



岩石汽车工业集团
SOLID AUTOMOTIVE BERHAD

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



ANNUAL REPORT

2014



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Proxy Form

VISION

TO ACTIVELY PURSUE MARKET LEADERSHIP
BY BEING A DYNAMIC, CUSTOMER ORIENTED,
VALUE DRIVEN AND INTERNATIONAL COMPANY
DELIVERING SUPERIOR VALUE, QUALITY AND SERVICE.

MISSION

- To create value for our shareholders and opportunities for our employees through profitable growth and expansion
- Pursue market leadership in our core business
- Focus on value, quality and service
- Make available the most comprehensive range of quality products
- Care and opportunities for our employees
- Continuously improve and innovate everything we do
- Exceed customer expectations through excellence in service to achieve total customer satisfaction and customer loyalty
- Seeking out value added business opportunities



/ EXPORT TO OVER **30 COUNTRIES** WORLDWIDE /

Corporate Information

BOARD OF DIRECTORS

KEK KOK SWEE

Independent Non-Executive Chairman

KER MIN CHOO

Managing Director

KER MONG KENG

Executive Director

KER MENG OI

Executive Director

ONG KHENG SWEE

Executive Director

AZAHAR BIN BAHARUDIN

Independent Non-Executive Director

TAN LAY BENG

Independent Non-Executive Director

COMPANY SECRETARIES

Ang Mui Kiow (LS0001886)

Chen Yew Ting (MAICSA0869733)

SHARE REGISTRAR

Equiniti Services Sdn Bhd

Level 17, The Gardens North Tower

Mid-Valley City, Lingkaran Syed Putra

59200 Kuala Lumpur

Tel: (603) 2264 3883

Fax: (603) 2282 1886

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

Hong Leong Bank Berhad

AmBank (M) Berhad

AUDITORS

Crowe Horwath (AF1018)

30-04, Level 30, Menara Landmark

12 Jalan Ngee Heng

80000 Johor Bahru

Johor Darul Takzim

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia

Securities Berhad ("Bursa Securities")

Sector : Trading/ Services

Stock name : SOLID

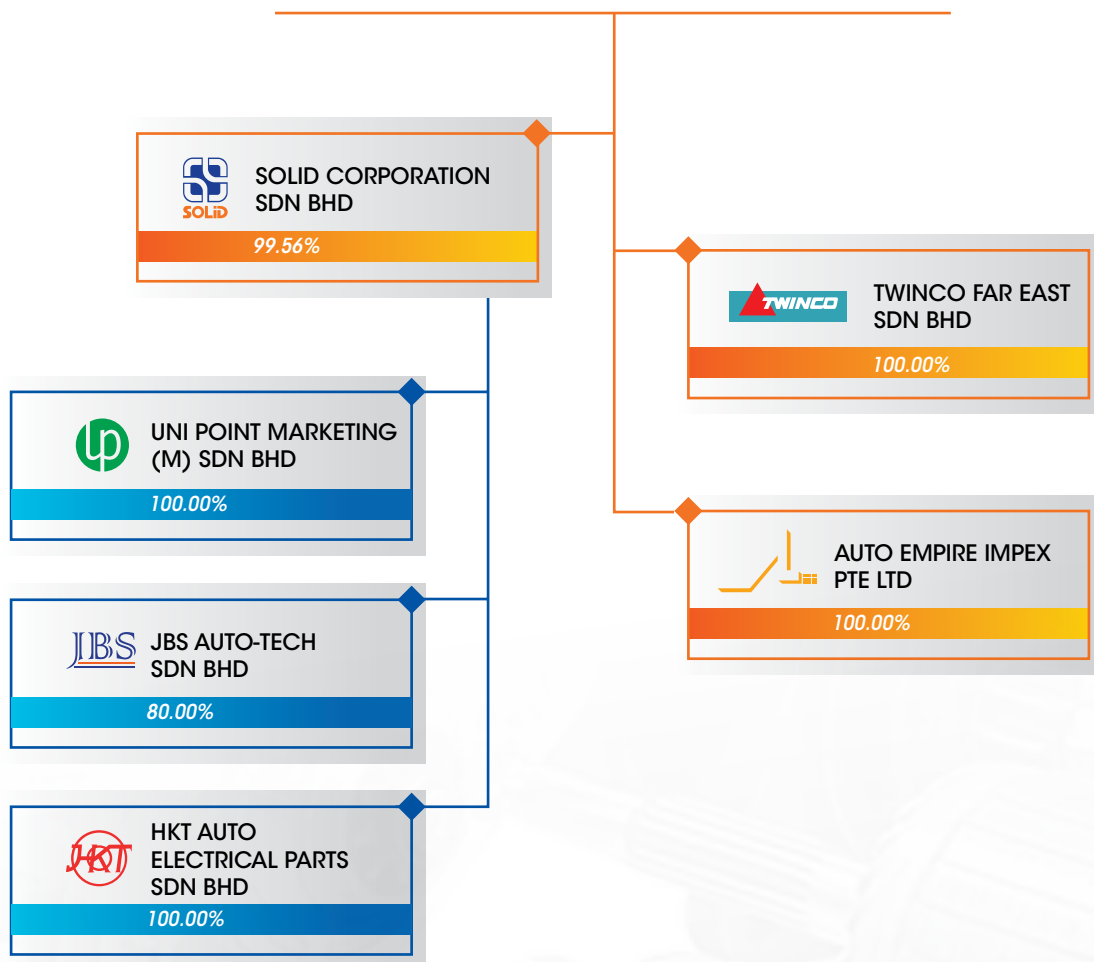
Stock Code : 5242

Date of Listing : 12 September 2013

Corporate Structure



岩石汽车工业集团 SOLID AUTOMOTIVE BERHAD



Directors' Profile

KEK KOK SWEE

■ INDEPENDENT NON-EXECUTIVE CHAIRMAN
MALAYSIAN, AGED 60

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 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 4 out of 4 Board meetings during the financial year ended 30 April 2014.

KER MIN CHOO

■ MANAGING DIRECTOR
MALAYSIAN, AGED 52

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 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 4 out of 4 Board meetings during the financial year ended 30 April 2014.

Directors' Profile (cont'd)

KER MONG KENG

■ EXECUTIVE DIRECTOR
MALAYSIAN, AGED 58

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 4 out of 4 Board meetings during the financial year ended 30 April 2014.

KER MENG OI

■ EXECUTIVE DIRECTOR
MALAYSIAN, AGED 50

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 4 out of 4 Board meetings during the financial year ended 30 April 2014.

Directors' Profile (cont'd)

ONG KHENG SWEE

■ EXECUTIVE DIRECTOR
MALAYSIAN, AGED 56

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

He 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, a company 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 4 out of 4 Board meetings during the financial year ended 30 April 2014.

AZAHAR BIN BAHARUDIN

■ INDEPENDENT NON-EXECUTIVE DIRECTOR
MALAYSIAN, AGED 57

Azahar bin Baharudin is our Independent Non-Executive Director. He was appointed to the Board on 9 October 2012.

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 manufacturing and 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 4 out of 4 Board meetings during the financial year ended 30 April 2014.

Directors' Profile (cont'd)

TAN LAY BENG

■ INDEPENDENT NON-EXECUTIVE DIRECTOR
MALAYSIAN, AGED 60

Tan Lay Beng is our Independent Non-Executive Director. She was appointed to the Board on 18 August 2014.

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 venturing out as a tax consultant. She is also the current Chairman of the Southern Branch of the Chartered Tax Institute of Malaysia.

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.

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 2014, the first since our listing on the Main Market of Bursa Malaysia Securities Berhad on 12 September 2013.

FINANCIAL PERFORMANCE

For the financial year ended 30 April 2014 ("FYE 2014"), the Group achieved a revenue of RM118.08 million and recorded a Profit After Tax ("PAT") of RM7.45 million after charging RM1.55 million of expenses related to the Company's Initial Public Offer ("IPO") and Listing on Bursa Securities.

DIVIDENDS

On 28 January 2014, the Company paid an interim single tier dividend of 0.60 sen per ordinary share amounting to RM0.90 million in respect of FYE 2014.

The Board is pleased to recommend a final single tier dividend of 2.0 sen per ordinary share amounting to RM3.00 million for FYE 2014, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

As such, the total dividends for FYE 2014 would be 2.60 sen per ordinary share amounting to RM3.90 million and representing a dividend payout ratio of approximately 52%.



Chairman's Statement (cont'd)

YEAR UNDER REVIEW

FYE 2014 had been a year of achievements for the Group. The main highlight of the year saw the Company being listed on the Main Market of Bursa Malaysia Securities Berhad on 12 September 2013. The Group also achieved a historic high in revenue of RM118.08 million.

The revenue for FYE 2014, derived from our domestic sales of automotive parts and components contributed approximately 59% of our total revenue while the export market contributed approximately 41%. Our Group's main markets are Malaysia and the Middle East.

PROSPECTS FOR THE COMING YEAR

As disclosed in the prospectus of the Company dated 19 August 2013, the size of the automotive aftermarket for parts and components in Malaysia is expected to reach RM4.39 billion in 2017 and its Compounded Annual Growth Rate for the 2012 – 2017 financial years is projected to be 4.0 per cent (Source: Independent Market Research Report prepared by Protégé Associates Sdn Bhd).

Whilst the Malaysian automotive market is expected to continue its growth trend, the rising cost of living and increasing domestic debt in Malaysia and the continuing political risks in the Middle East are causes for concern.

The Group is taking steps to mitigate these situations including strengthening our distribution network both locally and in our overseas markets, participation at major automotive trade exhibitions, continuing sourcing for reliable quality and cost effective automotive parts and components and improving our supply chain and logistics.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

During the year under review, the Group has made financial contributions in support of significant cultural events and will continue to promote CSR based on our corporate philosophy of supporting our community, charitable organizations and schools.

CHANGE IN BOARD OF DIRECTORS

On behalf of the Board, I wish to express my sincere appreciation to Mr Chee Ho Chun, our Independent Non-Executive Chairman, who resigned on 1 July 2014, for his contributions and services during his tenure.

On another note, I am pleased to welcome Ms. Tan Lay Beng as an Independent Non-Executive Director of the company.

APPRECIATION AND ACKNOWLEDGMENT

On behalf of the Board, I would like to take this opportunity to convey our deep 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 contributions and commitments to 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 adhered to within the Company and its subsidiaries (“the Group”).

Save as disclosed otherwise, the Board considers that it has complied with the principles and recommendations of the Malaysian Code of Corporate Governance 2012 (“the Code”) and paragraph 15.25 and Practice Note 9 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board will continuously assess and where appropriate, implement relevant practices and procedures to further enhance the corporate governance environment in the Group. The following sections describe the manner and extent to which the Group has applied the Principles of the Code.

1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Board is responsible for the overall performance of the Group and to discharge its fiduciary and leadership responsibilities, it assumes, amongst other roles and responsibilities, the following:

- setting the strategic direction of the Group;
- overseeing and assessing the performance of management;
- establishing, approving and reviewing the Group’s enterprise risk management framework, policies and processes;
- reviewing the adequacy and integrity of the Group’s internal control system and management information system;
- ensuring a proper succession plan for senior management;
- setting and reviewing policies for corporate conduct and shareholder communication.

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. The Board Charter will be reviewed periodically and is published on the Group’s corporate website.

The Board has formalised ethical 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 Group’s corporate website.

The Group has put in place strategies to promote sustainability in all aspects of the conduct of its business including governance, environmental and social and is published on the Group’s corporate website.

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.

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.

Members of the Board are expected to devote sufficient time and effort in discharging their individual responsibilities with reasonable due care, skills and diligence.

Corporate Governance Statement (cont'd)

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. The composition of the Board complies with Rule 15.02 of the Listing Requirements which stipulated that 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 7 of this Annual Report.

In discharging its fiduciary duties, the Board has delegated specified responsibilities to three (3) committees, namely, Audit committee, Nominating Committee and Remuneration Committee. All committees have written terms of reference and/or authorities and responsibilities. The Chairman of the respective committee meeting and the minutes of these meetings are circulated at the Board meetings.

Audit Committee

The composition of the Audit Committee, terms of reference, number of meeting held, attendance and summary of activities during the year can be found on Pages 20 to 23.

Nominating Committee

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

<i>Chairman:</i>	Kek Kok Swee Chee Ho Chun	(Independent Non-Executive Chairman) (Independent Non-Executive Chairman) (resigned on 1 July 2014)
<i>Members:</i>	Azahar Bin Baharudin Tan Lay Beng	(Independent Non-Executive Director) (Independent Non-Executive Director) (appointed on 18 August 2014)

The Nominating Committee comprises exclusively of independent non-executive directors in compliance with paragraph 15.08A of MMLR of Bursa Securities 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 Independent Non-Executive Chairman of the Board possesses required skills, knowledge and experience to lead the Nominating Committee to ensure effective and well-balanced board composition that meets the needs of the Company, and the Group businesses.

The Nominating Committee is charged with, amongst 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 committees and individual directors on annual basis as well as facilitating Board inductions and training programs for directors.

The Nominating Committee is in the process of establishing formal guidelines and criteria for the nomination, evaluation and selection procedures for new directors. Such criteria would include competencies, commitment, contribution, leadership performance and boardroom diversity to include women candidates.

Subsequent to the financial year end, the Nominating Committee had established annual procedures for the evaluation of the performance of Board and Board committee as well as individual directors.

For the financial year ended 30 April 2014, the Nominating Committee met twice with full attendance of its members to review the compliance of composition requirement of the Nominating Committee in accordance with MMLR of Bursa Securities. Subsequent to the financial year, the Nominating Committee conducted evaluation 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 Independent Non-Executive Directors.

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 cognizance that Directors remuneration should be aligned with the business strategy and long-term objectives of the Group.

The Remuneration Committee is responsible for recommending to the Board the remuneration framework, policies and packages for the Executive Directors in all its forms. 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 the individual director concerned abstains from decisions pertaining to his own remuneration.

As at the date of this report, the Remuneration Committee is in the process of formulating the remuneration framework and policies for directors.

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	(Independent Non-Executive Chairman)
<i>Members:</i>	Azahar Bin Baharudin	(Independent Non-Executive Director)
	Tan Lay Beng	(Independent Non-Executive Director) (appointed on 18 August 2014)
	Chee Ho Chun	(Independent Non-Executive Chairman) (resigned on 1 July 2014)

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.

The total remuneration of Directors during the financial year ended 30 April 2014, 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	1,612,420	–	–
Non-Executive Directors	–	120,000	–

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	–	3
RM250,001 to RM300,000	1	–
RM300,001 to RM350,000	1	–
RM500,001 to RM550,000	2	–

Corporate Governance Statement (cont'd)

3: REINFORCE INDEPENDENCE

The Chairman of the Board is an Independent 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 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.

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

The independence assessments of the independent director were carried out by the Nominating Committee during the annual performance evaluation of the contribution of individual directors.

The Code recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years. At present, there is no independent director with a cumulative term of nine (9) years or more.

Appointment of new Directors to the Board or Board Committee is recommended to the Nominating Committee for consideration and approved by the Board in accordance to the formal policy and procedures on nomination and selection of Directors. 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. All Directors (including the Managing Director) will retire from office, by rotation at least once every three years and shall be eligible for re-election. Director over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Company Act, 1965. At present, there are no directors above the age of seventy (70).

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.

Corporate Governance Statement (cont'd)

4: FOSTER COMMITMENT (CONT'D)

The Board met four (4) times during the financial year ended 30 April 2014 and the attendance of each Director at the Board Meetings is as follows:

Director	Designation	No. of Meetings Attended
Kek Kok Swee ¹	Independent Non-Executive Chairman	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
Chee Ho Chun ²	Independent Non-Executive Chairman	4/4
Tan Lay Beng ³	Independent Non-Executive Director	0/0

Note ¹: Kek Kok Swee was appointed Chairman on 18 August 2014

Note ²: Chee Ho Chun resigned on 1 July 2014

Note ³: Tan Lay Beng was appointed on 18 August 2014

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 director to review and seek clarifications from management on any matters they may require. The Board is assisted by a suitably qualified and competent Company Secretary, who attends all Board and Board Committee meetings. The Company Secretary 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.

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 needs periodically to keep abreast of developments in the market environment, regulatory and statutory requirements.

All the Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities.

During the financial year ended 30 April 2014, 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.

Corporate Governance Statement (cont'd)

4: FOSTER COMMITMENT (CONT'D)

During the financial year, the Board members have attended the following seminars and briefings conducted by regulatory bodies or professional organizations:

Name of Directors	Seminars and Briefing Attended
Ker Min Choo	Mandatory Accreditation Program by Bursatra Sdn Bhd; Automechanika Dubai 2013 by Epoc Messe Frankfurt
Ker Mong Keng	Mandatory Accreditation Program by Bursatra Sdn Bhd; Automechanika Dubai 2013 by Epoc Messe Frankfurt
Ker Mong Keng	Mandatory Accreditation Program by Bursatra Sdn Bhd; Automechanika Dubai 2013 by Epoc Messe Frankfurt; Automechanika Shanghai 2013 by Messe Frankfurt (Shanghai) Co Ltd
Ker Meng Oi	Mandatory Accreditation Program by Bursatra Sdn Bhd
Ong Kheng Swee	2013 Audit Committee Institute Breakfast Roundtable Series by KPMG; 2014 Budget & Tax Planning by Crowe Horwath CPE Sdn Bhd; Getting Ready for GST? Event by Crowe Horwath CPE Sdn Bhd
Kek Kok Swee	2014 Budget & Tax Planning by Crowe Horwath CPE Sdn Bhd
Azahar Bin Baharudin	2014 Budget & Tax Planning by Crowe Horwath CPE Sdn Bhd

5: UPHOLDING INTEGRITY IN FINANCIAL REPORTING

The Board aims to ensure that all financial disclosures and announcements to shareholders, investors and the regulatory authorities are fair, accurate and meaningful in accordance with the MMLR.

The annual financial statements to shareholders and quarterly announcement of financial results were reviewed by the Audit Committee and approved by the Board of Directors to ensure accuracy, adequacy and completeness of information prior to release to regulatory authorities.

The Audit Committee's terms of reference, the number of meetings held during the financial year and the attendance of each member can be found on page 20 of the Audit Committee Report. A summary of the activities of the Audit Committee during the year is set out in the Audit Committee Report on pages 20 to 23 of this Annual Report.

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report. The Board and the Audit Committee has maintained an appropriate and transparent relationship with its external auditors.

The Board recognises the importance of the independence and capability of external auditors on the reliability and quality to the annual financial statements prepared for the stakeholders.

On annual basis prior to the commencement of the audit engagement, through Audit Planning Memorandum, the external auditors of the Group confirm to the Audit Committee on their independence in relation to their audit of the annual financial statements.

The Board is responsible for ensuring that the financial statements of the Group and of the Company give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of the results of the operations and cash flows for the period then ended. In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgement and estimates.

Corporate Governance Statement (cont'd)

6: RECOGNISE AND MANAGE RISKS

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 24 to 26 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 is in the process of establishing a formal Corporate Disclosure Policy to set out the policies and procedures for disclosure of material information of the Group and which will be applicable to all employees and Directors 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, email addresses are provided in "Investor Relations" section of Company's website to which concerns or request of any investor can be forwarded to.

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 Raised from IPO

The net proceeds from the IPO were utilised as follows:

Purposes	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated timeframe for use (from the listing date)
(i) Capital Expenditure	12,000	–	–	12,000	Within 3 years
(ii) Working capital	5,315	(5,451)	136 ⁽¹⁾	–	Within 1 year
(iii) Estimated listing expenses	2,500	(2,364)	(136) ⁽¹⁾	–	Upon Listing
Total gross proceeds	19,815	(7,815)	–	12,000	

Note: The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 19 August 2013.

Corporate Governance Statement (cont'd)

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 2014.

- **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-back**

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

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

The Company did not issue any options, warrants or convertible securities during the financial year ended 30 April 2014.

- **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 2014.

- **Non-audit fees**

During the financial year ended 30 April 2014, the non-audit fee incurred for services rendered by external auditors to the Group amounted to RM150,000, in relation to the work performed as Reporting Accountants for the IPO.

- **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 2014 did not differ by 10% or more from the unaudited full year's results previously announced on 26 June 2014 to Bursa Securities.

- **Profit Guarantee**

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

- **Recurrent Related Party Transactions**

At the Annual General Meeting ("AGM") to be held on 14 October 2014, the Company intends to seek the shareholders' approval for the shareholders' ratification and the shareholders' mandate for recurrent related party transactions ("RRPTs") which it has entered and will enter with its related parties, 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.

The shareholders' ratification serves to ratify the RRPTs entered into by the Group from the Listing Date of 12 September 2013 up to the date of the AGM. The shareholders' mandate will take effect for RRPTs from the date of AGM up to the conclusion of the next AGM.

Further details of which will be disclosed in the Circular to Shareholders dated 22 September 2014 despatched together with the Annual Report 2014.

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 Chairman)

Tan Lay Beng (Independent Non-Executive Director) (appointed on 18 August 2014)

Chee Ho Chun (Independent Non-Executive Director) (resigned on 1 July 2014)

B. TERMS OF REFERENCE

The terms of reference of the Committee is set out on pages 21 to 23 of this Annual Report.

C. MEETINGS

During the financial year ended 30 April 2014, 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 (<i>appointed on 18 August 2014</i>)	0/0
Chee Ho Chun (<i>resigned on 1 July 2014</i>)	4/4

The meetings were appropriately structured through the use of agendas, which were distributed to the members with sufficient notification.

The executive directors, chief financial officer, representatives of the external auditors and internal auditors, at the invitation of the Committee, attended the Committee meetings.

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, accounting standards promulgated by Malaysian Accounting Standards Board and other legal and regulatory requirements;
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;
4. Considered and recommended to the Board for approval of the audit fees payable to the external auditors as disclosed in Note 25 to the financial statements;

Audit Committee Report (cont'd)

D. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (CONT'D)

5. Reviewed the external auditors' scope of work and audit plan for the financial year ended 30 April 2014;
6. Met with the external auditors, without the presence of the executive management, twice during the financial year ended 30 April 2014 to discuss any matters which the external auditors may wish to raise;
7. Reviewed the independence and objectivity of the external auditors and the services provided, including non-audit services;
8. Reviewed and approved appointment of the outsourced internal auditors. Reviewed and approved the Risk Management Framework and Internal Audit plan for the financial year ending 30 April 2015.
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 was outsourced to a professional consulting firm to undertake independent, objective, regular and systematic reviews of the internal control systems. The outsourced internal auditors report directly to the Audit Committee and conduct internal audit reviews according to the internal audit plans approved by the Audit Committee to ensure the adequacy of the scope, function and resources being allocated to the internal audit function. The cost incurred in connection with the internal audit function during the financial year amounted to RM32,126. The Group's 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.

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 processes relating to its risk management 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.

Audit Committee Report (cont'd)

F. TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONT'D)

Composition (Cont'd)

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 or she 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.

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 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 seek any information it requires from employees, who are required to cooperate with any request made by the Committee.

The Committee shall have full and unlimited access to any information pertaining to the Group.

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.

Audit Committee Report (cont'd)

F. TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONT'D)

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 fee and any question of resignation or dismissal before making recommendations to the Board;
2. 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;
3. Review major audit findings and the management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations;
4. 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);
5. 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; and
 - Review the internal audit program and the results of the internal audit process and where necessary action is taken on the recommendations of the internal audit function.
6. 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;
7. 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.
8. Review procedures in place to ensure that the Group is in compliance with the Companies Act, 1965, Bursa Securities' Listing Requirements and other legislative and reporting requirements;
9. 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;
10. 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
11. Any other activities, as authorised by the Board.

Statement on Risk Management and Internal Control

INTRODUCTION

Pursuant to paragraph 15.26(b) and Practice Note 9 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“MMLR”) in relation to the requirement to prepare statement about the state of internal control of the listed issuer as a group, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”), 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 2014.

BOARD RESPONSIBILITIES

The Board of Directors (“the Board”) affirms its overall responsibility for maintaining a sound risk management and internal control system and for reviewing their adequacy and effectiveness so as to safeguard all its stakeholders’ interests and protecting 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, 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.

RISK MANAGEMENT

The Board recognises risk management as an integral part of system of internal controls and good corporate governance practice in pursuit of its strategic objectives. The Board acknowledges its responsibility to maintain on-going commitment to identify, evaluate and manage significant risks faced by the Group systematically during the financial year under review. The Board had put in place a systematic risk management system in order to manage key business risks faced by the Group.

The above risk management process is further strengthen by the compilation of key risk profile of the Group by the Management during the financial year in order to formally document the key business challenges faced by the primary and supporting activities of the Group. Such key risk profile is also used to keep track of the risks to ensure corresponding controls are adequately established and effectively implemented to address the key risks so identified. The Management presented the key risk profile of the Group to the Board for review and deliberation during the financial year in order to ensure that these key risks were identified, evaluated and managed in line with the risk appetite of the Board.

Statement on Risk Management and Internal Control (cont'd)

INTERNAL AUDIT FUNCTION

Subsequent to the presentation of the Group's key risk profile to the Board in March 2014, the Audit Committee, in consultation with the internal auditor, formulated an internal audit plan for the financial year ending 30 April 2015 using a risk based approach.

The Group's internal audit function is outsourced to an independent professional firm in order to provide the Audit Committee with the assurance it requires on the adequacy and effectiveness of the Group's system of internal control. The internal audit function is reporting to the Audit Committee directly and governed by the engagement letter detailing the scope of works, accountability, responsibility, authority, independence and confidentiality.

The Group shall rely 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.

INTERNAL CONTROL SYSTEM

The 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) being established to carry out duties and responsibilities delegated by the Board, governed by written terms of reference.

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

- **Integrity and Ethical Value**

The tone from the top on integrity and ethical value are enshrined in a formal Code of Conduct established and approved by the Board during the financial year. This formal code forms the foundation of integrity and ethical value for the Group. Formal Whistle-Blowing Policy was put in place by the Board to provide a channel for employees and other interested parties to confidentially bring to the attention of the Audit Committee any concerns related to matters covered by the Group's Code of Conduct, legal issues and accounting or audit matters.

- **Organisation Structure and Authorisation Procedures**

The Group has a formal organisation structure in place to ensure appropriate level of authorities and responsibilities are delegated accordingly to competent staff in achieving operational effectiveness and efficiency. The authorisation requirements for key processes are stated in the duly approved authority limit charts.

- **Policies and Procedures**

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

- **Human Resource Management**

The Group has put in place consistent human resource practice throughout the Group to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently.

Statement on Risk Management and Internal Control (cont'd)

INTERNAL CONTROL SYSTEM (CONT'D)

- **Information and Communication**

At operational level, 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 in pursuit of the business objectives. Matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

- **External Bodies Certification**

JBS Auto-Tech Sdn Bhd is certified and in compliance with the ISO 9001:2008 (Quality Management System).

- **Monitoring and Review**

Monthly management accounts and the quarterly financial statement containing key financial results are presented to the Board for its review.

ASSURANCE PROVIDED BY THE GROUP MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

During the financial year under review, the performance of the Group were reviewed and deliberated by the Board, including, but not limited to, the adequacy and effectiveness of specific risk management and internal control system of the Group put in place to address potential business risks identified by the Management and/or the Board. Through such reviews by the Board with Managing Director and Senior Management of the Group, the Board is of the view that the risk management and internal control systems are properly formulated and put in place. The Board is not aware of any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

In line with the Guidelines, the Managing Director, being highest ranking executive in the Company and 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, to meet the Group's objectives during the financial year under review.

CONCLUSION

The Board is committed towards maintaining an effective risk management and internal control systems throughout the Group and where necessary put in place appropriate plans to further enhance the Group's systems of internal control. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to meet its business objectives in the current and future challenging business environment.

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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 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and 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	7,446,213	995,004
Attributable to:-		
Owners of the Company	7,455,638	995,004
Non-controlling interests	(9,425)	–
	7,446,213	995,004

DIVIDENDS

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

	RM
In respect of current financial year:	
An interim single tier dividend of 0.6 sen per ordinary share paid on 28 January 2014	900,000

The directors now recommend the payment of a single tier final tax-exempt dividend of 2.0 sen per ordinary share amounting to RM3,000,000 in respect of the financial year under review, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year,

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

Directors' Report (cont'd)

ISSUES OF SHARES AND DEBENTURES (CONT'D)

- (b) the Company increased its issued and paid-up share capital from RM1 to RM75,000,000 as part of its listing scheme on the Main Market of Bursa Malaysia Securities Berhad. The issued and paid-up share capital was increased in the following manner:-

- (i) Acquisition of Solid Corporation Sdn. Bhd. ("Solid Corporation")

The Company acquired 99.56% issued and paid-up share capital of Solid Corporation amounting to RM4,630,351 comprising 4,630,351 ordinary shares of RM1.00 each in Solid Corporation for a purchase consideration of RM40,289,363 which was wholly satisfied by the issuance of 80,578,726 new ordinary shares of the Company at an issue price of RM0.50 per share.

- (ii) Acquisition of Auto Empire Impex Pte. Ltd. ("Auto Empire")

The Company acquired the entire issued and paid-up share capital of Auto Empire amounting to SGD1,900,000 comprising 1,900,000 ordinary shares in Auto Empire for a purchase consideration of RM9,511,500 which was wholly satisfied by the issuance of 18,522,394 new ordinary shares of the Company at an issue price of RM0.50 per share and cash consideration of RM250,303.

- (iii) Acquisition of Twinco Far East Sdn. Bhd. ("Twinco")

The Company acquired the entire issued and paid-up share capital of Twinco amounting to RM1,878,417 comprising 1,878,417 ordinary shares of RM1.00 each in Twinco for a purchase consideration of RM7,597,500 which was wholly satisfied by the issuance of 15,195,000 new ordinary shares of the Company at an issue price of RM0.50 per share.

- (iv) Acquisition of JBS Auto-Tech Sdn. Bhd. ("JBS")

The Company, through Solid Corporation, acquired an additional 10% of the issued and paid-up share capital of JBS amounting to RM100,000 comprising 100,000 ordinary shares of RM1.00 each in JBS for a purchase consideration of RM159,939 which was wholly satisfied by the issuance of 319,878 new ordinary shares of the Company at an issue price of RM0.50 per share.

The above acquisitions were completed on 13 June 2013.

- (v) Public Issue

On 12 September 2013, the Company issued 35,384,000 new ordinary shares of RM0.50 each at an issue price of RM0.56 each per ordinary share for public issue and listing. The issuance of these new ordinary shares has created a share premium account of RM2,123,040 of which RM816,043 being expenses directly attributed to the issuance were written off against the share premium account.

The new ordinary shares issued during the financial year ranked 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.

Directors' Report (cont'd)

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

Directors' Report (cont'd)

ITEMS OF 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	(Appointed on 18 August 2014)
Chee Ho Chun	(Resigned on 1 July 2014)

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.5.2013	ALLOTTED/ BOUGHT	SOLD	AT 30.4.2014
<i>Direct Interests In The Company</i>				
Ker Min Choo	–	40,450,113	–	40,450,113
Ong Kheng Swee	–	4,064,486	(1,100,000)	2,964,486
Azahar Bin Baharudin	–	100,000	(100,000)	–
Chee Ho Chun	–	100,000	–	100,000
Kek Kok Swee	–	7,405,391	–	7,405,391
Ker Meng Oi	–	9,034,041	(1,503,500)	7,530,541
Ker Mong Keng	–	41,725,075	(5,000,000)	36,725,075
<i>Indirect Interests In The Company</i>				
Ker Min Choo	–	37,546	–	37,546
Ker Mong Keng	–	24,000	–	24,000
<i>Direct Interests In A Subsidiary, Solid Corporation</i>				
Ker Min Choo	1,674,285	–	(1,674,284)	1
Ong Kheng Swee	20,550	–	(20,549)	1

Directors' Report (cont'd)

DIRECTORS' INTERESTS (CONT'D)

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

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.5.2013	ALLOTTED/ BOUGHT	SOLD	AT 30.4.2014
<i>Indirect Interests In A Subsidiary, Solid Corporation</i>				
Ker Min Choo	–	4,630,351	–	4,630,351
Ong Kheng Swee	–	4,630,351	–	4,630,351
Chee Ho Chun	–	4,630,351	–	4,630,351
Kek Kok Swee	–	4,630,351	–	4,630,351
Ker Meng Oi	–	4,630,351	–	4,630,351
Ker Mong Keng	–	4,630,351	–	4,630,351
<i>Indirect Interests In A Sub-subsidiary, JBS</i>				
Ker Min Choo	–	800,000	–	800,000
Ong Kheng Swee	–	800,000	–	800,000
Chee Ho Chun	–	800,000	–	800,000
Kek Kok Swee	–	800,000	–	800,000
Ker Meng Oi	–	800,000	–	800,000
Ker Mong Keng	–	800,000	–	800,000

By virtue of the director's shareholdings in the shares of the Company, Ker Min Choo, Ker Mong Keng and Ker Meng Oi are deemed to have an interest in the Company and its related corporations 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 did not have any interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, 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 the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 32 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.

Directors' Report (cont'd)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

AUDITORS

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

Signed in accordance with a resolution of the directors dated 22 August 2014.

Ker Min Choo

Ong Kheng Swee

Statement By Directors

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 37 to 89 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 30 April 2014 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 39, 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 and 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 22 August 2014.

Ker Min Choo

Ong Kheng Swee

Statutory Declaration

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 37 to 89 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 Declaration Act 1960.

Subscribed and solemnly declared)
by the abovenamed)
at Johor Bahru in the state of Johor)
on this 22 August 2014.)

Ong Kheng Swee

Before me,

Mohdzar Bin Khalid
Commissioner for Oaths
No. J 204

Independent Auditor's Report

To the Members of Solid Automotive Berhad

Report on the Financial Statements

We have audited the financial statements of Solid Automotive Berhad, which comprise the statements of financial position as at 30 April 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flow 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 37 to 90.

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 controls 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 controls. 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 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Independent Auditor's Report (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 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 a 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 39 on page 71 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 and 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

22 August 2014

Johor Bahru

Wong Tak Mun
Approval No: 1793/09/16 (J)
Chartered Accountant

Statements of Financial Position

At 30 April 2014

		The Group		The Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	57,398,363	–
Property, plant and equipment	6	22,614,073	19,386,419	–	–
Investment properties	7	690,310	–	–	–
Other investments	8	102,600	102,600	–	–
		23,406,983	19,489,019	57,398,363	–
CURRENT ASSETS					
Inventories	9	41,940,796	34,489,943	–	–
Trade receivables	10	30,215,388	25,179,302	–	–
Other receivables, deposits and prepayments	11	1,576,959	2,698,872	92,000	–
Amount owing by subsidiaries	12	–	–	6,772,952	–
Tax recoverable		103,274	232,196	–	–
Fixed deposits with licensed banks	13	12,235,825	–	12,235,825	–
Cash and bank balances		4,551,046	7,388,802	29,514	1
		90,623,288	69,989,115	19,130,291	1
TOTAL ASSETS		114,030,271	89,478,134	76,528,654	1
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	75,000,000	57,308,000	75,000,000	1
Reserves	15	15,300,973	8,177,766	1,341,037	(60,964)
Equity attributable to owners of the Company		90,300,973	65,485,766	76,341,037	(60,963)
Non-controlling interests		494,456	517,445	–	–
TOTAL EQUITY		90,795,429	66,003,211	76,341,037	(60,963)
NON-CURRENT LIABILITIES					
Long-term borrowings	16	2,395,126	606,412	–	–
Deferred tax liabilities	17	35,266	14,739	–	–
		2,430,392	621,151	–	–
CURRENT LIABILITIES					
Trade payables	18	10,946,587	8,204,000	–	–
Other payables and accruals	19	3,614,607	3,896,909	145,742	60,964
Short-term borrowings	20	5,136,531	9,530,747	–	–
Amount owing to shareholders		–	907,277	–	–
Tax payable		534,792	314,839	41,875	–
Provision for warranty	23	571,933	–	–	–
		20,804,450	22,853,772	187,617	60,964
TOTAL LIABILITIES		23,234,842	23,474,923	187,617	60,964
TOTAL EQUITY AND LIABILITIES		114,030,271	89,478,134	76,528,654	1

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

Statements of Financial Position

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 April 2014

		The Group		The Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
REVENUE	24	118,081,184	108,793,449	2,788,408	–
COST OF SALES		(83,266,583)	(76,488,210)	–	–
GROSS PROFIT		34,814,601	32,305,239	2,788,408	–
OTHER INCOME		1,080,382	1,073,257	259,083	–
		35,895,983	33,378,496	3,047,491	–
ADMINISTRATIVE EXPENSES		(11,380,290)	(9,453,555)	(442,256)	(60,964)
SELLING AND DISTRIBUTION EXPENSES		(11,602,549)	(10,583,192)	–	–
FINANCE COSTS		(1,986,531)	(679,784)	(1,548,231)	–
PROFIT/(LOSS) BEFORE TAX	25	10,925,613	12,661,965	1,057,004	(60,964)
INCOME TAX EXPENSE	26	(3,479,400)	(3,258,714)	(62,000)	–
PROFIT/(LOSS) AFTER TAX		7,446,213	9,403,251	995,004	(60,964)
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences		562,326	7,142	–	–
		562,326	7,142	–	–
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR/PERIOD		8,008,539	9,410,393	995,004	(60,964)
PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO:-					
Owners of the Company		7,455,638	9,386,450	995,004	(60,964)
Non-controlling interests		(9,425)	16,801	–	–
		7,446,213	9,403,251	995,004	(60,964)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		8,017,964	9,393,592	995,004	(60,964)
Non-controlling interests		(9,425)	16,801	–	–
		8,008,539	9,410,393	995,004	(60,964)
EARNINGS PER SHARE (SEN)	27				
Basic		5.44	8.19		
Diluted		Not applicable	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 2014

The Group	Note	<----- Non-Distributable ----->				<- Distributable ->		Total RM
		Share Capital RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	(Accumulated Loss)/Retained Profits RM	Attributable To Owners Of The Company RM	Non- Controlling Interests RM	
At 12.9.2012 (date of incorporation)		1	-	-	-	1	-	1
Total comprehensive expenses for the financial period		-	-	-	(60,964)	(60,964)	-	(60,964)
Contribution by and distribution to owners of the Company:-								
- Issuance of shares pursuant to acquisition of subsidiaries	14 & 15	57,307,999	(43,360,988)	139,775	51,459,943	65,546,729	517,445	66,064,174
Total transactions with owners		57,307,999	(43,360,988)	139,775	51,459,943	65,546,729	517,445	66,064,174
Balance at 30.4.2013		57,308,000	(43,360,988)	139,775	51,398,979	65,485,766	517,445	66,003,211

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

Statements of Changes in Equity (cont'd)

The Group	Note	<- Distributable ->					Attributable To Owners Of The Company RM	Non-Controlling Interests RM	Total RM
		Share Capital RM	Share Premium RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	(Accumulated Loss)/Retained Profits RM			
Balance at 30.4.2013/1.5.2013		57,308,000	-	(43,360,988)	139,775	51,398,979	65,485,766	517,445	66,003,211
Profit after tax for the financial year		-	-	-	-	7,455,638	7,455,638	(9,425)	7,446,213
Other comprehensive income for the financial year:									
- Foreign currency translation differences		-	-	-	562,326	-	562,326	-	562,326
Contributions by and distributions to owners of the Company:-									
- Issuance of shares pursuant to public issue	14 & 15	17,692,000	2,123,040	-	-	-	19,815,040	-	19,815,040
- Dividends:									
- by the Company	28	-	-	-	-	(900,000)	(900,000)	-	(900,000)
- by a subsidiary to non-controlling interests		-	-	-	-	-	-	(13,564)	(13,564)
- by subsidiaries to previous owners		-	-	-	-	(1,301,754)	(1,301,754)	-	(1,301,754)
Total transactions with owners		17,692,000	2,123,040	-	-	(2,201,754)	17,613,286	(13,564)	17,599,722
Listing expenses	15.1	-	(816,043)	-	-	-	(816,043)	-	(816,043)
Balance at 30.4.2014		75,000,000	1,306,997	(43,360,988)	702,101	56,652,863	90,300,973	494,456	90,795,429

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

Statements of Changes in Equity (cont'd)

The Company	Note	Share Capital RM	Share Premium RM	(Accumulated Loss)/Retained Profit RM	Total RM
At 12.9.2012 (date of incorporation)		1	–	–	1
Loss after tax/Total comprehensive expenses for the financial period		–	–	(60,964)	(60,964)
Balance at 30.4.2013/1.5.2013		1	–	(60,964)	(60,963)
Profit after tax/Total comprehensive income for the financial year		–	–	995,004	995,004
Contributions by and distribution to owners of the Company:					
- Issuance of new shares pursuant to:	14 & 15				
- acquisition of subsidiaries		57,307,999	–	–	57,307,999
- public issue		17,692,000	2,123,040	–	19,815,040
- Dividend	28	–	–	(900,000)	(900,000)
Total transactions with owners		74,999,999	2,123,040	(900,000)	76,223,039
Listing expenses	15.1	–	(816,043)	–	(816,043)
Balance at 30.4.2014		75,000,000	1,306,997	34,040	76,341,037

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

Statements of Cash Flows

For the Financial Year Ended 30 April 2014

		The Group		The Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before tax		10,925,613	12,661,965	1,057,004	(60,964)
Adjustments for:-					
Allowance for impairment losses on trade receivables		90,116	336,840	-	-
Bad debts written off		1,105	-	-	-
Depreciation of investment properties		17,461	-	-	-
Depreciation of property, plant and equipment		1,582,074	1,505,884	-	-
Dividend income		-	-	(2,788,408)	-
Gain on disposal of property, plant and equipment		(71,654)	(14,019)	-	-
Interest expense		379,650	603,266	-	-
Interest income		(379,191)	(3,087)	(259,083)	-
Listing expenses	15.1	1,548,231	-	1,548,231	-
Loss/(Gain) on foreign exchange - unrealised		11,952	(89,584)	-	-
Property, plant and equipment written off		10,584	18,857	-	-
Provision for warranty		730,081	-	-	-
Rental income		(29,129)	(5,500)	-	-
Reversal of impairment losses on trade receivables		(311,152)	(395,913)	-	-
Utilisation of warranty		(158,148)	-	-	-
Operating profit/(loss) before working capital changes					
		14,347,593	14,618,709	(442,256)	(60,964)
(Increase)/Decrease in inventories		(7,450,853)	3,331,533	-	-
(Increase)/Decrease in trade and other receivables		(4,841,969)	2,906,321	(92,000)	-
Increase/(Decrease) in trade and other payables		2,460,285	(1,736,394)	84,778	60,964
CASH FROM/(FOR) OPERATIONS					
		4,515,056	19,120,169	(449,478)	-
Income tax paid		(3,416,078)	(4,043,321)	(20,125)	-
Income tax refund		303,098	304,939	-	-
Interest paid		(379,650)	(603,266)	-	-
Interest received		120,108	3,087	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES					
		1,142,534	14,781,608	(469,603)	-

Statements of Cash Flows (cont'd)

		The Group		The Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of a subsidiary		–	–	(250,303)	–
Advances to subsidiaries		–	–	(6,772,952)	–
Dividend received		–	–	2,788,408	–
Fixed deposit interest income received		259,083	–	259,083	–
Payment of deposit for the acquisition of property, plant and equipment		–	(521,334)	–	–
Purchase of property, plant and equipment	29	(4,683,399)	(521,692)	–	–
Proceeds from disposal of property, plant and equipment		82,875	17,636	–	–
Rental received		29,129	5,500	–	–
Repayment from a subsidiary for the acquisition of a sub-subsidiary		–	–	159,939	–
NET CASH FOR INVESTING ACTIVITIES		(4,312,312)	(1,019,890)	(3,815,825)	–
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividend paid		(2,215,318)	–	(900,000)	–
Payment of listing expenses		(1,285,545)	(1,078,729)	(1,285,545)	–
Proceeds from issuance of shares	14 & 15	19,815,040	–	19,815,040	–
(Repayment)/Net drawdown of foreign currency loan		(5,721,094)	4,652,639	–	–
Net drawdown/(Repayment) of term loans		2,353,365	(289,090)	–	–
Net drawdown/(Repayment) of bankers' acceptance		946,000	(11,724,000)	–	–
Repayment to directors		–	(145,784)	–	–
Repayment to previous owners		(907,277)	–	–	–
Repayment of hire purchase obligations		(498,773)	(363,977)	–	–
Reimbursement of listing expenses paid on behalf by a subsidiary		–	–	(1,078,729)	–
Repayment of bills payable		–	(298,568)	–	–
NET CASH FROM/(FOR) FINANCING ACTIVITIES		12,486,398	(9,247,509)	16,550,766	–
NET INCREASE IN CASH AND CASH EQUIVALENTS		9,316,620	4,514,209	12,265,338	–
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		81,449	(4,960)	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/AT INCORPORATION DATE		7,388,802	2,879,553	1	1
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	30	16,786,871	7,388,802	12,265,339	1

Notes to the Financial Statements

For the Financial Year Ended 30 April 2014

1. GENERAL INFORMATION

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

Registered office	:	157A, Jalan Sri Pelangi Taman Pelangi 80400 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 22 August 2014.

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 and interpretations (including the consequential amendments, if any):-

MFRSs and IC Interpretations (including the Consequential Amendments)

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 (2011) Defined Benefit Plans - Employee Contributions

MFRS 127 (2011) Investments in Associates and Joint Ventures

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

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

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

Annual Improvements to MFRSs 2009 - 2011 Cycle

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

3. BASIS OF PREPARATION (CONT'D)

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

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

MFRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. MFRS 12 is a disclosure standard and requires extensive disclosures of which the additional disclosures are disclosed in Note 5 to the financial statements.

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

MFRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
MFRS 9 (2009) Financial Instruments)
MFRS 9 (2010) Financial Instruments)To be announced
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures by MASB)by MASB
)
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities	1 January 2014
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operation	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

The above mentioned accounting standards and interpretations (including the consequential amendments) do not have any financial impact on the Group's financial statements 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 for 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 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 (cont'd)

For the Financial Year Ended 30 April 2014

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 and deferred tax provisions 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 write-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 base on the past historical movement trend of the inventories and judgement of the directors and management.

In general, such an 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

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

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

For the Financial Year Ended 30 April 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(g) 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.

(h) 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.

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.

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

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

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

(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 businesses 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.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations (Cont'd)

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 fair value of the acquiree's identifiable net assets at the date of the acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

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 the results in the non-controlling interests having a deficit balance.

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

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

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

(d) Loss of Control

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

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

Amount 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 (cont'd)

For the Financial Year Ended 30 April 2014

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

4.4 FINANCIAL INSTRUMENTS

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

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

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

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(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

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

(ii) Held-to-maturity Investments

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

(iii) Loans and Receivables Financial Assets

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

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

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any 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 (cont'd)

For the Financial Year Ended 30 April 2014

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 reporting date.

(c) Equity Instruments

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

(d) Derecognition

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

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

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 50 to 93 years
Buildings	2% to 14%
Fixture, furniture and equipment	10% to 25%
Motor vehicles	20%
Plant and machinery	10% to 15%

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 property, plant and equipment.

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

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

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. Building portion of investment properties are depreciated on the straight-line method over its estimated useful life whereas freehold land portion is not subject to depreciation.

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 from its disposal.

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

Transfers 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.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

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

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

(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 there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately.

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 capitalized in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.6 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 costs necessary to make the sale.

4.11 INCOME TAXES

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the 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 is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

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

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

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

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

4.12 CASH AND CASH EQUIVALENTS

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 PROVISIONS

Provisions are recognised when the Group has a present obligation 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 estimate expenditure required to settle the obligation. The unwinding of the discount is recognised as an interest expense in profit or loss.

4.14 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.

4.15 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.
- (b) An entity is related to a reporting entity if any of the following conditions applies:-
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 Company. 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.

4.17 FAIR VALUE MEASUREMENTS

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

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.

4.18 BORROWING COSTS

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

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

4.19 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 and trade discounts.

(b) Interest Income

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 REVENUE AND OTHER INCOME (CONT'D)

(c) Dividend Income

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

(d) Rental Income

Rental income is recognised on an accrual basis.

4.20 OPERATING SEGMENTS

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

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2014 RM	2013 RM
Unquoted shares, at cost		
- in Malaysia	47,886,863	—
- outside Malaysia	9,511,500	—
	<hr/> 57,398,363	<hr/> —

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name Of Subsidiary	Country Of Incorporation	Effective Equity Interest		Principal Activities
		2014 %	2013 %	
Solid Corporation	Malaysia	99.56	–	Trading and distribution of automotive electrical parts and components
Twincos	Malaysia	100.00	–	Trading and distribution of automotive engine and mechanical parts and components
Auto Empire*	Singapore	100.00	–	Trading and distribution of automotive engine and mechanical parts and components
Subsidiaries of Solid Corporation				
JBS	Malaysia	80.00	–	Remanufacture and assembly of automotive alternators and starters.
Uni Point Marketing (M) Sdn. Bhd.	Malaysia	100.00	–	Trading and distribution of automotive electrical parts and components
HKT Auto Electrical Parts Sdn. Bhd.	Malaysia	100.00	–	Dormant

Note:-

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

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

	Effective Equity Interest		The Group	
	2014 %	2013 %	2014 RM	2013 RM
Solid Corporation	0.44	0.44	233,034	223,044
JBS	20.00	20.00	261,422	294,401
			494,456	517,445

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Solid Corporation	
	2014	2013
	RM	RM
<u>At 30 April</u>		
Non-current assets	23,843,876	21,282,622
Current assets	51,188,059	43,871,118
Non-current liabilities	(2,344,391)	(202,295)
Current liabilities	(20,797,440)	(16,166,873)
Net assets	51,890,104	48,784,572
<u>Financial year ended 30 April</u>		
Revenue	90,621,934	85,664,641
Profit after tax for the financial year	6,175,128	8,244,493
Total comprehensive income	6,175,128	8,244,493
Total comprehensive income attributable to non-controlling interests	27,287	36,432
Dividends paid to non-controlling interests	(13,564)	(5,138)
Net cash flows from operating activities	830,365	11,931,253
Net cash flows for investing activities	(3,500,570)	(409,122)
Net cash flows from/(for) financing activities	813,696	(10,443,302)

The financial information for JBS is not presented as the contribution to the Group's assets, revenue and operating results from this subsidiary is less than 10%.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.5.2013 RM	Additions RM	Transfer to Investment properties RM	Disposals RM	Written off RM	Translation differences RM	Depreciation charges RM	At 30.4.2014 RM
Net Book Value								
Freehold land	6,593,693	—	(587,365)	—	—	—	—	6,006,328
Leasehold land	2,321,104	2,916,672	—	—	—	—	(120,928)	5,116,848
Buildings	6,296,836	1,000,000	(120,406)	—	—	—	(190,308)	6,986,122
Fixtures, furniture and equipment	1,964,975	506,781	—	(11,221)	(10,584)	2,916	(482,960)	1,969,907
Motor vehicles	1,962,437	837,487	—	—	—	16,655	(736,994)	2,079,585
Plant and machinery	247,374	258,793	—	—	—	—	(50,884)	455,283
	19,386,419	5,519,733	(707,771)	(11,221)	(10,584)	19,571	(1,582,074)	22,614,073
The Group								
Net Book Value		At 1.5.2012 RM	Additions RM	Disposals RM	Written off RM	Translation differences RM	Depreciation charges RM	At 30.4.2013 RM
Freehold land		6,593,037	656	—	—	—	—	6,593,693
Leasehold land		2,396,398	—	—	—	—	(75,294)	2,321,104
Buildings		6,580,926	—	—	—	—	(284,090)	6,296,836
Fixtures, furniture and equipment		2,213,127	229,203	(3,617)	(18,857)	193	(455,074)	1,964,975
Motor vehicles		1,878,703	740,762	—	—	(5,345)	(651,683)	1,962,437
Plant and machinery		219,763	67,354	—	—	—	(39,743)	247,374
		19,881,954	1,037,975	(3,617)	(18,857)	(5,152)	(1,505,884)	19,386,419

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At cost RM	Accumulated depreciation RM	Net book value RM
At 30.4.2014			
Freehold land	6,006,328	—	6,006,328
Leasehold land	5,539,358	(422,510)	5,116,848
Buildings	7,701,269	(715,147)	6,986,122
Fixtures, furniture and equipment	5,453,814	(3,483,907)	1,969,907
Motor vehicles	6,063,904	(3,984,319)	2,079,585
Plant and machinery	935,331	(480,048)	455,283
	31,700,004	(9,085,931)	22,614,073
At 30.4.2013			
Freehold land	6,593,693	—	6,593,693
Leasehold land	2,622,686	(301,582)	2,321,104
Buildings	6,994,622	(697,786)	6,296,836
Fixtures, furniture and equipment	5,170,613	(3,205,638)	1,964,975
Motor vehicles	5,398,233	(3,435,796)	1,962,437
Plant and machinery	676,538	(429,164)	247,374
	27,456,385	(8,069,966)	19,386,419

- (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	
	2014 RM	2013 RM
Motor vehicles	773,958	1,333,985

- (b) The following assets have been pledged to the financial institutions as security for banking facilities granted to the Group:-

	The Group	
	2014 RM	2013 RM
Freehold land	3,897,042	3,897,042
Leasehold land	3,882,177	1,029,805
Buildings	4,293,448	4,086,702
	12,072,667	9,013,549

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

7. INVESTMENT PROPERTIES

The Group	At 1.5.2013 RM	Transfer from Property, plant and equipment RM	Depreciation charges RM	At 30.4.2014 RM
Net Book Value				
Freehold land	–	587,365	–	587,365
Buildings	–	120,406	(17,461)	102,945
	–	707,771	(17,461)	690,310

The Group	At cost RM	Accumulated depreciation RM	Net book value RM
At 30.4.2014			
Freehold land	587,365	–	587,365
Buildings	293,353	(190,408)	102,945
	880,718	(190,408)	690,310

The fair value of the investment properties is approximately RM1,400,000 as at the end of the reporting period, it has been arrived on the basis of the Directors' best estimate.

8. OTHER INVESTMENTS

	The Group 2014 RM	2013 RM
Transferable golf club memberships, at cost	102,600	102,600

9. INVENTORIES

	The Group 2014 RM	2013 RM
At cost:-		
Raw materials	2,219,770	1,767,152
Work-in-progress	771,798	592,578
Finished goods	3,227,723	2,803,325
Goods-in-transit	4,653,130	3,230,578
Trading goods	29,459,130	24,681,239
	40,331,551	33,074,872
At net realisable value:-		
Raw materials	626,158	1,233,824
Trading goods	983,087	181,247
	41,940,796	34,489,943

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

10. TRADE RECEIVABLES

	The Group	
	2014 RM	2013 RM
Trade receivables	31,048,183	26,326,995
Less: Allowance for impairment losses	(832,795)	(1,147,693)
	30,215,388	25,179,302
Allowance for impairment losses:-		
At 1 May 2013/2012	1,147,693	1,206,766
Addition during the financial year	90,116	336,840
Reversal during the financial year	(311,152)	(395,913)
Written off during the financial year	(98,809)	–
Foreign exchange translation differences	4,947	–
At 30 April 2014/2013	832,795	1,147,693

The Group's normal trade credit terms range from 30 to 90 days.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other receivables	316,351	24,075	90,000	–
Deposits	464,336	884,902	2,000	–
Prepayments	796,272	1,789,895	–	–
	1,576,959	2,698,872	92,000	–

12. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2014 RM	2013 RM
Amount Owing By Subsidiaries		
Current		
Non-trade balances	6,772,952	–

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

12. AMOUNT OWING BY SUBSIDIARIES (CONT'D)

- (a) The following table provides information on the amount owing by subsidiaries prior to its offsetting:-

The Company	Gross Amount RM	Amount Offset RM	Net Carrying Amount RM
2014			
Amounts owing by	9,187,125	(2,414,173)	6,772,952
Amount owing to	(2,414,173)	2,414,173	–

- (b) The non-trade balances represent unsecured interest-free advances. The amounts owing are repayable on demand.

13. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Company at the end of the reporting period bore effective interest rates of 3.50% per annum. The fixed deposits have maturity periods of 3 months.

14. SHARE CAPITAL

	The Company			
	2014 Number of shares	2013	2014 RM	2013 RM
Authorised				
Ordinary shares of RM0.50 each	200,000,000	200,000,000	100,000,000	100,000,000
Issued And Fully Paid-Up				
<i>Ordinary shares of RM0.50 each</i>				
At 1 May 2013/At date of incorporation	2	2	1	1
Issuance of shares pursuant to initial public offering:-				
- acquisition of subsidiaries*	114,615,998	–	57,307,999	–
- public issue	35,384,000	–	17,692,000	–
At 30 April 2014/2013	150,000,000	2	75,000,000	1

Note:-

- * - The share capital of RM57,307,999 was presented based on the share capital in issue pursuant to the acquisitions of subsidiaries, which were consolidated using the merger method of accounting as disclosed in Note 36(a) to the financial statements.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

14. SHARE CAPITAL (CONT'D)

During the financial year, the Company increased its issued and paid-up share capital from RM1 to RM75,000,000 as part of its listing scheme on the Main Market of Bursa Malaysia Securities Berhad. The issued and paid-up share capital was increased in the following manner:-

- (a) Acquisitions of subsidiaries by issuance of 114,615,998 new ordinary shares of RM0.50 each as disclosed in Note 36(a) to the financial statements.
- (b) Public issue of 35,384,000 new ordinary shares of RM0.50 each at an issue price of RM0.56 per share as disclosed in Note 36(b) to the financial statements.

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

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

15. RESERVES

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-distributable reserves:-				
- Share premium	1,306,997	–	1,306,997	–
- Merger deficit	(43,360,988)	(43,360,988)	–	–
- Foreign exchange translation reserve	702,101	139,775	–	–
	(41,351,890)	(43,221,213)	1,306,997	–
Distributable reserve:-				
- Retained profits/ (Accumulated loss)	56,652,863	51,398,979	34,040	(60,964)
	15,300,973	8,177,766	1,341,037	(60,964)

15.1 SHARE PREMIUM

The movements in the share premium of the Group and the Company are as follows:-

	The Group and The Company	
	2014 RM	2013 RM
At 1 May 2013/2012	–	–
Premium from public issue	2,123,040	–
Listing expenses	(816,043)	–
At 30 April 2014/2013	1,306,997	–

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

15. RESERVES (CONT'D)

15.1 SHARE PREMIUM (CONT'D)

Share premium comprises the premium paid on subscription of shares in the Company and above the par value of the shares net of listing expenses. The total listing expenses for the Initial Public Offering exercise amounted to RM2,364,274, out of which RM816,043 were written off against share premium. The balance of the listing expenses of RM1,548,231 were recognised in the profit or loss as disclosed in Note 25 to the financial statements.

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

15.2 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.

15.3 FOREIGN EXCHANGE TRANSLATION RESERVE

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

15.4 RETAINED PROFITS/(ACCUMULATED LOSS)

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

16. LONG-TERM BORROWINGS

	The Group	
	2014 RM	2013 RM
Hire purchase payables (Note 21)	319,664	454,105
Term loans (Note 22)	2,075,462	152,307
	<hr/> 2,395,126	<hr/> 606,412

17. DEFERRED TAX LIABILITIES

	The Group	
	2014 RM	2013 RM
At 1 May 2013 / 2012	(14,739)	143,762
Recognised in profit or loss (Note 26)	(20,527)	(158,501)
At 30 April 2014 / 2013	<hr/> (35,266)	<hr/> (14,739)

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

17. DEFERRED TAX LIABILITIES (CONT'D)

The deferred tax liabilities are attributable to the following:-

	The Group	
	2014 RM	2013 RM
Deferred tax liabilities		
- Accelerated capital allowances	(371,200)	(156,500)
- Unrealised foreign exchange gain	–	(21,900)
	(371,200)	(178,400)
Deferred tax assets		
- Unabsorbed capital allowances	–	7,400
- Impairment losses on trade receivables	24,800	70,600
- Inventories written down	67,800	–
- Unrealised foreign exchange loss	2,800	–
- Provision for warranty	140,300	–
- Others	100,234	85,661
	335,934	163,661
Net deferred tax liabilities	(35,266)	(14,739)

No deferred tax asset is recognised in a subsidiary in respect of the following due to the uncertainty of its recoverability:-

	The Group	
	2014 RM	2013 RM
Unabsorbed capital allowances	30,000	11,000
Unutilised tax losses	312,000	134,000
	342,000	145,000

18. TRADE PAYABLES

The normal trade credit term granted to the Group is 30 to 90 days.

19. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other payables	2,350,328	3,346,072	4,742	59,174
Accruals	1,097,588	515,281	141,000	1,790
Payroll liabilities	166,691	35,556	–	–
	3,614,607	3,896,909	145,742	60,964

Included in other payables of the Group amounting to RM12,083 (2013: RM25,044) represent amount owing to a company in which certain directors have substantial financial interests.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

20. SHORT-TERM BORROWINGS

	The Group	
	2014 RM	2013 RM
Bankers' acceptance	4,072,000	3,126,000
Foreign currency loan	–	5,721,094
Hire purchase payables (Note 21)	358,960	408,292
Term loans (Note 22)	705,571	275,361
	<hr/> 5,136,531	<hr/> 9,530,747

- (a) The bankers' acceptance is drawn for a period ranging from 112 to 178 days.
- (b) Bankers' acceptance, foreign currency loan and term loans are secured by way of:-
- (i) legal charges over the landed properties of the Group as disclosed in Note 6 to the financial statements;
 - (ii) a corporate guarantee by a company in which certain directors have substantial financial interests; and
 - (iii) joint and several guarantee by certain directors of the Group.

21. HIRE PURCHASE PAYABLES

	The Group	
	2014 RM	2013 RM
Minimum hire purchase payments:		
- not later than one year	385,155	445,408
- later than one year and not later than five years	337,071	481,809
	<hr/> 722,226	<hr/> 927,217
Less: Future finance charges	(43,602)	(64,820)
Present value of hire purchase payables	<hr/> 678,624	<hr/> 862,397
<u>Current (Note 20)</u>		
Not later than one year	358,960	408,292
<u>Non-Current (Note 16)</u>		
Later than one year and not later than five years	319,664	454,105
	<hr/> 678,624	<hr/> 862,397

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

22. TERM LOANS

	The Group	
	2014 RM	2013 RM
<u>Current (Note 20)</u>		
Not later than one year	705,571	275,361
<u>Non-Current (Note 16)</u>		
Later than one year and not later than two years	589,649	152,307
Later than two years and not later than five years	1,485,813	–
	2,075,462	152,307
	2,781,033	427,668

The term loans are secured in the same manner as the short term borrowings as disclosed in Note 20 to the financial statements and are repayable as follows:-

Term loan 1 at Base Lending Rate ("BLR") + 1.0% per annum	Repayable in 60 monthly instalments of RM3,683, effective from May 2009.
Term loan 2 at BLR - 2% per annum	Repayable in 60 monthly instalments of RM56,066, effective from September 2013.

23. PROVISION FOR WARRANTY

	The Group	
	2014 RM	2013 RM
At 1 May 2013/2012	–	–
Addition during the financial year	730,081	–
Utilisation during the financial year	(158,148)	–
At 30 April 2014/2013	571,933	–

24. REVENUE

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Sales of goods	118,081,184	108,793,449	–	–
Dividend income	–	–	2,788,408	–
	118,081,184	108,793,449	2,788,408	–

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

25. PROFIT/(LOSS) BEFORE TAX

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit/(Loss) before tax is arrived after charging:-				
Allowance for impairment losses on trade receivables	90,116	336,840	—	—
Audit fee				
- current financial year	124,811	100,030	20,000	800
- underprovision in the previous financial year	11,200	10,720	1,200	—
Bad debts written off	1,105	—	—	—
Depreciation of investment properties	17,461	—	—	—
Depreciation of property, plant and equipment	1,582,074	1,505,884	—	—
Directors' fee	152,768	224,910	120,000	—
Directors' non-fee emoluments	2,200,808	2,047,304	—	—
Interest expense	379,650	603,266	—	—
Listing expenses	1,548,231	—	1,548,231	—
Loss on foreign exchange:				
- realised	530,559	—	—	—
- unrealised	11,952	—	—	—
Property, plant and equipment written off	10,584	18,857	—	—
Provision for warranty	730,081	—	—	—
Rental expenses:				
- equipment	4,560	4,560	—	—
- hostel	53,566	15,600	—	—
- motor vehicles	12,015	11,098	—	—
- warehouse	257,264	193,711	—	—
- office	495,176	452,762	—	—
Staff costs:				
- defined contribution plan	1,108,387	966,394	—	—
- salaries and other benefits	11,003,559	9,159,479	—	—
and after crediting:-				
Bad debts recovered	3,577	4,231	—	—
Dividend income	—	—	2,788,408	—
Gain on disposal of property, plant and equipment	71,654	14,019	—	—
Gain on foreign exchange:				
- realised	—	103,332	—	—
- unrealised	—	89,584	—	—
Interest income	379,191	3,087	259,083	—
Rental income	29,129	5,500	—	—
Reversal of impairment losses on trade receivables	311,152	395,913	—	—

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

26. INCOME TAX EXPENSE

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Income tax:				
- Malaysian tax	3,490,512	3,169,393	62,000	-
- foreign tax	62,698	53,355	-	-
- overprovision in the previous financial year	(94,337)	(122,535)	-	-
	3,458,873	3,100,213	62,000	-
Deferred taxation (Note 17):				
- relating to origination or reversal of temporary differences	(194,473)	47,301	-	-
- effect of proposed change in corporate income tax rate from 25% to 24%	(8,900)	-	-	-
- underprovision in the previous financial year	223,900	111,200	-	-
	20,527	158,501	-	-
	3,479,400	3,258,714	62,000	-

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

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit/(Loss) before tax	10,925,613	12,661,965	1,057,004	(60,964)
Tax at the statutory tax rate of 25% (2013: 25%)	2,731,404	3,165,491	264,251	(15,241)
Tax effects of:-				
Differential of tax rate for the first RM500,000	-	(25,000)	-	-
Non-taxable income	(23,848)	(12,702)	(697,102)	-
Non-deductible expenses	773,812	252,600	494,851	15,241
Deferred tax assets not recognised during the financial year	37,994	44,528	-	-
Effects of differential in tax rates of a subsidiary	(160,625)	(154,868)	-	-
Effect of proposed change in corporate income tax rate from 25% to 24% on deferred tax	(8,900)	-	-	-
Overprovision of income tax in the previous financial year	(94,337)	(122,535)	-	-
Underprovision of deferred taxation in the previous financial year	223,900	111,200	-	-
Income tax expense for the financial year	3,479,400	3,258,714	62,000	-

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective from year of assessment 2016.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

27. EARNINGS PER SHARE

	The Group	
	2014 RM	2013 RM
Profit attributable to owners of the Company (RM)	7,455,638	9,386,450
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 May 2013 / At date of incorporation	114,616,000	2
Effect of acquisitions of subsidiaries*	–	114,615,998
Effect of public issue	22,393,710	–
Weighted average number of ordinary shares at 30 April 2014/2013	137,009,710	114,616,000
Basic earnings per share (Sen)	5.44	8.19

Note:-

- * - Ordinary shares arising from the acquisitions are assumed to be issued throughout the beginning of the financial year on 1 May 2012 as the acquisitions of subsidiaries were accounted for under common control using the pooling interest method of consolidation.

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

28. DIVIDEND

	The Company	
	2014 RM	2013 RM
Interim tax-exempt dividend of 0.6 sen per ordinary share in respect of the current financial year	900,000	–
	900,000	–

At the forthcoming Annual General Meeting, a final dividend of 2.0 sen per ordinary share amounting to RM3,000,000 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 in the financial year ending 30 April 2015.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

29. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group	
	2014 RM	2013 RM
Cost of property, plant and equipment purchased	5,519,733	1,037,975
Deposits paid in the previous financial year	(521,334)	–
Amount financed through hire purchase	(315,000)	(516,283)
Cash disbursed for purchase of property, plant and equipment	4,683,399	521,692

30. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Fixed deposits with licensed banks	12,235,825	–	12,235,825	–
Cash and bank balances	4,551,046	7,388,802	29,514	1
	16,786,871	7,388,802	12,265,339	1

31. DIRECTORS' REMUNERATION

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

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors of the Company				
Executive directors:				
- fee	–	192,433	–	–
- non-fee emoluments	1,612,420	1,496,227	–	–
Non-Executive directors				
- fee	120,000	–	120,000	–
	1,732,420	1,688,660	120,000	–
Directors of the Subsidiaries				
Executive directors:				
- fee	32,768	32,477	–	–
- non-fee emoluments	588,388	551,077	–	–
	621,156	583,554	–	–
	2,353,576	2,272,214	120,000	–

The estimated monetary value of benefits-in-kind provided by the Group to its executive director is RM66,222.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

31. DIRECTORS' REMUNERATION (CONT'D)

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

	The Group	
	2014	2013
	Number Of Directors	
Executive directors:-		
RM250,001 - RM300,000	1	1
RM300,001 - RM350,000	1	1
RM500,001 - RM550,000	2	2
Non-Executive directors:-		
Below RM50,000	3	–
	7	4

32. SIGNIFICANT RELATED PARTIES DISCLOSURES

- (a) Identities of related parties

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

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

	The Group	
	2014	2013
	RM	RM
<i>A company in which certain directors have substantial financial interests</i>		
Sales	26,411	–
Transport charges paid/payable	622,438	534,207
<i>Directors and a family member</i>		
Rental expenses	379,976	371,330
	The Company	
	2014	2013
	RM	RM
Dividend from subsidiaries	2,788,408	–

33. CONTINGENT LIABILITIES

	The Group	
	2014	2013
	RM	RM
Corporate guarantee given to licensed bank by a subsidiary for credit facilities granted to a sub-subsidiary	1,223,381	1,213,556

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

34. 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 maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

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

- | | | |
|-----|--|---|
| (a) | Automotive electrical parts | involved in the trading and distribution of automotive electrical parts and components; |
| (b) | Automotive engine and mechanical parts | involved in the trading and distribution of automotive engine and mechanical parts and components; and |
| (c) | Others | involved in the remanufacturing of automotive alternators and starters and investment holding and provision of management services. |

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related items, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

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

BUSINESS SEGMENTS

2014	Automotive electrical parts RM	Automotive engine and mechanical parts RM	Others RM	Group RM
<u>Revenue</u>				
External revenue	90,827,452	26,278,316	975,416	118,081,184
Inter-segment revenue	3,075,434	1,754,559	7,446,482	12,276,475
Dividend income	—	—	2,788,408	2,788,408
Total revenue	93,902,886	28,032,875	11,210,306	133,146,067
Consolidation adjustments and eliminations				(15,064,883)
Consolidated revenue				118,081,184

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

34. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2014	Automotive electrical parts RM	Automotive engine and mechanical parts RM	Others RM	Group RM
<u>Results</u>				
Results before following adjustments	11,499,944	2,955,614	3,193,390	17,648,948
Consolidation adjustments and eliminations	7,411,638	(13,412)	(9,573,300)	(2,175,074)
Interest expense	(250,029)	(60,353)	(69,268)	(379,650)
Income tax expense	(2,960,387)	(503,260)	(15,753)	(3,479,400)
	15,701,166	2,378,589	(6,464,931)	11,614,824
Other material items of income (Note a)	324,020	206,113	264,570	794,703
Depreciation of property, plant and equipment	(1,261,081)	(196,879)	(124,114)	(1,582,074)
Depreciation of investment properties	(17,461)	–	–	(17,461)
Other material items of expenses (Note b)	(487,134)	(146,513)	(1,557,795)	(2,191,442)
Other non-cash expenses (Note c)	(271,200)	–	(458,881)	(730,081)
Segment results	13,988,310	2,241,310	(8,341,151)	7,888,469
Unallocated expenses				(442,256)
Consolidated profit after tax				7,446,213
<u>Assets</u>				
Segment assets	76,353,508	24,959,963	82,600,980	183,914,451
Eliminations				(69,987,454)
				113,926,997
Unallocated assets				103,274
Consolidated total assets				114,030,271
<u>Liabilities</u>				
Segment liabilities	17,628,922	4,370,165	3,428,243	25,427,330
Eliminations				(10,294,203)
				15,133,127
Unallocated liabilities				8,101,715
Consolidated total liabilities				23,234,842
<u>Other Segment Items</u>				
Additions to non-current assets other than financial instruments :-				
- Property, plant and equipment	5,142,473	56,417	320,843	5,519,733

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

34. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2013	Automotive electrical parts RM	Automotive engine and mechanical parts RM	Others RM	Group RM
<u>Revenue</u>				
External revenue	85,270,008	22,959,439	564,002	108,793,449
Inter-segment revenue	4,260,603	2,163,549	7,177,375	13,601,527
Total revenue	89,530,611	25,122,988	7,741,377	122,394,976
Consolidation adjustments and eliminations				(13,601,527)
Consolidated revenue				108,793,449
<u>Results</u>				
Results before following adjustments	11,025,703	2,632,883	118,431	13,777,017
Consolidation adjustments and eliminations	7,114,961	(425,862)	(5,894,006)	795,093
Interest expense	(416,406)	(103,761)	(83,099)	(603,266)
Income tax expense	(2,798,553)	(463,248)	3,087	(3,258,714)
Other material items of income (Note a)	14,925,705	1,640,012	(5,855,587)	10,710,130
Depreciation of property, plant and equipment	527,059	90,329	(1,722)	615,666
Other material items of expenses (Note b)	(1,212,452)	(169,484)	(123,948)	(1,505,884)
Other material items of expenses (Note b)	(191,513)	(163,684)	(500)	(355,697)
Segment results	14,048,799	1,397,173	(5,981,757)	9,464,215
Unallocated expenses				(60,964)
Consolidated profit after tax				9,403,251

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

34. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2013	Automotive electrical parts RM	Automotive engine and mechanical parts RM	Others RM	Group RM
<u>Assets</u>				
Segment assets	66,857,199	23,243,895	5,088,005	95,189,099
Eliminations				(5,943,161)
Unallocated assets				89,245,938
Consolidated total assets				232,196
				89,478,134
<u>Liabilities</u>				
Segment liabilities	10,600,965	2,706,459	2,047,592	15,355,016
Eliminations				(2,346,830)
Unallocated liabilities				13,008,186
Consolidated total liabilities				10,466,737
				23,474,923
<u>Other Segment Items</u>				
Additions to non-current assets other than financial instruments :-				
- Property, plant and equipment	491,276	459,699	87,000	1,037,975

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

	The Group	
	2014 RM	2013 RM
Bad debts recovered	3,577	4,231
Gain on disposal of property, plant and equipment	71,654	14,019
Gain on foreign exchange - realised	—	103,332
Gain on foreign exchange - unrealised	—	89,584
Interest income	379,191	3,087
Rental income	29,129	5,500
Reversal of impairment losses for trade receivables	311,152	395,913
	794,703	615,666

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

34. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

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

	The Group	
	2014 RM	2013 RM
Allowance for impairment losses on trade receivables	90,116	336,840
Listing expenses	1,548,231	–
Loss on foreign exchange - realised	530,559	–
Loss on foreign exchange - unrealised	11,952	–
Property, plant and equipment written off	10,584	18,857
	2,191,442	355,697

(c) Other material non-cash expenses consist of the following:-

	The Group	
	2014 RM	2013 RM
Provision for warranty	730,081	–

GEOGRAPHICAL INFORMATION

	Revenue		Non-Current Assets	
	2014 RM	2013 RM	2014 RM	2013 RM
<u>Domestic market:</u>				
Malaysia and Singapore	70,960,338	65,557,668	23,406,983	19,489,019
<u>Overseas market:</u>				
Middle East and Africa	39,140,447	37,488,810	–	–
Others	7,980,399	5,746,971	–	–
	118,081,184	108,793,449	23,406,983	19,489,019

MAJOR CUSTOMERS

There is no existing customer which contributes equal to or more than 10% of the Group's revenue.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

35. 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.

35.1 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 Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") 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's significant exposure to foreign currency is as follows:-

The Group	USD RM	SGD RM	JPY RM
2014			
<u>Financial Assets</u>			
Trade receivables	5,674,430	—	—
Other receivables, deposits and prepayments	130,475	—	—
Cash and bank balances	1,311,424	162	32,426
	7,116,329	162	32,426
<u>Financial Liabilities</u>			
Trade payables	(4,106,235)	(126,539)	(861,262)
Other payables and accruals	(66,012)	—	—
	(4,172,247)	(126,539)	(861,262)
Currency exposure	2,944,082	(126,377)	(828,836)

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's significant exposure to foreign currency is as follows (Cont'd):-

The Group	USD RM	SGD RM	JPY RM
2013			
<u>Financial Assets</u>			
Trade receivables	3,765,928	–	17,325
Cash and bank balances	–	96,887	–
	3,765,928	96,887	17,325
<u>Financial Liabilities</u>			
Trade payables	(2,690,979)	(267,982)	(962,837)
Other payables and accruals	(4,034)	–	–
Bank borrowings	(5,721,094)	–	–
	(8,416,107)	(267,982)	(962,837)
Currency exposure	(4,650,179)	(171,095)	(945,512)

Foreign currency risk sensitivity analysis

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

	The Group	
	2014 RM	2013 RM
Effects On Profit After Tax		
USD/RM - strengthened by 13% (2013: 6%)	293,912	(155,302)
- weakened by 13% (2013: 6%)	(293,912)	155,302
SGD/RM - strengthened by 9% (2013: 3%)	(8,531)	(3,850)
- weakened by 9% (2013: 3%)	8,531	3,850
JPY/RM - strengthened by 16% (2013: 34%)	(99,460)	(242,354)
- weakened by 16% (2013: 34%)	99,460	242,354
Effects On Equity		
SGD/RM - strengthened by 9% (2013: 3%)	945,551	280,581
- weakened by 9% (2013: 3%)	(945,551)	(280,581)

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 35.1(c) to the financial statements.

Interest rate risk sensitivity analysis

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

	The Group	
	2014 RM	2013 RM
Effects On Profit After Tax		
Increase of 100 basis point (bp)	(242,354)	(88,312)
Decrease of 100 bp	242,354	88,312

(iii) Equity Price Risk

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

(b) Credit Risk

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

The Group 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 customer creditworthiness, changes in customers' payment terms and prior experience.

(i) Credit risk concentration profile

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

(ii) Exposure to credit risk

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Exposure to credit risk (Cont'd)

The exposure of credit risk for trade receivables by geographical region is as follows:-

	The Group	
	2014 RM	2013 RM
Malaysia and Singapore	24,828,154	21,440,345
Middle East and Africa	3,682,190	2,905,506
Others	1,705,044	833,451
	30,215,388	25,179,302

(iii) Aging analysis

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

The Group	Gross Amount RM	Individual Impairment RM	Carrying Value RM
2014			
Not past due	21,671,794	–	21,671,794
Past due:			
- less than 3 months	7,721,592	–	7,721,592
- 3 to 6 months	709,810	–	709,810
- over 6 months	944,987	(832,795)	112,192
	31,048,183	(832,795)	30,215,388
2013			
Not past due	17,390,423	–	17,390,423
Past due:			
- less than 3 months	6,351,785	–	6,351,785
- 3 to 6 months	759,090	–	759,090
- over 6 months	1,825,697	(1,147,693)	678,004
	26,326,995	(1,147,693)	25,179,302

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Aging analysis (Cont'd)

No collective impairment allowance is provided as based on the past records, the irrecoverable amounts from the sale of goods are very insignificant.

Trade receivables that are past due but not impaired

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

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither due nor impaired are regular customers that have been transacting with the Group. The Groups uses aging analysis to monitor the credit quality of the trade receivables.

(c) Liquidity Risk

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

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

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2014					
Trade payables	–	10,946,587	10,946,587	10,946,587	–
Other payables and accruals	–	3,614,607	3,614,607	3,614,607	–
Hire purchase payables	4.15	678,624	722,226	385,155	337,071
Term loans	4.75	2,781,033	3,154,717	844,723	2,309,994
Bankers' acceptance	6.52	4,072,000	4,072,000	4,072,000	–
		22,092,851	22,510,137	19,863,072	2,647,065

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

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

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2013					
Trade payables	–	8,204,000	8,204,000	8,204,000	–
Other payables and accruals	–	3,896,909	3,896,909	3,896,909	–
Amount owing to shareholders	–	907,277	907,277	907,277	–
Hire purchase payables	4.12	862,397	927,217	445,408	481,809
Term loans	7.45	427,668	459,499	307,192	152,307
Bankers' acceptance	4.29	3,126,000	3,126,000	3,126,000	–
Foreign currency loan	1.21	5,721,094	5,721,094	5,721,094	–
		23,145,345	23,241,996	22,607,880	634,116
<hr/>					
The Company		Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	
2014					
Other payables and accruals		145,742	145,742	145,742	
<hr/>					
The Company		Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	
2013					
Other payables and accruals		60,964	60,964	60,964	
<hr/>					

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

35. FINANCIAL INSTRUMENTS (CONT'D)

35.2 CAPITAL RISK MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory requirements, if any. The debt-to-equity ratio is calculated as total net borrowings from financial institutions divided by total equity.

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 debts.

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

35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Financial Assets				
<u>Available-for-sale financial assets</u>				
Other investments	102,600	102,600	–	–
<u>Loans and receivables</u>				
<u>financial assets</u>				
Trade receivables	30,215,388	25,179,302	–	–
Other receivables and deposits	780,687	908,977	92,000	–
Amount owing by subsidiaries	–	–	6,772,952	–
Fixed deposits with licensed banks	12,235,825	–	12,235,825	–
Cash and bank balances	4,551,046	7,388,802	29,514	1
	47,782,946	33,477,081	19,130,291	1
Financial Liabilities				
<u>Other financial liabilities</u>				
Borrowings				
- long-term	2,395,126	606,412	–	–
- short-term	5,136,531	9,530,747	–	–
Trade payables	10,946,587	8,204,000	–	–
Other payables and accruals	3,614,607	3,896,909	145,742	60,964
Amount owing to shareholders	–	907,277	–	–
	22,092,851	23,145,345	145,742	60,964

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

35. FINANCIAL INSTRUMENTS (CONT'D)

35.4 FAIR VALUE INFORMATION

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to relatively short-term maturity of the financial statements.

The Group 2014	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
Financial Liabilities								
Hire purchase payables	-	-	-	-	582,290	-	582,290	678,624
Term loans	-	-	-	-	3,068,990	-	3,068,990	2,781,033
The Group 2013	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
Financial Liabilities								
Hire purchase payables	-	-	-	-	885,170	-	885,170	862,397
Term loans	-	-	-	-	427,668	-	427,668	427,668

Note:-

* - Comparative fair value information is not presented by levels, by virtue of the exemption given in MFRS 13.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

35. FINANCIAL INSTRUMENTS (CONT'D)

35.4 FAIR VALUE INFORMATION (CONT'D)

The fair values above have been determined using the following basis:-

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

	The Group	
	2014	2013
	%	%
Hire purchase payables	2.15 – 3.20	2.49 – 5.68
Term loans	4.85 – 7.85	4.00 – 7.60

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The approval from the Securities Commission Malaysia for the listing on the Main Market of Bursa Malaysia Securities Berhad of its entire issued and paid-up capital was obtained on 3 May 2013 which involved the following events:-

(a) Acquisitions

On 8 October 2012, the Company entered into a conditional Share Sale Agreement to acquire the equity interest of the following entities for the purpose of listing on the Main Market of Bursa Malaysia Securities Berhad:-

- (i) acquisition of 99.56% issued and paid-up share capital of Solid Corporation amounting to RM4,630,351 comprising 4,630,351 ordinary shares of RM1.00 each in Solid Corporation for a purchase consideration of RM40,289,363 which was wholly satisfied by the issuance of 80,578,726 new ordinary shares of the Company at an issue price of RM0.50 per share;
- (ii) acquisition of the entire issued and paid-up share capital of Auto Empire amounting to SGD1,900,000 comprising 1,900,000 ordinary shares in Auto Empire for a purchase consideration of RM9,511,500 which was wholly satisfied by the issuance of 18,522,394 new ordinary shares of the Company at an issue price of RM0.50 per share and cash consideration of RM250,303;
- (iii) acquisition of the entire issued and paid-up share capital of Twinco amounting to RM1,878,417 comprising 1,878,417 ordinary shares of RM1.00 each in Twinco for a purchase consideration of RM7,597,500 which was wholly satisfied by the issuance of 15,195,000 new ordinary shares of the Company at an issue price of RM0.50 per share; and
- (iv) acquisition of additional 10% issued and paid-up share capital of JBS, through Solid Corporation, amounting to RM100,000 comprising 100,000 ordinary shares of RM1.00 each in JBS for a purchase consideration of RM159,939 which was wholly satisfied by the issuance of 319,878 new ordinary shares of the Company at an issue price of RM0.50 per share.

The above sale and purchase exercise had been completed on 13 June 2013.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(b) Public Issue

On 19 August 2013, the Company has undertaken a public issue of 35,384,000 new ordinary shares of RM0.50 each, representing 23.59% of the Company's enlarged issued and paid-up capital which was allocated in the following manner:-

- (i) 7,500,000 new ordinary shares available for application by the public;
- (ii) 9,847,500 new ordinary shares available for application by our eligible directors, employees and persons who have contributed to the success of the Group;
- (iii) 15,000,000 new ordinary shares available for application by Bumiputera investors approved by the Ministry of International Trade and Industry; and
- (iv) 3,036,500 new ordinary shares by way of placement to selected investors.

(c) Offer for Sale

On 19 August 2013, the offer for sale of up to 8,361,000 existing ordinary shares by way of placement to selected investors.

(d) Listing

The listing of the Company's entire enlarged issued and paid-up capital of RM75,000,000 comprising 150,000,000 ordinary shares of RM0.50 each on the Main Market of Bursa Malaysia Securities Berhad.

The Public Issue and Offer for Sale which amounted to 35,384,000 and 8,361,000 new ordinary shares respectively of RM0.50 each at an issue price of RM0.56 each was completed upon the allotment of shares to successful investors on 10 September 2013. The Company's entire enlarged issued and paid-up share capital comprising 150,000,000 ordinary shares was listed on the Main Market of Bursa Malaysia Securities Berhad on 12 September 2013.

37. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 9 July 2014, Solid Corporation, a subsidiary of the Company, entered into a Sale and Purchase Agreement with Tans & Sons Development Sdn. Bhd. ("the Vendor") and Hiap Lee Clay & Bricks Sdn. Bhd. ("the Proprietor") for the acquisition of a piece of leasehold industrial land of 99 years expiring on 10 February 2113 held under individual title H.S(D) 79442, PT No. 11320, Bandar Selayang, Daerah Gombak, Negeri Selangor Darul Ehsan with an area of approximately 818.32 square meters ("the Land"), for a total cash consideration of RM7,168,000 ("Purchase Consideration"). The Proprietor is the registered owner of the Land and has granted the Vendor to construct and complete, at the Vendor's own cost and expense, a unit of 3-storey semi-detached office factory on the Land.

The purchase consideration will be satisfied by both internally generated funds and bank borrowings.

38. COMPARATIVE FIGURES

The comparative figures of the Group were presented based on the financial statements of subsidiaries accounted for by using the merger method of accounting as these subsidiaries were under common control by the same parties both before and after the acquisitions by the Company, and that control is not transitory.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

39. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/ (LOSSES)

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

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Total retained profits/ (accumulated loss) of the Company and its subsidiaries				
- realised	57,272,014	51,324,134	34,040	(60,964)
- unrealised	(619,151)	74,845	–	–
At 30 April	56,652,863	51,398,979	34,040	(60,964)

List of Properties

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/ 22 years	43,559/ 41,360	2,568	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/ 20 years	43,560/ 23,025	4,238	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/ 30 years	115,432/ 43,527	1,795	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/ 40 years	11,198/ 6,068	1,411	2008
5	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/ 9 years	7,201/ 5,400	291	2004

List of Properties (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	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/ 5 years	6,265/ 7,470	690	2008
7	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/ 3 years	1,345/ 3,887	807	2011
8	PM 3775/M1/1/1 (Lot 4360), PM3776/M1/1/1 (Lot 4361), PM3777/M1/1/1 (Lot 4362) & PM3778/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/ 14 years	N/A/ 1,206 each	693	2008
9	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/ 3 years	1,432 each/ 3,894 each	1,677	2010

List of Properties (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
10	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/ 5 years	1,604/ 4,750	773	2011
11	PN 108, Lot 16494 Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan/ No. 28, Persiaran Segambut Tengah 51200 Kuala Lumpur	Vacant	99 years leasehold expiring on 16.06.2067/ 42 years	11,198/ 6,350	3,856	2013

Analysis of Shareholdings

As at 26 August 2014

AUTHORISED SHARE CAPITAL	:	RM100,000,000
ISSUED AND FULLY PAID-UP CAPITAL	:	RM75,000,000
CLASS OF SHARES	:	ORDINARY SHARES OF RM0.50 EACH
VOTING RIGHTS	:	ONE VOTE PER ORDINARY SHARE
NO. OF SHAREHOLDERS	:	1,485

DISTRIBUTION OF SHAREHOLDINGS

as at 26 August 2014

Size of Holdings	No of Shareholders	%	No of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	634	42.69	278,046	0.19
1,001 - 10,000	446	30.03	2,470,700	1.65
10,001 - 100,000	319	21.48	11,403,700	7.60
100,001 - 7,499,999	84	5.66	65,672,366	43.78
7,500,000 AND ABOVE	2	0.13	70,175,188	46.78
Total	1,485	100.00	150,000,000	100.00

DIRECTORS SHAREHOLDINGS

as at 26 August 2014

No	Name of Director	Direct Shareholding	%	Indirect Shareholding	%
1	Kek Kok Swee	2,905,391	1.94	4,500,000 [^]	3.00
2	Ker Min Choo	40,450,113	26.97	37,546 [#]	0.03
3	Ker Mong Keng	36,725,075	24.48	24,000 [^]	0.02
4	Ker Meng Oi	7,530,541	5.02	—	—
5	Ong Kheng Swee	2,964,486	1.98	—	—
6	Azahar Bin Baharudin	—	—	—	—
7	Tan Lay Beng	—	—	—	—

[^] Deemed interest in shares held by his children

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

LIST OF SUBSTANTIAL SHAREHOLDERS

as at 26 August 2014

No	Name of Director	Direct Shareholding		Indirect Shareholding	
		No of Shares	%	No of Shares	%
1	Ker Min Choo	40,450,113	26.97	37,546 [#]	0.03
2	Ker Mong Keng	36,725,075	24.48	24,000 [^]	0.02
3	Ker Meng Oi	7,530,541	5.02	—	0.00

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

[^] Deemed interest in shares held by his child

Analysis of Shareholdings (cont'd)

THIRTY LARGEST SHAREHOLDERS

as at 26 August 2014

NO	NAME	SHAREHOLDINGS	%
1	KER MONG KENG	36,725,075	24.48
2	KER MIN CHOO	33,450,113	22.30
3	KER SOO HA	7,214,988	4.81
4	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KER MIN CHOO (8109400)</i>	7,000,000	4.67
5	KER MENG OI	6,030,541	4.02
6	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK FOR KER BOON KEE (MY0847)</i>	4,435,036	2.96
7	ONG KHENG SWEE	2,964,486	1.98
8	KEK KOK SWEE	2,905,391	1.94
9	KEK MENG SOON KELVIN	2,250,000	1.50
10	KEK MENG KAI, KENNICK	2,250,000	1.50
11	NG TIAN LENG	2,100,100	1.40
12	MAYBANK NOMINEES (ASING) SDN BHD <i>DBS BANK FOR YU YI (487434)</i>	1,508,100	1.01
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KER MENG OI (8123728)</i>	1,500,000	1.00
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE HENG HAW (8112533)</i>	1,346,023	0.90
15	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SOON SIOW LIN (8111899)</i>	1,309,200	0.87
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ENG CHOON KWANG (8112546)</i>	1,175,323	0.78
17	PUBLIC NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MOK JIA MIN (E-JBU)</i>	1,039,900	0.69
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK FOR LIEW SEET THENG (MY1670)</i>	1,013,900	0.68
19	MERCSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA</i>	1,000,000	0.67
20	MERCSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR NG AIK WEI</i>	1,000,000	0.67
21	PUBLIC NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN CHEE WEE (E-JBU)</i>	1,000,000	0.67
22	PEE QI TING	948,000	0.63
23	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)</i>	886,800	0.59
24	ALLIANCEGROUP NOMINEES (ASING) SDN BHD <i>ZHANG WEIDONG (8111155)</i>	885,000	0.59
25	KER KAI XIANG	728,300	0.49
26	CHAN CHUNG HUA	640,000	0.43
27	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN YU HOCK (MARGIN)</i>	575,400	0.38
28	ALLIANCEGROUP NOMINEES (ASING) SDN BHD <i>HAN XIANJUN (8111906)</i>	515,000	0.34
29	ALLIANCEGROUP NOMINEES (ASING) SDN BHD <i>YE YINGJIE (8111298)</i>	500,000	0.33
30	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK FOR TAN MENG SENG (MY1542)</i>	500,000	0.33

Notice of second Annual General Meeting

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting ("2nd AGM") of **Solid Automotive Berhad** ("Solid" or "the Company") will be held at Jupiter Function Hall, Starhill Golf & Country Club, KM 6.5, Jalan Kampung Maju Jaya, Kempas Lama, Skudai, 81300 Johor Bahru, Johor, Malaysia on Tuesday, 14 October 2014 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 2014 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 2.0 sen per ordinary share of RM0.50 each for the financial year ended 30 April 2014. | RESOLUTION 1 |
| 3. | To approve the payment of Directors' fees for the financial year ended 30 April 2014. | 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 | Ong Kheng Swee | RESOLUTION 3 |
| 4.2 | Ker Min Choo | RESOLUTION 4 |
| 5. | To re-elect Tan Lay Beng, the director who retire in accordance with Article 113 of the Company's Articles of Association of the Company. | RESOLUTION 5 |
| 6. | To re-appoint the retiring Auditors, Messrs Crowe Horwath as Auditors and to authorise the Directors to fix their remuneration. | RESOLUTION 6 |

SPECIAL BUSINESS

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

7. **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 7

Notice of second Annual General Meeting (cont'd)

8. Ordinary Resolution

Proposed Shareholders' Ratification for Recurrent Related Party Transactions of A Revenue or Trading Nature ("Proposed Shareholders' Ratification")

"THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and pursuant to the approval granted by Bursa Securities, all the Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the day to day operations and are in the ordinary course of business of the Company and/or its subsidiaries ("RRPTs") entered or to be entered into by the Company and/or its subsidiaries with related parties from 12 September 2013 being the date of listing of the Company until the date of the Second Annual General Meeting of the Company as set out in Section 2.3 of the Circular to Shareholders dated 22 September 2014 ("the Circular"), on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, be and are hereby approved and ratified;

AND THAT all the actions taken and the execution of all necessary documents by the Directors and/or any person(s) authorised by the Directors for and on behalf of the Company, as they considered necessary, expedient or deemed fit in the best interest of the Company, be and are hereby approved and ratified."

RESOLUTION 8

9. Ordinary Resolution

Proposed 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 22 September 2014, subject to the following:

- (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;

Notice of second Annual General Meeting (cont'd)

- (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 9

10. 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 2nd 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 3 October 2014 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

CHEN YEW TING
ANG MUI KIOU
 Company Secretaries

Johor Bahru
 22 September 2014

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.

Notice of second Annual General Meeting (cont'd)

- 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 7 - Proposed Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

The proposed Ordinary Resolution 7, 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 7 above is a new mandate. This new 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.

ii. **Ordinary Resolution 8 - Proposed Shareholders' Ratification**

The proposed Ordinary Resolution 8, if passed, will ratify all RRPTs entered or to be entered into by the Company and/or its subsidiaries with related parties from 12 September 2013 being the date of listing of the Company until the date of the Second Annual General Meeting of the Company as set out in Section 2.3 of the Circular to Shareholders dated 22 September 2014 circulated together with the 2014 Annual Report.

iii. **Ordinary Resolution 9 - Proposed Shareholders' Mandate**

The proposed Ordinary Resolution 9, 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 22 September 2014. 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 22 September 2014 which was circulated together with the 2014 Annual Report.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final single tier dividend of 2.0 sen per ordinary share of RM0.50 each for the financial year ended 30 April 2014, if approved by the shareholders at the forthcoming Second Annual General Meeting, will be paid on 2 December 2014 to depositors registered in the Record of Depositors at the close of business on 6 November 2014.

A depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the depositors securities account before 4.00 p.m. on 6 November 2014 in respect of transfer; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

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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 _____ 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 Second Annual General Meeting of the Company to be held at Jupiter Function Hall, Starhill Golf & Country Club, KM 6.5, Jalan Kampung Maju Jaya, Kempas Lama, Skudai, 81300 Johor Bahru, Johor, Malaysia on Tuesday, 14 October 2014 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 2.0 sen		
2	Payment of Directors' fees		
3	Re-election of Retiring Director – Ong Kheng Swee		
4	Re-election of Retiring Director – Ker Min Choo		
5	Re-election of Retiring Director – Tan Lay Beng		
6	Re-appointment of Retiring Auditors, Crowe Horwath		
7	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
8	Shareholders' Ratification for Recurrent Related Party Transactions of a Revenue or Trading Nature		
9	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 shares held	
-----------------------	--

Signature

Dated this _____ day of _____ 2014

Notes:

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. For the purpose of determining who shall be entitled to attend the 2nd 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 3 October 2014 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.



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Postage
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.

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PASSION *for*
EXCELLENCE



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