment		(2,170,101)	-	(2,170,101)	-
Purchase of property, plant and equipment	33	(3,098,169)	(8,243,414)	-	-
NET CASH FOR INVESTING ACTIVITIES		(9,146,652)	(26,955,697)	(18,864,168)	(8,766,925)
CASH FLOW FROM/(FOR) FINANCING ACTIVITIES					
Acquisition of shares from the non-controlling interests	31.2	(306,002)	-	(306,002)	-
Dividends paid	32	(5,793,641)	(3,018,908)	(5,793,641)	(3,000,000)
Drawdown of foreign currency loan		480,142	-	-	-
Drawdown of term loans		-	9,408,000	-	-
(Repayment)/Drawdown of bankers' acceptance		(12,121,000)	8,049,000	-	-
Net proceeds from issuance of warrants		16,089,637	-	16,089,637	-
Interest paid		(788,652)	(636,788)	-	-
Proceeds from issuance of ordinary shares		20,282,900	-	20,282,900	-
Repayment of hire purchase obligations		(314,949)	(377,845)	-	-
Repayment of term loans		(3,102,604)	(708,179)	-	-
NET CASH FLOW FROM/(FOR) FINANCING ACTIVITIES		14,425,831	12,715,280	30,272,894	(3,000,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
		12,394,578	(7,768,581)	10,744,339	(12,257,105)
EFFECT OF FOREIGN EXCHANGE TRANSLATION					
		843,914	45,498	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR					
		9,063,788	16,786,871	8,234	12,265,339
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR					
	34	22,302,280	9,063,788	10,752,573	8,234

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Suite 7E, Level 7, Menara Ansar 65, Jalan Trus 80000 Johor Bahru
Principal place of business	:	No. 5, Jalan Dataran 5 Taman Kempas 81200 Johor Bahru

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 12 August 2016.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. 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.

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

MFRSs (Including The Consequential Amendments)

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

3. BASIS OF PREPARATION *Cont'd*

- 3.2 The Group has not applied in advance the following applicable accounting standards (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 (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 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
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The adoption of the above accounting standards (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Depreciation of 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *Cont'd*

(b) Income Taxes

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

(c) Impairment of Non-Financial Assets

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

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require management to consider the future demand for the products and subsequent events. The Group also adopts the written down policy for slow-moving inventories by marking down the carrying amount of those slow-moving inventories which are aged more than 2 years by using certain percentages which are derived based on the past historical movement trend of the inventories and judgement of the directors and management.

In general, such as evaluation process requires significant judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(e) Classification between Investment Properties and Owner-occupied Properties

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.

(f) 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 judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *Cont'd*

(g) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(h) 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.

(i) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(j) Provision for warranty

Judgement has been applied in determining the provision for warranty for products sold under warranty terms of one year from the date of sale. The provision is computed based on the return percentage on products sold with defects which cannot be claimed from suppliers. Based on the past experience, it is probable that certain claims will be made within the given warranty period.

(k) Held-to-maturity Financial Assets

The Group classifies cross currency interest rate swap and fixed deposits with licensed banks as held-to-maturity investments when it has a positive intention and ability to hold the investments to maturity. Management exercises judgement based on the Group’s treasury objective and financial risk management policy to determine whether the financial assets are to be classified as held-to-maturity.

4.2 BASIS OF CONSOLIDATION

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.2 BASIS OF CONSOLIDATION *Cont'd*

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

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

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

(a) Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

An acquisition that resulted in a business combination involving common control entities is outside the scope of MFRS 3 Business Combinations. For such common control combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the audited financial statements.

In applying merger accounting, financial statements items of the combining entities or businesses for the reporting period in which common control combination occurs are included in the audited financial statements of the Group as if the combination had occurred from the date when the combining entities or business come under the control of the controlling party or parties.

However, in the future, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.2 BASIS OF CONSOLIDATION *Cont'd*

(a) Business Combinations *Cont'd*

Under merger accounting, the Group recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amount as if such audited financial statements had been prepared by the controlling party including adjustments required for conforming to the Groups' accounting policies and applying those policies to all period presented. There is no recognition of any goodwill or a gain from a bargain purchase at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the audited financial statements of the Group.

(b) Non-Controlling Interests

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

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

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

(d) Loss of Control

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

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

(b) Transactions and Balances

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

(c) 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. Income, expenses and other comprehensive income 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; attributed to the owners of the Company and non-controlling interests, as appropriate.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.4 FINANCIAL INSTRUMENTS

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

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

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

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

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

(a) Financial Assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.4 FINANCIAL INSTRUMENTS *Cont'd*

(a) Financial Assets *Cont'd*

(ii) *Held-to-maturity Investments*

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

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

(iii) *Loans and Receivables Financial Assets*

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

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

(iv) *Available-for-sale Financial Assets*

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.4 FINANCIAL INSTRUMENTS *Cont'd*

(b) Financial Liabilities

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

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

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

(c) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

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

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

(e) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.4 FINANCIAL INSTRUMENTS *Cont'd*

(f) Hedge Activities

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including cross currency swap and interest rate swap.

The Group designates the derivative as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

(i) Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is transferred from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Hedge accounting is discontinued prospectively when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

4.5 INVESTMENTS IN SUBSIDIARIES

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

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

4.6 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 and is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.6 PROPERTY, PLANT AND EQUIPMENT *Cont'd*

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

Leasehold land	Over the lease period of 50 to 99 years
Buildings	2% to 14%
Fixture, furniture and equipment	10% to 25%
Motor vehicles	20%
Plant and machinery	10% to 15%
Renovation	10%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for 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.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of 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, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.7 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. Freehold land is not depreciated. The estimated useful lives of the investment properties are within 7 years to 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.7 INVESTMENT PROPERTIES *Cont'd*

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.

4.8 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss and investments in subsidiaries), 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 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 into profit or loss.

With the exception of available-for-sale debt 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 financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Impairment of Non-financial Assets

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

An impairment loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.8 IMPAIRMENT *Cont'd*

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

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.

4.9 ASSETS UNDER HIRE PURCHASE

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

4.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials and trading goods is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes cost of materials, labour and an appropriate proportion of production overheads.

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

4.11 CASH AND CASH EQUIVALENTS

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

4.12 PROVISIONS

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.13 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

4.14 INCOME TAXES

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.15 RELATED PARTIES

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

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

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

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

4.16 CONTINGENT LIABILITIES

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.17 OPERATING SEGMENTS

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

4.18 EARNINGS PER ORDINARY SHARE

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise Warrants.

4.19 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.20 REVENUE AND OTHER INCOME

(a) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns, cash and trade discounts.

(b) Interest Income

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

(c) Dividend Income

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

(d) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2016	2015
	RM	RM
Unquoted shares, at cost		
- in Malaysia	67,242,865	66,936,863
- outside Malaysia	9,511,500	9,511,500
	76,754,365	76,448,363

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

5. INVESTMENTS IN SUBSIDIARIES *Cont'd*

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business	Effective Equity Interest		Principal Activities
		2016 %	2015 %	
Solid Corporation Sdn. Bhd. ("Solid Corporation")	Malaysia	100.00	99.56	Trading and distribution of automotive electrical parts and components
Twinco Far East Sdn. Bhd.	Malaysia	100.00	100.00	Trading and distribution of automotive engine and mechanical parts and components
Solid Autotech Sdn. Bhd. (Formerly known as CMKS (Malaysia) Sdn. Bhd.)	Malaysia	100.00	100.00	Property and investment holdings
Auto Empire Impex Pte. Ltd. *	Singapore	100.00	100.00	Trading and distribution of automotive engine and mechanical parts and components
Subsidiaries of Solid Corporation				
JBS Auto-Tech Sdn. Bhd. ("JBS")	Malaysia	100.00	80.00	Remanufacture and assembly of automotive electrical parts and components
Lukas Marketing Sdn. Bhd. (Formerly known as Uni Point Marketing (M) Sdn. Bhd.)	Malaysia	100.00	100.00	Trading and distribution of automotive electrical parts and components
HKT Auto Electrical Parts Sdn. Bhd.	Malaysia	100.00	100.00	Trading and distribution of automotive parts and lubricants

* *This subsidiary is audited by other firm of chartered accountants.*

- (a) During the financial year, the Company has acquired an additional 0.44% equity interest in Solid Corporation and 20% equity interest in JBS via Solid Corporation from the non-controlling interests. Following the completion of the acquisition, both the aforesaid companies become the wholly owned subsidiaries of the Company. The details of the acquisition are disclosed in Note 31.2 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

5. INVESTMENTS IN SUBSIDIARIES *Cont'd*

(b) The non-controlling interests at the end of the reporting period comprise the following:

	Effective Equity Interest		The Group	
	2016 %	2015 %	2016 RM	2015 RM
Solid Corporation	-	0.44	-	235,214
JBS	-	20.00	-	174,551

6. PROPERTY, PLANT AND EQUIPMENT

	At 1.5.2015 RM	Additions (Note 33) RM	Disposals RM	Written Off RM	Translation Differences RM	Depreciation Charges RM	At 30.4.2016 RM
The Group							
2016							
<i>Net Book Value</i>							
Freehold land	6,006,328	-	-	-	-	-	6,006,328
Leasehold land	14,396,929	-	-	-	-	(208,991)	14,187,938
Buildings	12,619,778	227,631	-	-	-	(413,732)	12,433,677
Building under construction	-	922,000	-	-	-	-	922,000
Fixtures, furniture and equipment	1,724,119	733,708	(1,099)	(7,665)	12,899	(491,791)	1,970,171
Motor vehicles	1,939,645	1,218,455	(129,732)	-	13,714	(827,247)	2,214,835
Plant and machinery	429,631	-	(80,142)	-	-	(51,791)	297,698
Renovation	-	186,208	-	-	-	(10,862)	175,346
	37,116,430	3,288,002	(210,973)	(7,665)	26,613	(2,004,414)	38,207,993

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

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

	At 1.5.2014	Additions (Note 33)	Acquisition of A Subsidiary (Note 31)	Disposal	Written Off	Translation Differences	Depreciation Charges	At 30.4.2015
The Group	RM	RM	RM	RM	RM	RM	RM	RM
2015								
<i>Net Book Value</i>								
Freehold land	6,006,328	-	-	-	-	-	-	6,006,328
Leasehold land	5,116,848	5,666,719	3,767,706	-	-	-	(154,344)	14,396,929
Buildings	6,986,122	1,751,424	4,404,540	-	-	-	(522,308)	12,619,778
Fixtures, furniture and equipment	1,969,907	214,421	-	-	(104)	5,898	(466,003)	1,724,119
Motor vehicles	2,079,585	694,450	11	(9,334)	-	7,100	(832,167)	1,939,645
Plant and machinery	455,283	38,400	190	-	-	-	(64,242)	429,631
	22,614,073	8,365,414	8,172,447	(9,334)	(104)	12,998	(2,039,064)	37,116,430

	At Cost	Accumulated Impairment	Accumulated Depreciation	Net Book Value
The Group	RM	RM	RM	RM
2016				
Freehold land	6,006,328	-	-	6,006,328
Leasehold land	15,453,979	-	(1,266,041)	14,187,938
Buildings	49,087,162	(19,077,919)	(17,575,566)	12,433,677
Building under construction	922,000	-	-	922,000
Fixtures, furniture and equipment	17,960,606	(1,105,232)	(14,885,203)	1,970,171
Motor vehicles	9,457,803	(77,558)	(7,165,410)	2,214,835
Plant and machinery	495,750	-	(198,052)	297,698
Renovation	186,208	-	(10,862)	175,346
	99,569,836	(20,260,709)	(41,101,134)	38,207,993

2015				
Freehold land	6,006,328	-	-	6,006,328
Leasehold land	15,453,979	-	(1,057,050)	14,396,929
Buildings	48,859,531	(19,077,919)	(17,161,834)	12,619,778
Fixtures, furniture and equipment	17,268,673	(1,105,232)	(14,439,322)	1,724,119
Motor vehicles	8,602,855	(77,558)	(6,585,652)	1,939,645
Plant and machinery	178,573,322	(4,325,847)	(173,817,844)	429,631
	274,764,688	(24,586,556)	(213,061,702)	37,116,430

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

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

- (a) Included in the net book value of the property, plant and equipment of the Group are the following assets acquired under hire purchase terms:-

	The Group	
	2016	2015
	RM	RM
Motor vehicles	659,696	812,815

- (b) In previous financial year, the following assets at net book value had been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 21 and 24 to the financial statements:-

	The Group	
	2016	2015
	RM	RM
Freehold land	-	3,897,042
Leasehold land	-	9,452,949
Buildings	-	5,646,776
	-	18,996,767

7. INVESTMENT PROPERTIES

	The Group	
	2016	2015
	RM	RM

Cost:-

At 1 May 2015/2014	55,108,726	880,718
Acquisition of a subsidiary	-	54,228,008
At 30 April 2016/2015	55,108,726	55,108,726

Accumulated depreciation:-

At 1 May 2015/2014	(20,801,275)	(190,408)
Acquisition of a subsidiary	-	(20,507,671)
Depreciation during the year	(229,472)	(103,196)
At 30 April 2016/2015	(21,030,747)	(20,801,275)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

7. INVESTMENT PROPERTIES *Cont'd*

	The Group	
	2016	2015
	RM	RM
Accumulated impairment:-		
At 1 May 2015/2014	(22,949,434)	-
Acquisition of a subsidiary	-	(22,949,434)
At 30 April 2016/2015	(22,949,434)	(22,949,434)
	11,128,545	11,358,017
Represented by:-		
Freehold land	587,365	587,365
Leasehold land	4,983,173	5,010,169
Buildings	5,558,007	5,760,483
	11,128,545	11,358,017
Fair value	13,469,613	12,332,100
Recognised in profit or loss:-		
Rental income	172,460	21,450
Direct operating expenses		
- income generating investment properties	584,345	130,836
- non-income generating investment properties	65,567	3,621

The fair values of the investment properties are within level 2 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties.

8. OTHER INVESTMENT

	The Group	
	2016	2015
	RM	RM
Transferable golf club memberships, at cost	102,610	102,610

Other investment of the Group are designated as available-for-sale assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the investment.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

9. DEFERRED TAX ASSETS

The Group	At 1.5.2015 RM	Recognised in Profit or Loss (Note 28) RM	At 30.4.2016 RM
2016			
<i>Deferred Tax Liabilities</i>			
Accerelated capital allowances	(176,600)	(101,300)	(277,900)
Unrealised foreign exchange gain	(106,500)	98,100	(8,400)
	(283,100)	(3,200)	(286,300)
<i>Deferred Tax Assets</i>			
Impairment losses on trade receivables	133,600	3,900	137,500
Inventories written down	166,600	286,100	452,700
Provision for warranty	88,100	(24,200)	63,900
Unabsorbed capital allowances	4,800	(4,800)	-
Unrealised foreign exchange loss	-	29,400	29,400
Other	73,155	36,489	109,644
	466,255	326,889	793,144
	183,155	323,689	506,844

The Group	At 1.5.2014 RM	Recognised in Profit or Loss (Note 28) RM	At 30.4.2015 RM
2015			
<i>Deferred Tax Liabilities</i>			
Accerelated capital allowances	(371,200)	194,600	(176,600)
Unrealised foreign exchange gain	-	(106,500)	(106,500)
	(371,200)	88,100	(283,100)
<i>Deferred Tax Assets</i>			
Impairment losses on trade receivables	24,800	108,800	133,600
Inventories written down	67,800	98,800	166,600
Provision for warranty	140,300	(52,200)	88,100
Unabsorbed capital allowances	-	4,800	4,800
Unrealised foreign exchange loss	2,800	(2,800)	-
Other	100,234	(27,079)	73,155
	335,934	130,321	466,255
	(35,266)	218,421	183,155

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

9. DEFERRED TAX ASSETS *Cont'd*

No deferred tax assets are recognised in respect of the following items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised:-

	The Group	
	2016	2015
	RM	RM
Unabsorbed capital allowances	30,500	44,400
Unused tax losses	449,100	55,500
Unrealised foreign exchange loss	7,600	-
Impairment losses on trade receivables	500	15,200
Provision for warranty	-	118,200
	487,700	233,300

The unabsorbed capital allowances, unused tax losses, unrealised foreign exchange loss, impairment losses on trade receivables and provision for warranty do not expire under current tax legislation. However, the availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

10. INVENTORIES

	The Group	
	2016	2015
	RM	RM
Raw materials	645,455	2,917,735
Work-in-progress	-	965,758
Finished goods	1,113,823	3,697,991
Goods-in-transit	3,518,677	2,477,965
Trading goods	37,941,234	34,573,962
	43,219,189	44,633,411
Recognised in profit or loss:-		
Inventories recognised as cost of sales	84,757,842	92,172,443
Amount written down to net realisable value (Note 27)	1,642,077	1,153,323
Reversal of write-down (Note 27)	(127,172)	(511,142)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

11. TRADE RECEIVABLES

	The Group	
	2016	2015
	RM	RM
Trade receivables	30,865,454	32,708,889
Allowance for impairment losses	(1,375,687)	(1,280,410)
	29,489,767	31,428,479
Allowance for impairment losses:-		
At 1 May 2015/2014	1,280,410	832,795
Addition during the financial year (Note 27)	289,460	579,785
Reversal during the financial year (Note 27)	(194,183)	(132,308)
Foreign exchange translation differences	-	138
At 31 April 2016/2015	1,375,687	1,280,410

The Group's normal trade credit terms range from 30 to 150 (2015 - 30 to 90) days. Late payment interest is charged at 1.50% (2015 - 1.50%) per annum on the overdue balance.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other receivables:-				
GST receivables	48,616	-	-	-
Other receivables	456,524	681,616	-	-
	505,140	681,616	-	-
Deposits	3,234,317	1,749,014	5,000	3,000
Prepayments	734,593	371,919	-	-
	4,474,050	2,802,549	5,000	3,000

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

13. AMOUNTS OWING BY SUBSIDIARIES

	The Company	
	2016	2015
	RM	RM
<i>Current</i>		
Trade balances	3,336,170	5,837,027
Non-trade balances	18,609,405	-
	21,945,575	5,837,027

- (a) The trade balances are subject to the normal credit terms ranging from 30 to 60 (2015 - 30 to 60) days. The amounts owing are to be settled in cash.
- (b) The non-trade balances represent unsecured advances and payments made on behalf. Late payment interest is charged at 4.02% per annum on the outstanding balance. The amounts owing are repayable on demand and are to be settled in cash.

14. SHORT-TERM INVESTMENT

	The Group/The Company	
	2016	
	Carrying Amount	Market Value
	RM	RM
Equity fund unit trusts in Malaysia, at fair value	2,185,840	2,185,840

15. DERIVATIVE ASSET

	The Group	
	Contract/ Notional Amount	
	2016	2016
	RM	RM
Cross currency interest rate swap	9,408,000	318,943

- (a) The cross currency interest rate swap is used to hedge cash flow interest rate risk arising from the floating rate term loans amounting to RM9,408,000. This cross currency interest rate swap receives United States Dollar at a floating interest equal to 3 months LIBOR + 1.75%, pays Ringgit Malaysia at a fixed rate interest of 5.30% plus the differential between LIBOR + 1.75% and Cost of Funds + 1.75% and has the same maturity terms as the term loans as disclosed in Note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

15. DERIVATIVE ASSET *Cont'd*

- (b) The Group has recognised a loss of RM266,017 arising from fair value changes of derivative during the financial year. The fair value changes were attributed to changes in the foreign exchange spot and forward rates. The method and assumptions applied in determining the fair values of derivatives is disclosed in Note 38.1 (a)(ii) to the financial statements.

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 4.00% to 4.10% per annum and 4.00% to 4.10% per annum respectively. The fixed deposits maturity periods ranging from 60-180 days and 60-180 days for the Group and the Company respectively.

17. SHARE CAPITAL

	The Group/The Company			
	2016 Number of Shares	2015	2016 RM	2015 RM
Authorised				
<i>Ordinary shares of RM0.50 each</i>				
At 1 May 2015/2014	200,000,000	200,000,000	100,000,000	100,000,000
Addition during the year	800,000,000	-	400,000,000	-
At 30 April 2016/2015	1,000,000,000	200,000,000	500,000,000	100,000,000
Issued and Fully Paid-Up				
<i>Ordinary shares of RM0.50 each</i>				
At 1 May 2015/2014	150,000,000	150,000,000	75,000,000	75,000,000
Issuance of shares pursuant to:-				
- Private placement	15,000,000	-	7,500,000	-
- Exercise of warrants	606,800	-	303,400	-
At 30 April 2016/2015	165,606,800	150,000,000	82,803,400	75,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

18. RESERVES

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Non-distributable reserves:-				
- Share premium	13,907,857	1,306,997	13,907,857	1,306,997
- Foreign exchange translation reserve	1,983,789	1,113,103	-	-
- Hedging reserve	(266,017)	-	-	-
- Merger deficit	(43,360,988)	(43,360,988)	-	-
- Warrants reserve	15,968,277	-	15,968,277	-
	(11,767,082)	(40,940,888)	29,876,134	1,306,997
Distributable reserve:-				
- Retained profits	63,070,522	63,199,398	3,437,318	5,661,713
	51,303,440	22,258,510	33,313,452	6,968,710

The natures and purposes of reserves are as below:-

18.1 SHARE PREMIUM

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

18.2 FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary.

18.3 HEDGE RESERVE

The hedge reserve represents the effective portion of the cumulative gains or losses on the hedging instrument.

18.4 MERGER DEFICIT

The merger deficit represents the difference between the carrying value of the investment in subsidiaries and the nominal value of shares of the Company's subsidiaries upon consolidation under the merger accounting principle.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

18. RESERVES *Cont'd*

The natures and purposes of reserves are as below:- *Cont'd*

18.5 WARRANTS RESERVE

The Warrants Reserve arose from proceeds received from the issuance of the warrants at RM0.20 per Warrant.

The movements of the Warrants Reserve are as follows:-

	The Group/ The Company
	2016
	RM
At 1 May 2015	-
Arising from rights issue of warrants	16,500,000
Applied for warrants issue expenses	(410,363)
Exercise of warrants	(121,360)
At 30 April 2016	15,968,277

The salient terms of the Warrants are as follows:-

- (a) The Warrants are constituted by a Deed Poll executed on 11 November 2015;
- (b) The Warrants are traded separately;
- (c) The Warrants are exercisable any time during the tenure of 5 years commencing the date of issue of 17 December 2017 to 16 December 2020 ("Exercise Period") at an exercise price of RM0.50 per Warrant. Warrants not exercised during the Exercise Period will lapse and cease to be valid;
- (d) The exercise price is RM0.50 per Warrant. The exercise price and the number of outstanding Warrants may be subject to adjustments that may be required during the exercise period in accordance with the terms and provisions of the Deed Poll;
- (e) Subject to the provisions in the Deed Poll, the exercise price and the number of Warrants held by each Warrant holder may from time to time be adjusted by the Company in consultation with the approved adviser and certified by the auditors appointed by the Company; and
- (f) Subject to the provisions in the Deed Poll, the Company is at liberty to issue shares or other securities convertible to shares to shareholders either for cash or as a bonuses distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warrant holders will not have any participating rights in such issues unless and until the Warrant holders exercise their Warrants into new shares of the Company or otherwise resolved by the Company in general meeting.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

19. LONG-TERM BORROWINGS

	The Group	
	2016	2015
	RM	RM
Hire purchase payables (Note 20)	166,277	117,131
Term loans (Note 21)	5,832,939	8,378,250
	5,999,216	8,495,381

20. HIRE PURCHASE PAYABLES (SECURED)

	The Group	
	2016	2015
	RM	RM
Minimum hire purchase payments:		
- not later than 1 year	144,309	326,932
- later than 1 year and not later than 5 years	181,433	121,513
	325,742	448,445
Less: Future finance charges	(28,079)	(25,666)
Present value of hire purchase payables	297,663	422,779
<u>Current</u> (Note 24)		
Not later than 1 year	131,386	305,648
<u>Non-current</u> (Note 19)		
Later than 1 year and not later than 5 years	166,277	117,131
	297,663	422,779

- (a) The hire purchase payables of the Group are secured by the Group's motor vehicles acquired under hire purchase.
- (b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.50% to 6.89% (2015 – 3.79% to 6.89%). The interest rates are fixed at the inception of the hire purchase arrangements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

21. TERM LOANS (SECURED)

	The Group	
	2016 RM	2015 RM
<u>Current</u> (Note 24)		
Not later than 1 year	3,130,271	3,102,604
<u>Non-current</u> (Note 19)		
Later than 1 year and not later than 2 years	3,159,239	3,122,621
Later than 2 years and not later than 5 years	2,673,700	5,255,629
	5,832,939	8,378,250
	8,963,210	11,480,854

- (a) The term loans at the end of the reporting period are secured by corporate guarantee provided by the Company.
- (b) The interest rate profile of the term loans is summarised below:-

	Effective Interest Rate %	The Group	
		2016 RM	2015 RM
Semi-fixed rate term loans	5.14	7,479,260	9,408,000
Floating rate term loan	4.95	1,483,950	2,072,854

- (c) The semi-fixed rate term loans of RM7,479,260 (2015 – RM9,408,800) has been hedged by a cross currency interest rate swap as disclosed in Note 15 to the financial statements.

22. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 (2015 - 30 to 90) days. In previous financial year, included in trade payables of the Group was an amount of RM40,247 owing to a company in which certain directors have substantial financial interests.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

23. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other payables:-				
Deposits received	1,070,084	909,989	-	-
GST payables	135,942	169,429	-	-
Other payables	1,279,591	1,836,912	196,651	6,414
	2,485,617	2,916,330	196,651	6,414
Accruals	1,610,428	1,467,926	329,850	321,500
Dividend payable	-	21,580	-	-
Payroll liabilities	215,817	212,240	-	-
	4,311,862	4,618,076	526,501	327,914

In previous financial year, included in other payables of the Group was an amount of RM7,924 owing to a company in which certain directors have substantial financial interests.

24. SHORT-TERM BORROWINGS

	The Group	
	2016	2015
	RM	RM
Bankers' acceptances	-	12,121,000
Foreign currency loan	480,142	-
Hire purchase payables (Note 20)	131,386	305,648
Term loans (Note 21)	3,130,271	3,102,604
	3,741,799	15,529,252

- In previous financial year, the bankers' acceptance was drawn for a period ranging from 79 to 149 days and bore interest ranging from 4.33% to 4.50% per annum.
- Foreign currency loan is drawn for a period of 90 days and bears interest at 1.50% per annum.
- The bankers' acceptance and foreign currency loan are secured by corporate guarantee provided by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

25. PROVISION FOR WARRANTY

	The Group	
	2016 RM	2015 RM
At 1 May 2015/2014	859,833	571,933
Addition during the financial year (Note 27)	546,958	1,113,900
Reversal during the financial year (Note 27)	(492,633)	-
Utilisation during the financial year	(647,958)	(826,000)
At 30 April 2016/2015	266,200	859,833

26. REVENUE

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sale of goods	120,873,439	133,281,295	-	-
Rental income	79,460	117,450	-	-
Dividend income	-	-	3,568,715	9,087,008
	120,952,899	133,398,745	3,568,715	9,087,008

27. PROFIT BEFORE TAX

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before tax is arrived at after charging:-				
Audit fee				
- current year	149,923	124,014	28,000	20,000
- underprovision in the previous financial year	4,600	10,000	5,000	-
Depreciation of:				
- investment properties (Note 7)	229,472	103,196	-	-
- property, plant and equipment (Note 6)	2,004,414	2,039,064	-	-
Director remuneration (Note 35(a))	5,100,075	4,192,501	312,000	300,000
Impairment loss on trade receivables (Note 11)	289,460	579,785	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

27. PROFIT BEFORE TAX *Cont'd*

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Profit before tax is arrived at after charging:- <i>Cont'd</i>				
Interest expense on financial liabilities not at fair value through profit or loss				
- bank overdrafts	5,589	10,091	-	-
- bankers' acceptance	226,117	496,895	-	-
- hire purchase	23,894	30,257	-	-
- term loans	538,641	109,636	-	-
Inventories written down	1,642,077	1,153,323	-	-
Loss on foreign exchange				
- realised	33,766	19,182	-	-
- unrealised	154,174	-	-	-
Property, plant and equipment written off (Note 6)	7,665	104	-	-
Provision for warranty (Note 25)	546,958	1,113,900	-	-
Rental expense on:				
- equipment	7,646	19,131	-	-
- hostel	7,200	27,800	-	-
- premises	689,820	491,737	2,000	-
- warehouse and factory	241,631	-	-	-
Staff costs:				
- defined contribution plan	1,091,152	989,292	-	-
- salaries and other benefits	9,953,322	9,977,658	-	-
and crediting:-				
Dividend income	-	-	3,568,715	9,087,008
Fair value gain on short-term investment	15,739	-	15,739	-
Gain on disposal of property, plant and equipment	558,216	42,166	-	-
Gain on foreign exchange				
- realised	1,311,851	589,056	3,276	-
- unrealised	34,808	29,178	-	-
Interest income of financial assets not at fair value through profit or loss				
- bank interest	94,072	22,899	10,804	8,596
- fixed deposit interest	253,603	260,142	253,603	260,142
- imputed interest on trade receivables	92,969	75,551	-	-
- imputed interest on advances to subsidiaries	-	-	493,337	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

27. PROFIT BEFORE TAX *Cont'd*

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
and crediting:- <i>Cont'd</i>				
Interest income of financial asset at fair value through profit or loss				
- short-term investment	98,826	-	98,826	-
Rental income	93,000	117,450	-	-
Reversal of impairment loss on trade receivables (Note 11)	194,183	132,308	-	-
Reversal of inventories written off	127,172	511,142	-	-
Reversal of provision of warranty (Note 25)	492,633	-	-	-

28. INCOME TAX EXPENSE

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Income tax:				
- Malaysian tax	3,273,710	3,804,301	67,500	48,301
- foreign tax	14,603	62,458	-	-
	3,288,313	3,866,759	67,500	48,301
- (over)/underprovision in the previous financial year	(52,950)	149,753	12,555	(388)
	3,235,363	4,016,512	80,055	47,913
Deferred tax (Note 9)				
- reversal of temporary differences	(402,189)	(215,321)	-	-
- under/(over)provision in the previous financial year	78,500	(3,100)	-	-
	(323,689)	(218,421)	-	-
	2,911,674	3,798,091	80,055	47,913

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

28. INCOME TAX EXPENSE *Cont'd*

A reconciliation of income tax expense applicable to the profit before tax 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	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before tax	8,472,676	13,292,202	3,649,301	8,675,586
Tax expense at the statutory tax rate of 24% (2015 - 25%)	2,033,443	3,323,051	875,832	2,168,897
Tax effects of:-				
Tax-exempt income	(34,409)	-	-	-
Non-taxable income	(18,052)	(2,091)	(880,210)	(2,271,752)
Non-deductible expenses	701,206	472,235	71,878	151,156
Deferred tax assets not recognised during the financial year	223,611	65,647	-	-
Utilisation of deferred tax assets previously not recognised	(5,663)	(70,209)	-	-
Effects of differential in tax rates of a subsidiary	(14,012)	(159,839)	-	-
Effect of change in corporate income tax rate from 25% to 24% on deferred tax	-	22,644	-	-
(Over)/Underprovision of income tax in the previous financial year	(52,950)	149,753	12,555	(388)
Under/(Over)provision of deferred tax in the previous financial year	78,500	(3,100)	-	-
Income tax expense for the financial year	2,911,674	3,798,091	80,055	47,913

29. OTHER COMPREHENSIVE INCOME

	The Group	
	2016 RM	2015 RM
Items that May be Reclassified Subsequently to Profit or Loss		
Foreign currency translation differences	870,686	411,002
Cash flow hedge:		
- changes during the financial year	(266,017)	-
	604,669	411,002

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

30. EARNING PER SHARE

	The Group	
	2016	2015
Profit attributable to owners of the Company (RM)	5,706,882	9,546,535
Weighted average number of ordinary shares in issued:-		
Ordinary shares at 1 May 2015/2014	150,000,000	150,000,000
Effect of private placement	12,500,000	-
Effect of exercise of Warrants	189,167	-
Weighted average number of ordinary shares at 30 April 2016/2015	162,689,167	150,000,000
Basic earnings per share (Sen)	3.51	6.36
Profit attributable to owners of the Company (RM)	5,706,882	-
Weighted average number of ordinary shares in issued:-		
Ordinary shares at 1 May 2015/2014	150,000,000	-
Effect of private placement	12,500,000	-
Effect of exercise of Warrants	189,167	-
Effect of rights issue of Warrants	26,483,840	-
Weighted average number of ordinary shares at 30 April 2016/2015	189,173,007	-
Diluted earnings per share (Sen)	3.02	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

31. ACQUISITION OF A SUBSIDIARY AND NON-CONTROLLING INTERESTS

31.1 ACQUISITION OF A SUBSIDIARY

On 27 March 2015, the Company acquired 100% equity interest in Solid Autotech Sdn. Bhd.. The acquisition of this subsidiary is to enable the Group to make use the properties owned by Solid Autotech Sdn. Bhd..

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

	At Date of Acquisition	
	Carrying amount	Fair Value Recognised
	RM	RM
Properties	12,232,000	20,154,000
Motor vehicles	11	11
Plant and machinery	190	190
Other investments	10	10
Other receivables and deposits	969,162	969,162
Cash and bank balances	26,075	26,075
Other payables and accruals	(888,597)	(888,597)
Net identifiable assets and liabilities	12,338,851	20,260,851
Less: Fair value adjustment on properties		(1,210,851)
Total purchase consideration		19,050,000
Less: Cash and bank balances of subsidiary acquired		(26,075)
Net cash outflow from the acquisition of a subsidiary		19,023,925

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

	2015
	RM
Revenue	21,450
Loss after tax	(149,121)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

31. ACQUISITION OF A SUBSIDIARY AND NON-CONTROLLING INTERESTS *Cont'd*

31.2 ACQUISITION OF NON-CONTROLLING INTERESTS

On 4 August 2015, the Company acquired an additional 0.44% equity interests in Solid Corporation Sdn. Bhd. for RM306,002 in cash, increasing its ownership from 99.56% to 100%. The carrying amount of Solid Corporation Sdn. Bhd.'s net assets in the Group's financial statements on the date of the acquisition was RM53,915,363. The Group recognised a decrease in non-controlling interests of RM263,885 and a decrease in retained profits of RM42,117.

The following summarises the effect of changes in the equity interests in Solid Corporation Sdn. Bhd. that is attributable to the owners of the Company:-

	The Group 2015 RM
Equity interest at 1 May 2015	409,765
Share of losses up to the date of disposal	(145,880)
Effect of increase in the Company's ownership interest	(263,885)
Equity interest at 30 April 2016	-

32. DIVIDENDS

	The Company 2016 RM	2015 RM
Final tax-exempt dividend of 2.0 sen per ordinary share in respect of the financial year ended 30 April 2015 and 30 April 2014	3,300,000	3,000,000
Interim tax-exempt dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 April 2015	1,500,000	-
Interim tax-exempt dividend of 0.6 sen per ordinary share in respect of current financial year	993,641	-
	5,793,641	3,000,000

At the forthcoming Annual General Meeting, a final dividend of 1.0 sen per ordinary share amounting to RM1,656,068 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend if approved by the shareholders, will be accounted for as a liability in the financial year ending 30 April 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

33. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group	
	2016	2015
	RM	RM
Cost of property, plant and equipment purchased (Note 6)	3,288,002	8,365,414
Amount financed through hire purchase	(189,833)	(122,000)
Cash disbursed for purchase of property, plant and equipment	3,098,169	8,243,414

34. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash and bank balances	11,175,655	9,063,788	625,948	8,234
Fixed deposits with licensed banks	16,126,625	-	15,126,625	-
	27,302,280	9,063,788	15,752,573	8,234
Less: Fixed deposits with maturity period more than 90 days	(5,000,000)	-	(5,000,000)	-
	22,302,280	9,063,788	10,752,573	8,234

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

35. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Directors				
<u>Directors of the Company</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- fees	180,000	180,000	180,000	180,000
- salaries, bonuses and other benefits	1,770,043	1,465,997	-	-
	1,950,043	1,645,997	180,000	180,000
Defined contribution benefits	212,360	171,453	-	-
	2,162,403	1,817,450	180,000	180,000
<i>Non-executive Directors</i>				
Short-term employee benefits:				
- fees	132,000	120,000	132,000	120,000
	2,294,403	1,937,450	312,000	300,000
<u>Directors of the Subsidiaries</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- fees	104,789	68,516	-	-
- salaries, bonuses and other benefits	2,390,219	1,951,877	-	-
	2,495,008	2,020,393	-	-
Defined contribution benefits	310,664	234,658	-	-
	2,805,672	2,255,051	-	-
Total directors' remuneration (Note 27)	5,100,075	4,192,501	312,000	300,000

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

35. KEY MANAGEMENT PERSONNEL COMPENSATION *Cont'd*

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

	The Company	
	2016	2015
	Number of Directors	
Non-executive Directors		
Below RM50,000	2	3
RM50,001 - RM100,000	1	-
Executive Directors		
RM350,001 - RM400,000	-	1
RM400,001 - RM450,000	-	1
RM450,001 - RM500,000	2	1
RM500,001 - RM550,000	-	1
RM550,001 - RM600,000	1	-
RM600,001 - RM650,000	1	-
	7	7

36. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

36. SIGNIFICANT RELATED PARTY DISCLOSURES *Cont'd*

(b) Significant Related Party Transactions and Balances

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

	The Group	
	2016	2015
	RM	RM
A company in which certain directors have substantial financial interests		
- sale of goods	11,080	3,932
- transport charges paid/payable	390,828	849,230
- rental expenses paid/payable	30,400	-
- sub-contract charges paid/payable	18,943	-
Directors and a family member		
- rental expenses	387,237	387,237
	The Company	
	2016	2015
	RM	RM
Subsidiaries		
- advances granted	20,830,835	-
- dividend received	3,568,715	9,087,008
- interest charged	493,337	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Managing Director and Chief Financial Officer as its chief operating decision makers in order to allocate resources to segments and to assess their performance on a monthly basis. For management purposes, the Group is organised into business units based on their products and services provided.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

37. OPERATING SEGMENTS *Cont'd*

The Group is organised into the 3 main reportable segments as follows:-

- Automotive electrical parts - involved in the trading and distribution of automotive electrical parts and components;
 - Automotive engine and mechanical parts - involved in the trading and distribution of automotive engine and mechanical parts and components; and
 - Others - involved in the remanufacturing of automotive alternators and starters, investment and property holding and provision of management services.
- (a) The Managing Director and Chief Financial Officer assess the performance of the reportable segments based on their profit before interest expenses and tax. The accounting policies of the reportable segments are the same as the Group's accounting policies.
- (b) Each reportable segment assets is measured based on all assets of the segment.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

BUSINESS SEGMENTS

	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	Group RM
2016				
Revenue				
External revenue	92,628,970	26,020,679	2,223,790	120,873,439
Inter-segment revenue	2,363,436	2,626,882	1,897,737	6,888,055
Rental income	-	-	97,460	97,460
Dividend income	-	-	3,568,715	3,568,715
	94,992,406	28,647,561	7,787,702	131,427,669
Consolidated adjustments				(10,474,770)
Consolidated revenue				120,952,899

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

37. OPERATING SEGMENTS *Cont'd*

BUSINESS SEGMENTS *Cont'd*

2016	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	Group RM
Results				
Segment profit before interest and tax	7,649,741	3,456,168	2,501,819	13,607,728
Finance costs				(1,466,780)
Unallocated expenses				(794,226)
Consolidation adjustments				(2,874,046)
Consolidated profit before tax				<u>8,472,676</u>
Segment profit before interest and tax includes the followings:-				
Gain on foreign exchange				
- realised	1,112,880	196,540	2,431	1,311,851
- unrealised	-	34,808	-	34,808
Gain on disposal of property, plant and equipment	10,616	29,820	517,780	558,216
Reversal of inventories written off	-	-	127,172	127,172
Reversal of allowance for impairment losses on trade receivables	113,103	19,902	61,178	194,183
Reversal of provision of warranty	-	-	492,633	492,633
Interest income	160,234	14,774	364,462	539,470
Depreciation of property, plant and equipment	(1,407,886)	(315,995)	(280,533)	(2,004,414)
Depreciation of investment properties	(41,906)	-	(187,566)	(229,472)
Impairment loss on trade receivables	(285,093)	(4,367)	-	(289,460)
Inventories written down	(972,366)	(669,711)	-	(1,642,077)
Loss on foreign exchange				
- realised	-	-	(33,766)	(33,766)
- unrealised	(122,524)	-	(31,650)	(154,174)
Provision for warranty	(546,958)	-	-	(546,958)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

37. OPERATING SEGMENTS *Cont'd*

BUSINESS SEGMENTS *Cont'd*

2016	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	Group RM
Assets				
Segment assets	86,161,693	32,922,523	133,335,967	252,420,183
Unallocated assets:				
- current tax assets				282,656
- deferred tax assets				397,200
- assets used for general enterprised or head office purpose				9
Consolidation adjustments				(95,881,331)
Consolidated total assets				<u>157,218,717</u>
Additions to non-current assets other than financial instruments:-				
Property, plant and equipment	2,258,904	1,029,098	-	<u>3,288,002</u>
Liabilities				
Segment liabilities	21,951,119	9,332,876	6,282,238	37,566,233
Unallocated liabilities				
- current tax liabilities				261,523
- foreign currency loan				480,142
- hire purchase payables				297,663
- term loans				8,963,210
Consolidation adjustments				(24,456,894)
Consolidated total liabilities				<u>23,111,877</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

37. OPERATING SEGMENTS *Cont'd*

BUSINESS SEGMENTS *Cont'd*

2015	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	Group RM
Revenue				
External revenue	102,992,862	28,434,173	1,854,700	133,281,735
Inter-segment revenue	2,498,674	1,289,609	8,046,279	11,834,562
Rental income	618,000	-	21,450	639,450
Dividend income	-	-	9,087,008	9,087,008
	106,109,536	29,723,782	19,009,437	154,842,755
Consolidation adjustments				(21,444,010)
Consolidated revenue				133,398,745
Results				
Segment profit before interest and tax	11,767,634	3,036,423	9,116,550	23,920,607
Finance costs				(767,696)
Unallocated expenses				(881,576)
Consolidation adjustments				(8,979,133)
Consolidated profit before tax				13,292,202
Segment profit before interest and tax includes the followings:-				
Gain on foreign exchange:-				
- realised	439,382	149,674	-	589,056
- unrealised	25,028	3,946	204	29,178
Gain on disposal of property, plant and equipment	32,000	10,166	-	42,166
Reversal of allowance for impairment losses on trade receivables	41,446	89,745	1,117	132,308
Reversal of inventories written off	-	-	511,142	511,142
Interest income	76,343	12,246	270,003	358,592
Depreciation of property, plant and equipment	(1,596,951)	(245,958)	(196,155)	(2,039,064)
Depreciation of investment properties	(41,907)	-	(61,289)	(103,196)
Impairment loss on trade receivables	(456,859)	(61,828)	(61,098)	(579,785)
Inventories written down	(411,678)	(741,645)	-	(1,153,323)
Loss on foreign exchange - realised	-	-	(19,182)	(19,182)
Property, plant and equipment written off	(104)	-	-	(104)
Provision for warranty	(650,600)	-	(463,300)	(1,113,900)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

37. OPERATING SEGMENTS *Cont'd*

BUSINESS SEGMENTS *Cont'd*

2015	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	Group RM
Assets				
Segment assets	89,982,195	28,308,306	102,021,589	220,312,090
Unallocated assets				
- current tax assets				192,409
- deferred tax assets				140,000
- assets used for general enterprised or head office purpose				201
Consolidation adjustments				(83,763,852)
Consolidated total assets				<u>136,880,848</u>
Additions to non-current assets other than financial instruments:-				
- property and equipment	7,876,693	430,826	8,230,342	16,537,861
- investment properties	-	-	10,770,903	10,770,903
				<u>27,308,764</u>
Liabilities				
Segment liabilities	13,570,662	7,197,913	5,653,677	26,422,252
Unallocated liabilities				
- current tax liabilities				648,909
- deferred tax liabilities				30,000
- bankers' acceptance				12,121,000
- hire purchase payables				422,779
- term loans				11,480,854
Consolidation adjustments				(11,913,221)
Consolidated total liabilities				<u>39,212,573</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

37. OPERATING SEGMENTS *Cont'd*

GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments.

	Revenue		Non-Current Assets	
	2016 RM	2015 RM	2016 RM	2015 RM
Asia-Pacific	7,161,994	5,704,135	605,694	372,699
Malaysia	72,537,828	77,789,747	49,340,298	48,387,513
Middle East and Africa	37,901,883	43,900,878	-	-
Others	3,351,194	6,003,985	-	-
	120,952,899	133,398,745	49,945,992	48,760,212

MAJOR CUSTOMERS

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

38. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (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.

38.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily, United States Dollar ("USD"), Euro ("EUR") and Japanese Yen ("JPY"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. The Group maintains a natural hedge, whenever is possible, by matching the receivables and the payables in the same currency. Financial liabilities in foreign currency are hedged with derivative instrument such as cross currency interest rate swap.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

38. FINANCIAL INSTRUMENTS *Cont'd*

38.1 FINANCIAL RISK MANAGEMENT POLICIES *Cont'd*

(a) Market Risk *Cont'd*

(i) Foreign Currency Risk *Cont'd*

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

Foreign Currency Exposure

The Group	USD RM	EUR RM	JPY RM
2016			
<u>Financial Assets</u>			
Trade receivables	6,570,589	-	-
Other receivables, deposits and prepayments	63,094	5,301	-
Cash and bank balances	2,675,094	5,604	150,067
	9,308,777	10,905	150,067
<u>Financial Liabilities</u>			
Trade payables	(2,202,064)	(250)	(3,327)
Other payables and accruals	(190,743)	-	-
	(2,392,807)	(250)	(3,327)
Currency Exposure	6,915,970	10,655	146,740
2015			
<u>Financial Assets</u>			
Trade receivables	6,533,187	-	-
Other receivables, deposits and prepayments	149,355	3,328	-
Cash and bank balances	4,050,237	394,720	-
	10,732,779	398,048	-
<u>Financial Liabilities</u>			
Trade payables	(1,496,781)	(21,015)	(605,714)
Other payables and accruals	(40,969)	-	-
	(1,537,750)	(21,015)	(605,714)
Currency Exposure	9,195,029	377,033	(605,714)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

38. FINANCIAL INSTRUMENTS *Cont'd*

38.1 FINANCIAL RISK MANAGEMENT POLICIES *Cont'd*

(a) Market Risk *Cont'd*

(i) Foreign Currency Risk *Cont'd*

Foreign Currency Risk Sensitivity Analysis

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

		The Group	
		2016	2015
		RM	RM
Effects on Profit After Tax			
USD/RM	- strengthened by 25% (2015 - 18%)	1,316,366	1,244,478
	- weakened by 25% (2015 - 18%)	(1,316,366)	(1,244,478)
EUR/RM	- strengthened by 26% (2015 - 15%)	2,104	43,379
	- weakened by 26% (2015 - 15%)	(2,104)	(43,379)
JPY/RM	- strengthened by 28% (2015 - 10%)	124,330	(45,162)
	- weakened by 28% (2015 - 10%)	(124,330)	45,162
Effects on Other Comprehensive Income			
SGD/RM	- strengthened by 16% (2015 - 8%)	1,939,747	898,694
	- weakened by 16% (2015 - 8%)	(1,939,747)	(898,694)

(ii) Interest Rate Risk

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

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

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 21 and 24 to the financial statements.

The Group enters into cross currency interest rate swaps to achieve an appropriate mix of fixed and floating interest rate exposure and to hedge the foreign currency exposure. Information of the cross currency interest rate swaps entered by the Group is disclosed under the 'Cash Flow Hedge' of item (c) below.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

38. FINANCIAL INSTRUMENTS *Cont'd*

38.1 FINANCIAL RISK MANAGEMENT POLICIES *Cont'd*

(a) Market Risk *Cont'd*

(ii) Interest Rate Risk *Cont'd*

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit after tax and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

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

Short-term investment represents fund invested in the money market of which is subject to insignificant risk of changes in value.

(b) Credit Risk

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

The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 270 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

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

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

38. FINANCIAL INSTRUMENTS *Cont'd*

38.1 FINANCIAL RISK MANAGEMENT POLICIES *Cont'd*

(b) Credit Risk *Cont'd*

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

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

	The Group	
	2016	2015
	RM	RM
Asia Pacific	1,250,059	693,700
Malaysia	22,738,390	24,432,788
Middle East and Africa	4,746,547	5,006,706
Others	754,771	1,295,285
	29,489,767	31,428,479

(ii) Exposure to Credit Risk

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

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

38. FINANCIAL INSTRUMENTS *Cont'd*

38.1 FINANCIAL RISK MANAGEMENT POLICIES *Cont'd*

(b) Credit Risk *Cont'd*

(iii) Ageing Analysis

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

	Gross Amount RM	Individual Impairment RM	Carrying Value RM
The Group			
2016			
Not past due	21,847,371	(146)	21,847,225
Past due:			
- less than 3 months	6,304,040	(3,837)	6,300,203
- 3 to 6 months	811,810	(42,888)	768,922
- more than 6 months	591,122	(53,989)	537,133
- more than 1 year	1,311,111	(1,274,827)	36,284
	30,865,454	(1,375,687)	29,489,767
2015			
Not past due	23,079,309	-	23,079,309
Past due:			
- less than 3 months	6,146,455	-	6,146,455
- 3 to 6 months	2,186,823	-	2,186,823
- more than 6 months	229,431	(216,322)	13,109
- more than 1 year	1,066,871	(1,064,088)	2,783
	32,708,889	(1,280,410)	31,428,479

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

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

38. FINANCIAL INSTRUMENTS *Cont'd*

38.1 FINANCIAL RISK MANAGEMENT POLICIES *Cont'd*

(c) Liquidity Risk

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

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities 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):-

	Contractual Interest Rate	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1 – 5 Years
The Group	%	RM	RM	RM	RM
2016					
<u>Non-derivative Financial Liabilities</u>					
Trade payables	-	8,531,277	8,531,277	8,531,277	-
Other payables and accruals	-	4,175,920	4,175,920	4,175,920	-
Hire purchase payables	2.36 - 3.66	297,663	325,742	144,309	181,433
Term loans	4.95 - 5.30	8,963,210	9,882,631	3,582,893	6,299,738
Foreign currency loan	1.50	480,142	480,142	480,142	-
		22,448,212	23,395,712	16,914,541	6,481,171
2015					
<u>Non-derivative Financial Liabilities</u>					
Trade payables	-	9,061,122	9,061,122	9,061,122	-
Other payables and accruals	-	4,448,647	4,448,647	4,448,647	-
Bankers' acceptance	4.33 - 4.50	12,121,000	12,121,000	12,121,000	-
Hire purchase payables	1.98 - 3.00	422,779	448,445	326,932	121,513
Term loans	4.85 - 5.30	11,480,854	12,807,203	3,685,116	9,122,087
		37,534,402	38,886,417	29,642,817	9,243,600

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

38. FINANCIAL INSTRUMENTS *Cont'd*

38.1 FINANCIAL RISK MANAGEMENT POLICIES *Cont'd*

(c) Liquidity Risk *Cont'd*

Maturity Analysis Cont'd

The following table sets out the maturity profile of the financial liabilities 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):- *Cont'd*

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
The Company			
2016			
<u>Non-derivative Financial Liabilities</u>			
Other payables and accruals	526,501	526,501	526,501
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	*	10,362,773	10,362,773
	526,501	10,889,274	10,889,274
2015			
<u>Non-derivative Financial Liabilities</u>			
Other payables and accruals	327,914	327,914	327,914
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	*	23,719,203	23,719,203
	327,914	24,047,117	24,047,117

* *The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in since their fair value on initial recognition were not material.*

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

38. FINANCIAL INSTRUMENTS *Cont'd*

38.1 FINANCIAL RISK MANAGEMENT POLICIES *Cont'd*

(c) Liquidity Risk *Cont'd*

Cash Flow Hedge

The Group has entered into a cross currency interest rate swap to hedge the floating interest rate of the term loan as disclosed in Notes 15 and 21 to the financial statements. The interest rate swap has the same nominal value of RM7,479,260 and is settled quarterly, consistent with the interest repayment schedule of the term loan.

The following table indicates the periods in which the cash flows associated with the interest rate swap are expected to occur and affect profit or loss:-

	Carrying Amount	Expected Cash Flows	Under 1 Year	1 – 2 Years	2 – 5 Years
The Group	RM	RM	RM	RM	RM
2016					
Cross currency interest rate swap	(318,943)	(613,117)	(67,461)	(268,905)	(276,751)

38.2 CAPITAL RISK MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

38. FINANCIAL INSTRUMENTS *Cont'd*

38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Financial Assets				
<u>Available-for-sales Financial Assets</u>				
Other investments (Note 8)	102,610	102,610	-	-
<u>Loans and Receivables Financial Assets</u>				
Trade receivables (Note 11)	29,489,767	31,428,479	-	-
Other receivables and deposits (Note 12)	3,690,841	2,430,630	5,000	3,000
Amount owing by subsidiaries (Note 13)	-	-	21,945,575	5,837,027
Cash and bank balances	11,175,655	9,063,788	625,948	8,234
	44,356,263	42,922,897	22,576,523	5,848,261
<u>Held-to-maturity</u>				
Derivative asset	318,943	-	-	-
Fixed deposits with licensed banks (Note 16)	16,126,625	-	15,126,625	-
	16,445,568	-	15,126,625	-
<u>Fair Value through Profit or Loss:</u>				
<u>Held-for-trading</u>				
Short-term investments (Note 14)	2,185,840	-	2,185,840	-
Financial Liabilities				
<u>Other Financial Liabilities</u>				
Trade payables (Note 22)	8,531,277	9,061,122	-	-
Other payables and accruals (Note 23)	4,175,920	4,448,647	526,501	327,914
Hire purchase payables (Note 20)	297,663	422,779	-	-
Term loans (Note 21)	8,963,210	11,480,854	-	-
Bankers' acceptance (Note 24)	-	12,121,000	-	-
Foreign currency loan (Note 24)	480,142	-	-	-
	22,448,212	37,534,402	526,501	327,914

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

38. FINANCIAL INSTRUMENTS *Cont'd*

38.4 FAIR VALUE INFORMATION

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

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

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
2016								
Financial Assets								
Short-term investment	2,185,840	-	-	-	-	-	2,185,840	2,185,840
Derivative asset:								
- cross currency interest rate swap	-	318,943	-	-	-	-	318,943	318,943
Financial Liabilities								
Hire purchase payables	-	-	-	-	310,678	-	310,678	297,663
Term loans	-	1,430,740	-	-	7,112,135	-	8,542,875	8,963,210
2015								
Financial Liabilities								
Hire purchase payables	-	-	-	-	441,915	-	441,915	422,779
Term loans	-	1,716,776	-	-	9,906,624	-	11,623,400	11,480,854

(a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair values above have been determined using the following basis:-
 - (1) The fair value of the short-term investment is determined at its prevailing value in the money market at the end of the reporting period.
 - (2) The fair value of cross currency interest rate swap is calculated as the present value of the estimated future cash flows based on observable yield curves.
 - (3) The fair values of term loans are determined by discounting relevant cash flows using discount rate that reflects the Group's borrowing rate as at the end of the reporting period.
- (ii) There were no transfer between level 1 and level 2 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

38. FINANCIAL INSTRUMENTS *Cont'd*

38.4 FAIR VALUE INFORMATION *Cont'd*

(b) Fair Value of Financial Instruments not Carried at Fair Value

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

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

	The Group	
	2016 %	2015 %
Hire purchase payables	2.78 - 2.90	1.76 - 3.22
Term loans	5.30	5.30

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 23 December 2015, the Company completed the rights issue of 82,500,000 Warrants in the Company ("Warrants(s)") on the basis of one (1) Warrant for every two (2) existing ordinary shares of RM0.50 each held in the Company at an issue price of RM0.20 per Warrant ("Rights Issue"). The Warrants were listed and quoted in the Main Market of Bursa Malaysia Securities Berhad on 23 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016

40. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS

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

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Total retained profits of the Company and its subsidiaries				
- realised	62,949,244	63,846,898	3,437,318	5,661,713
- unrealised	11,634	(720,655)	-	-
	62,960,878	63,126,243	3,437,318	5,661,713
Consolidated adjustments	109,644	73,155	-	-
At 30 April 2016/2015	63,070,522	63,199,398	3,437,318	5,661,713

LIST OF PROPERTIES

As at 30 April 2016

No.	Title/Address	Existing use	Tenure of land/ Age of building	Land area/ built up area (sq feet)	Net Book Value RM'000	Year of Acquisition
1	H.S.(D) 160852, PTD 28180 Mukim of Tebrau District of Johor Bahru State of Johor Darul Takzim/ No. 5, Jalan Dataran 5 Taman Kempas 81200 Johor Bahru Johor Darul Takzim	Warehouse cum office	Freehold/ 24 years	43,559/ 41,360	2,521	2005
2	H.S.(D) 160851, PTD 28179 Mukim of Tebrau District of Johor Bahru State of Johor Darul Takzim/ No. 7, Jalan Dataran 5, Taman Kempas 81200 Johor Bahru Johor Darul Takzim	Warehouse cum office	Freehold/ 22 years	43,560/ 23,025	4,157	2011
3	H.S.(D) 11901, PTB 4970 Bandar of Johor Bahru District of Johor Bahru State of Johor Darul Takzim/ No. 17, Jalan Kukuh Off Jalan Tampoi Kawasan Perusahaan Tampoi, Larkin 80350 Johor Bahru Johor Darul Takzim	Warehouse, factory cum office	60 years leasehold expiring on 06.10.2034/ 32 years	115,432/ 43,527	1,619	2009
4	PN 30973, Lot 16493 Mukim of Batu District of Kuala Lumpur State of Wilayah Persekutuan/ No. 30, Persiaran Segambut Tengah 51200 Kuala Lumpur	Warehouse cum office	99 years leasehold expiring on 16.06.2067/ 42 years	11,198/ 6,068	974	2008
5	PN 108, Lot 16494 Mukim of Batu District of Kuala Lumpur State of Wilayah Persekutuan/ No. 28, Persiaran Segambut Tengah 51200 Kuala Lumpur	Warehouse cum office	99 years leasehold expiring on 16.06.2067/ 44 years	11,198/ 6,350	3,710	2013

LIST OF PROPERTIES

As at 30 April 2016
cont'd

No.	Title/Address	Existing use	Tenure of land/ Age of building	Land area/ built up area (sq feet)	Net Book Value RM'000	Year of Acquisition
6	PN 197652, Lot 318007 Mukim of Hulu Kinta District of Kinta State of Perak Darul Ridzuan/ No. 10, Laluan Perusahaan Menglembu 6 Kawasan Perusahaan Menglembu 31450 Menglembu Perak Darul Ridzuan	Warehouse cum office	99 years leasehold expiring on 18.06.2098/ 11 years	7,201/ 5,400	280	2004
7	GM 3636, Lot 4740 Place of Payar Makbar Mukim of Kuala Kuantan District of Kuantan State of Pahang Darul Makmur/ Lot 4740, Jalan Wong Ah Jang 25100 Kuantan Pahang Darul Makmur	Rented to third party	Freehold/ 7 years	6,265/ 7,470	606	2008
8	H.S.M 72578, PT 104549 Place of Payar Makbar Mukim of Kuala Kuantan District of Kuantan State of Pahang Darul Makmur/ A249, Jalan Wong Ah Jang 25100 Kuantan Pahang Darul Makmur	Warehouse cum office	Freehold/ 5 years	1,345/ 3,887	794	2011
9	PM 3775/M1/1/1 (Lot 4360) PM 3776/M1/1/1 (Lot 4361) PM 3777/M1/1/1 (Lot 4362) & PM 3778/M1/1/1 (Lot 4363) Bangunan M1, Tingkat 1, Petak 1 Mukim of Bachang District of Melaka Tengah State of Melaka/ G4, G5, G6 & G7, Blok B4 Jln Rahmat 3 Taman Malim Jaya 75250 Melaka	Warehouse cum office	99 years leasehold expiring on 12.04.2081/ 16 years	N/A/ 1,206 each	662	2008
10	H.S.(D) 27733 & 27734, PT 533 & 534 Seksyen 4 Bandar Butterworth District of Seberang Perai Utara State of Pulau Pinang/ No. 3 & 5 Lorong Limbungan Indah 1 Taman Limbungan Indah 12100 Butterworth Pulau Pinang	Warehouse cum office	Freehold/ 5 years	1,432 each/ 3,894 each	1,653	2010

LIST OF PROPERTIES

As at 30 April 2016
cont'd

No.	Title/Address	Existing use	Tenure of land/ Age of building	Land area/ built up area (sq feet)	Net Book Value RM'000	Year of Acquisition
11	H.S.(M) 44365, PT 3663 (29, 29A, 29B) Place of Telok Gadong Besar Bandar of Klang District of Klang State of Selangor/ No. 29, Jalan Jelai 10/KS1 Taman Teluk Gadong Besar 41200 Port Klang	Warehouse cum office	Freehold/ 7 years	1,604/ 4,750	761	2011
12	H.S.(D) 79442, PT 11320 Mukim Bandar Selayang, Daerah Gombak Negeri Selangor Darul Eshan Lot 27, Jalan Perusahaan 1 Pusat Industri Amari Kawasan Perindustrian Batu Caves 68100 Batu Caves Selangor Darul Eshan	Factory Office	99 years leasehold expiring on 10.02.2113/ 2 years	8,808/ 14,000	7,295	2014
13	H.S.(D) 500355, PTD 101353 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim/ PLO 436, Jalan Gangsa Kawasan Perindustrian Pasir Gudang 81700 Pasir Gudang Johor Darul Takzim	Factory Land and Building	60 years leasehold expiring on 29.03.2051/ 25 years	435,605/ 352,193	12,070	2015
14	H.S.(D) 500354, PTD 71016 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim/ Block 76, Jalan Tembusu Taman Air Biru 81700 Pasir Gudang Johor Darul Takzim	Residential Flat	99 years leasehold expiring on 02.11.2085/ 23 years	16619/ 24,705	728	2015
15	Parcel No 05-66; 05-68; 05-70; 05-72; 05-74; 05-76; 05-78 & 05-80 (under Parent Lot PTD No. 71045) Mukim Plentong District of Johor Bahru State of Johor Darul Takzim/ Unit No 05-66; 05-68; 05-70; 05-72; 05-74; 05-76; 05-78 & 05-80 Block Mawar 7, Jalan Mawar Putih Taman Mawar, 81700 Pasir Gudang Johor Darul Takzim	Residential Flat	99 years leasehold expiring on 22.02.2087/ 25 years	N/A/ 5,568	311	2015

ANALYSIS OF SHAREHOLDINGS

As at 29 July 2016

AUTHORISED SHARE CAPITAL	:	RM500,000,000
ISSUED AND FULLY PAID-UP CAPITAL	:	RM82,893,950
CLASS OF SHARES	:	Ordinary shares of RM0.50 each
VOTING RIGHTS	:	One vote per Ordinary Share
NO. OF SHAREHOLDERS	:	1,386

DISTRIBUTION OF SHAREHOLDING

as at 29 July 2016

Category	No. of Shareholders	%	No. of Securities	%
1 - 99	5	0.36	90	0.00
100 - 1,000	505	36.44	217,147	0.13
1,001 - 10,000	452	32.61	2,440,900	1.47
10,001 - 100,000	315	22.73	11,721,600	7.07
100,001 - 8,288,394 *	107	7.72	81,232,975	49.00
8,288,395 and above **	2	0.14	70,175,188	42.33
Total	1,386	100.00	165,787,900	100.00

* less than 5% of issued shares

** 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS

as at 29 July 2016

No.	Name of Director	Direct Holdings	%	Indirect Holdings	%
1	Ker Min Choo	40,450,113	24.40	564,546 [#]	0.34
2	Ker Mong Keng	36,725,075	22.15	24,000 [^]	0.01
3	Ker Meng Oi	5,530,541	3.34	-	-
4	Ong Kheng Swee	2,064,486	1.25	1,050,000 [@]	0.63
5	Kek Kok Swee	1,500,000	0.90	4,500,000 [^]	2.71
6	Azahar Bin Baharudin	-	-	-	-
7	Tan Lay Beng	-	-	-	-

[#] Deemed interest in shares held by his spouse and children

[^] Deemed interest in shares held by his children

[@] Deemed interest in shares held by his spouse

ANALYSIS OF SHAREHOLDINGS

As at 29 July 2016
cont'd

LIST OF SUBSTANTIAL SHAREHOLDERS

as at 29 July 2016

No.	Name of Substantial Shareholders	Direct Holdings	%	Indirect Holdings	%
1	Ker Min Choo	40,450,113	24.40	564,546 [#]	0.34
2	Ker Mong Keng	36,725,075	22.15	24,000 [^]	0.01

[#] Deemed interest in shares held by his spouse and children

[^] Deemed interest in shares held by his son

THIRTY LARGEST SHAREHOLDERS

as at 29 July 2016

No.	Name	Shareholdings	%
1	KER MONG KENG	36,725,075	22.15
2	KER MIN CHOO	33,450,113	20.18
3	KER SOO HA	7,214,988	4.35
4	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER MIN CHOO (8109400)	7,000,000	4.22
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KER BOON KEE (MY0847)	6,700,936	4.04
6	KEK MENG KAI, KENNICK	4,500,000	2.71
7	KER MENG OI	4,030,541	2.43
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LEE MIEN YONG (MY2322)	2,615,200	1.58
9	QUEK LEE JOO	2,349,800	1.42
10	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR YEO ANN SECK (MY0696)	2,300,000	1.39
11	NG TIAN LENG	2,100,100	1.27
12	ONG KHENG SWEE	2,064,486	1.25
13	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN MENG SENG (MY1542)	1,750,000	1.06
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER MENG OI (8123728)	1,500,000	0.90
15	KEK KOK SWEE	1,500,000	0.90
16	THEU BOON OOI	1,353,000	0.82
17	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LIEW SEET THENG (MY1670)	1,344,200	0.81

ANALYSIS OF SHAREHOLDINGS

As at 29 July 2016
cont'd

THIRTY LARGEST SHAREHOLDERS *Cont'd* as at 29 July 2016

No.	Name	Shareholdings	%
18	MERCSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM LI WEI</i>	1,140,000	0.69
19	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM LI WEI</i>	1,080,400	0.65
20	FOO YIT LAN	1,050,000	0.63
21	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)</i>	983,400	0.59
22	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOH YONG HUAT</i>	800,100	0.48
23	ALLIANCEGROUP NOMINEES (ASING) SDN BHD <i>HAN XIANJUN (8111906)</i>	800,000	0.48
24	NG AIK SERN	800,000	0.48
25	TEO LAY YOKE	800,000	0.48
26	KER KAI XIANG	787,000	0.47
27	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE HENG HAW (8112533)</i>	781,623	0.47
28	TA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHONG JUN FATT</i>	654,000	0.39
29	ONG QUEL LING	650,000	0.39
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR NEO ENG HUI (7001308)</i>	616,000	0.37

ANALYSIS OF WARRANT HOLDINGS

As at 29 July 2016

NO. OF UNEXERCISED WARRANTS	:	81,712,100
EXERCISE PRICE	:	RM0.50 per Warrant
WARRANTS ISSUED DATE	:	17 December 2015
EXPIRY DATE	:	16 December 2020
NO. OF WARRANT HOLDERS	:	702

DISTRIBUTION OF WARRANT HOLDING

as at 29 July 2016

Category	No. of Holders	%	No. of Warrants	%
1 - 99	9	1.28	401	0.00
100 - 1,000	135	19.23	81,224	0.10
1,001 - 10,000	258	36.75	1,297,400	1.59
10,001 - 100,000	223	31.77	7,562,400	9.25
100,001 - 4,085,604 *	75	10.68	37,683,082	46.12
4,085,605 and above **	2	0.29	35,087,593	42.94
Total	702	100.00	81,712,100	100.00

* less than 5% of issued warrants

** 5% and above of issued warrants

DIRECTORS' WARRANT HOLDINGS

as at 29 July 2016

No.	Name of Director	Direct Holdings	%	Indirect Holdings	%
1	Ker Min Choo	20,225,056	24.75	19,473 #	0.02
2	Ker Mong Keng	18,362,537	22.47	12,500 ^	0.02
3	Ker Meng Oi	2,765,270	3.38	-	-
4	Ong Kheng Swee	1,079,600	1.32	549,000 @	0.67
5	Kek Kok Swee	750,000	0.92	2,353,200 ^	2.88
6	Azahar Bin Baharudin	-	-	-	-
7	Tan Lay Beng	-	-	-	-

Deemed interest in warrants held by his spouse and children

^ Deemed interest in warrants held by his children

@ Deemed interest in warrants held by his spouse

ANALYSIS OF WARRANT HOLDINGS

As at 29 July 2016
cont'd

LIST OF SUBSTANTIAL WARRANT HOLDERS

as at 29 July 2016

No.	Name of Substantial Warrant Holders	Direct Holdings	%	Indirect Holdings	%
1	Ker Min Choo	20,225,056	24.75	19,473 [#]	0.02
2	Ker Mong Keng	18,362,537	22.47	12,500 [^]	0.02

[#] Deemed interest in warrants held by his spouse and children

[^] Deemed interest in warrants held by his son

THIRTY LARGEST WARRANT HOLDERS

as at 29 July 2016

No.	Name	Holdings	%
1	KER MONG KENG	18,362,537	22.47
2	KER MIN CHOO	16,725,056	20.47
3	KER SOO HA	3,607,494	4.41
4	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER MIN CHOO (8109400)	3,500,000	4.28
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KER BOON KEE (MY0847)	2,707,818	3.31
6	KEK MENG KAI, KENNICK	2,353,200	2.88
7	KER MENG OI	2,015,270	2.47
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LEE MIEN YONG (MY2322)	1,237,000	1.51
9	NG TIAN LENG	1,098,200	1.34
10	ONG KHENG SWEE	1,079,600	1.32
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR YEO ANN SECK (MY0696)	960,000	1.17
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN MENG SENG (MY1542)	950,000	1.16
13	QUEK LEE JOO	944,500	1.16
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER MENG OI (8123728)	750,000	0.92
15	KEK KOK SWEE	750,000	0.92
16	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LIEW SEET THENG (MY1670)	733,900	0.92
17	THEU BOON OOI	713,600	0.87
18	NG AIK SERN	620,000	0.76
19	FOO YIT LAN	549,000	0.67

ANALYSIS OF WARRANT HOLDINGS

As at 29 July 2016
cont'd

THIRTY LARGEST WARRANT HOLDERS *Cont'd* as at 29 July 2016

No.	Name	Holdings	%
20	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM LI WEI</i>	500,000	0.61
21	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)</i>	496,950	0.61
22	BEH ENG PAR	492,100	0.60
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN MARY (JBU/UOB)</i>	472,600	0.58
24	MERCSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM LI WEI</i>	454,500	0.56
25	ALLIANCEGROUP NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MOK JIA MIN (6000634)</i>	439,600	0.54
26	ALLIANCEGROUP NOMINEES (ASING) SDN BHD <i>HAN XIANJUN (8111906)</i>	400,000	0.49
27	TEO LAY YOKE	400,000	0.49
28	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOH YONG HUAT</i>	395,100	0.48
29	KER KAI XIANG	394,000	0.48
30	ONG QUEL LING	325,000	0.40

NOTICE OF FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting ("4th AGM") of **Solid Automotive Berhad** ("Solid" or "the Company") will be held at PLO 436, Jalan Gangsa, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia on Tuesday, 27th September 2016 at 10.00 a.m. for the following purposes:-

ORDINARY BUSINESS

- | | | |
|-----|---|--------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 April 2016 together with the Directors' and Auditors' reports thereon. | (Please refer to Note 1) |
| 2. | To approve the payment of a final single tier dividend of 1.0 sen per ordinary share of RM0.50 each for the financial year ended 30 April 2016. | RESOLUTION 1 |
| 3. | To approve the payment of Directors' fees for the financial year ended 30 April 2016. | RESOLUTION 2 |
| 4. | To re-elect the following Directors who retire by rotation in accordance with Article 106(b) of the Company's Articles of Association of the Company: | |
| 4.1 | Kek Kok Swee | RESOLUTION 3 |
| 4.2 | Azahar Bin Baharudin | RESOLUTION 4 |
| 5. | To re-appoint the retiring Auditors, Messrs Crowe Horwath as Auditors and to authorise the Directors to fix their remuneration. | RESOLUTION 5 |

SPECIAL BUSINESS

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

- | | | |
|----|--|--------------|
| 6. | Ordinary Resolution
Proposed Authority to Issue 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 governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT the Directors are also hereby empowered to obtain approval for the listing and quotation of the additional shares so issued on the Main Market of Bursa Malaysia Securities Berhad" | RESOLUTION 6 |
| 7. | Ordinary Resolution
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into RRPTs with the related parties as set out in Section 2.3 of the Circular to Shareholders dated 26 August 2016, subject to the following: | |

NOTICE OF FOURTH ANNUAL GENERAL MEETING

cont'd

- (i) the RRPTs are:
 - (a) necessary for the day-to-day operations;
 - (b) undertaken in the ordinary course of business and at arm's length basis and are on terms not more favourable to the related parties than those generally available to the public; and
 - (c) are not detrimental to the minority shareholders of the Company; and
- (ii) the disclosure is made in the Annual Report of the Company of the aggregate value of the RRPTs based on the type of transactions, the names of the related parties and their relationship with the Company pursuant to the Proposed Shareholders' Mandate during the period in which the Proposed Shareholders' Mandate for RRPTs is in force; and
- (iii) the Proposed Shareholders' Mandate is subject to annual renewal and will continue to be in full force until:
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company 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 Companies Act, 1965 ("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 in general meeting,whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution."

RESOLUTION 7

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

FURTHER NOTICE IS HEREBY GIVEN that for the purpose of determining who shall be entitled to attend the 4th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 14 September 2016 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

ANG MUI KIOW
CHEN YEW TING
Company Secretaries

Johor Bahru
26 August 2016

NOTICE OF FOURTH ANNUAL GENERAL MEETING

cont'd

NOTES:

1. Audited Financial Statements

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

2. Form of Proxy

- i. *A member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.*
- ii. *Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
- iii. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.*
- iv. *Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

Where a Member or authorised nominee appoints two (2) proxies, or where an Exempt Authorised Nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

- v. *All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 7E, Level 7, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru, Johor, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

3. Explanatory Notes on Special Business

i. Ordinary Resolution 6 - Proposed Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 6, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company up to an amount not exceeding in total ten percent (10%) of the total issued and paid-up share capital of the Company for such purposes and to such person or persons as the Directors in their absolute discretion consider to be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The mandate sought under Ordinary Resolution 6 above is a renewal of an existing mandate and there was no proceed raised from the previous mandate up to the last practicable date, 15 August 2016.

The renewed general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital, acquisitions and/or paring down borrowings.

NOTICE OF FOURTH ANNUAL GENERAL MEETING

cont'd

ii. **Ordinary Resolution 7 - Proposed Renewal of Shareholders' Mandate**

The proposed Ordinary Resolution 7, if passed, will authorise the Company and/or its subsidiaries to enter into RRPTs with the related parties as set out in Section 2.3 of the Circular to Shareholders dated 26 August 2016. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. For further information on the Proposed Shareholders' Mandate for RRPTs, please refer to the Circular to Shareholders dated 26 August 2016 which was circulated together with the 2016 Annual Report.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final single tier dividend of 1.0 sen per ordinary share of RM0.50 each for the financial year ended 30 April 2016, if approved by the shareholders at the forthcoming Fourth Annual General Meeting, will be paid on 27 October 2016 to depositors registered in the Record of Depositors at the close of business on 14 October 2016.

A depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the depositors securities account before 4.00 p.m. on 14 October 2016 in respect of transfer; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representatives for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF FOURTH ANNUAL GENERAL MEETING

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

The Directors who are standing for re-election are as follows:

- (a) Mr. Kek Kok Swee *(RESOLUTION 3)*
- (b) Encik Azahar Bin Baharudin *(RESOLUTION 4)*

Further details of the above named Directors and their interest in the securities of the Company are set out in the Profile of Directors on page 4 and 5 of the annual report respectively.

SOLID AUTOMOTIVE BERHAD

(Company No. : 1016725-P)

(Incorporated in Malaysia)

FORM OF PROXY

I/We _____ IC/Passport/Co No. _____

of _____

being a member/members of SOLID AUTOMOTIVE BERHAD (Company No. 1016725-P) do hereby appoint _____

IC/Passport No. _____ of _____

or failing him/her _____ IC/Passport No. _____

of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fourth Annual General Meeting of the Company to be held at PLO 436, Jalan Gangsa, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia on Tuesday, 27th September 2016 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

No.	RESOLUTIONS	FOR	AGAINST
1	Declaration of a final single tier dividend of 1.0 sen per ordinary share of RM0.50 each		
2	Payment of Directors' fees for the financial year ended 30 April 2016		
3	Re-election of Retiring Director – Kek Kok Swee		
4	Re-election of Retiring Director – Azahar Bin Baharudin		
5	Re-appointment of Retiring Auditors, Crowe Horwath		
6	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
7	Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

(Please indicate with a cross (X) in the spaces provided above how you wish your votes to be cast. In the absence of such specific directions, your proxy will vote or abstain from voting as he/she thinks fit.)

Number of ordinary shares held	
--------------------------------	--

Signature _____

Dated this _____ day of _____ 2016

Notes:

- A member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.*
- Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.*
- Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
Where a Member or authorised nominee appoints two (2) proxies, or where an Exempt Authorised Nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 7E, Level 7, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru, Johor, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
- For the purpose of determining who shall be entitled to attend the 4th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 15 September 2015 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 26 August 2016.

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

The Company Secretary
SOLID AUTOMOTIVE BERHAD (Company No. 1016725-P)
Suite 7E, Level 7, Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor Darul Takzim

1st Fold Here

PASSION *for*
EXCELLENCE



岩石汽车工业集团

SOLID AUTOMOTIVE BERHAD (1016725-P)

5, Jalan Dataran 5, Taman Kempas,
81200 Johor Bahru, Johor Darul Takzim, Malaysia.

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