

# IDEAL JACOBS

## M A L A Y S I A

IDEAL JACOBS (MALAYSIA) CORPORATION BHD

捷卡(马)控股有限公司 (857363 U)

## Annual Report 2015



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# Corporate Information

## BOARD OF DIRECTORS

**Andrew Conrad Jacobs**  
(Executive Chairman)

**Meng Bin**  
(Chief Executive Officer /  
Managing Director)

**Chen Shien Yee**  
(Executive Director)

**Koong Lin Loong**  
(Independent Non-Executive Director)

**Hing Kim Tat**  
(Independent Non-Executive Director)

**Tan Kean Huat**  
(Independent Non-Executive Director)

**Rizvi Bin Abd Halim**  
(Independent Non-Executive Director)

**Lai Kian Huat**  
(Independent Non-Executive Director)

## COMPANY SECRETARIES

**Lim Seck Wah**  
(MAICSA 0799845)

**Tang Chi Hoe (Kevin)**  
(MAICSA 7045754)

## AUDIT COMMITTEE

**Lai Kian Huat**  
Chairman  
Independent Non-Executive Director

**Hing Kim Tat**  
Member  
Independent Non-Executive Director

**Koong Lin Loong**  
Member  
Independent Non-Executive Director

**Tan Kean Huat**  
Member  
Independent Non-Executive Director

## NOMINATION COMMITTEE

**Koong Lin Loong**  
Chairman  
Independent Non-Executive Director

**Hing Kim Tat**  
Member  
Independent Non-Executive Director

**Tan Kean Huat**  
Member  
Independent Non-Executive Director

## REMUNERATION COMMITTEE

**Tan Kean Huat**  
Chairman  
Independent Non-Executive Director

**Hing Kim Tat**  
Member  
Independent Non-Executive Director

**Koong Lin Loong**  
Member  
Independent Non-Executive Director

## REGISTERED OFFICE

Level 15-2, Bangunan Faber  
Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : 03-2692 4271  
Fax : 03-2732 5388

## PRINCIPAL PLACE OF BUSINESS

Office Suite 19-11-2,  
11th Floor, UOA Centre,  
No 19 Jalan Pinang,  
50450 Kuala Lumpur.

## REGISTRAR

### Mega Corporate Services Sdn Bhd

Level 15-2, Bangunan Faber  
Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : 03-2692 4271  
Fax : 03-2732 5388

## AUDITORS

### Messrs SJ Grant Thornton

Level 11, Bangunan Sheraton  
Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : 03-2692 4022  
Fax : 03-2691 5229

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad,  
ACE Market  
Stock name : IJACOBS  
Stock code : 0162

## PRINCIPAL BANKERS

HSBC Bank (Malaysia) Berhad  
Ambank (M) Berhad





## ANDREW CONRAD JACOBS

*Executive Chairman, American, Aged 60*

Mr. Jacobs was appointed to the Board of Ideal Jacobs (Malaysia) Corporation Bhd ("Ideal Jacobs") as our Non-Independent Non-Executive Chairman on 8 June 2010 and re-designated as Executive Chairman of Ideal Jacobs on 15 December 2011.

He graduated from University of Delaware with a degree in Speech Communications. He is the co-founder of Ideal Jacobs (Xiamen) Corporation in 2005 and also the President of Ideal Jacobs Corporation ("IJUS") in New Jersey, The United States of America ("USA"). IJUS is a major shareholder of Ideal Jacobs.

Mr. Jacobs has more than thirty years of experiences in the printing industry and has been involved in the marketing, production, quality control and other related fields in this industry. He is responsible for the rise of IJUS as one of the established suppliers in the printing industries among the multinational companies. He has also established "Ideal Jacobs" as a reputable supplier to various multinational companies worldwide. In addition, he is also actively involved in the environmental, health and safety movements in the USA. Ideal Jacobs is a Charter Member of the Stewardship Action Council.

He has also been a public speaker and author of several books including "Memoirs of a Sales Warrior: My Life, My Way", "How to Start and Run Your Own Company -Or- Sex, Money and Power...It's All The same Thing" and "Say Yes or I will Keep Calling".

Mr. Jacobs is a major shareholder of Ideal Jacobs by virtue of his interest in IJUS. He does not hold any directorship in any other public company. He has no family relationship with any Director and/or other major shareholder of Ideal Jacobs and has no conflict of interest other than disclosed under Note 33 which appears on page 92 in this Annual Report. He has not been convicted for any offence within the past ten years, other than traffic offences if any.

## MENG BIN

*Chief Executive Officer/ Managing Director, Chinese, Aged 49*

Mr. Meng Bin was appointed as Company Director on 18 May 2009 and became our Chief Executive Officer/Managing Director of Ideal Jacobs and its group of companies on 8 June 2010.

He graduated from University of Utah with a degree in Finance. He is the co-founder of Ideal Jacobs (Xiamen) Corporation ("IJX") in 2005 and is the Chairman of the Board of IJX. Mr. Meng is also the legal representative of IJX, Xiamen Ideal Jacobs International Limited Company ("IJIntl") and Suzhou Ideal Jacobs Corporation (IJSZ), both are indirect wholly-owned subsidiaries of Ideal Jacobs in the People's Republic of China ("PRC"). He is the Executive Director of IJSZ. He is also the chairman of IJIntl and General Manager of Ideal Jacobs (HK) Corporation Limited, wholly owned subsidiary of Ideal Jacobs in Hong Kong, China.

Prior to the establishment of IJX together with Mr Jacobs, Mr Meng started his career as the General Manager in Sanbor Xiamen Corporation. After eight (8) years of experience in manufacturing fields, he joined Space Diversity Limited Co. as a Director for the company's trading operation in Peoples' Republic of China and abroad. With his extensive industry experience accumulated for the past twenty (20) years in the management of business operation, marketing, sales and development of new business, Mr. Meng has been instrumental in the growth and development of IJX and the commencement of the Ideal Jacobs Group's business operation in Thailand, Suzhou of Peoples' Republic of China and Hong Kong. Being an integral part of the management team, Mr. Meng is responsible for implementation of Ideal Jacobs Group's broad operational strategies and policies. He also oversees the day-to-day operations and performance of the Ideal Jacobs Group.

Mr. Meng Bin is a major shareholder of Ideal Jacobs by virtue of his spouse, Foo Chong Lee's interests in Ideal Jacobs. He does not hold any directorship in any other public company. He has no family relationship with any Director and/or other major shareholder of Ideal Jacobs and has no conflict of interest with Ideal Jacobs. He has not been convicted for any offence within the past ten years, other than traffic offences if any.

## CHEN SHIEN YEE

*Executive Director/Chief Finance Officer, Malaysian, Aged 51*

Mr. Chen Shien Yee was appointed as Chief Financial Officer on 15 December 2011 and to the Board of Ideal Jacobs on 23 January 2013.

Mr. Chen is a Fellow Member of the Association of Chartered Certified Accountants, and a Member of the Malaysian Institution of Accountants, CA(M).

Mr Chen has extensive experience in finance and accounting, auditing and corporate restructuring and had held various senior positions in several public and private companies, namely, Medilink Global UK Limited, PPSC Industrial Holdings Sdn Bhd (a subsidiary of Wah Seong Corporation Bhd), Rhythm Consolidated Bhd, Dataprep Holdings Berhad, L&M Corporation Bhd and Taman Industri Selangor Sdn Bhd. Mr Chen is also currently the Chief Finance Officer of the Company.

Mr Chen is also the Managing Director of Ni Hsin Resources Berhad. He had resigned as an Independent Non-Executive Director of SMTrack Berhad on 27 January 2016.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with Ideal Jacobs. He has not been convicted for any offence within the past ten years.

## HING KIM TAT

*Independent Non-Executive Director, Malaysian, Aged 49*

Mr. Hing was appointed to the Board of Ideal Jacobs as our Independent Non-Executive Director on 8 June 2010. He is also a member of Remuneration Committee, Audit Committee and Nomination Committee.

He graduated from Nottingham Trent University with an LL.B (Hons). Upon admission to the Law Society of England & Wales as a solicitor, he worked as an assistant solicitor with a firm in London, United Kingdom. He is a lawyer by profession and a member of the Malaysian Bar and the Law Society of England and Wales.

He has more than 18 years of experience in corporate and commercial legal matters, and business laws in Malaysia and Peoples' Republic of China. He is also a Notary Public and Malaysian Trade Mark Agent.

He does not hold any directorship in any other public company. He has no family relationship with any Director and/or major shareholder of Ideal Jacobs and has no conflict of interest with Ideal Jacobs. He has not been convicted for any offence within the past ten years, other than traffic offences if any.

## RIZVI BIN ABDUL HALIM

*Independent Non-Executive Director, Malaysian, Aged 47*

Mr. Rizvi Bin Abdul Halim was appointed to the Board of Ideal Jacobs as our Independent Non-Executive Director on 21 June 2013.

He holds a Bachelor of Science in Business Administration from Indiana State University USA and Master of Business Administration from Ohio University USA.

He has vast experience in corporate banking, capital market and syndication and capital market regulations. He held the position of Account Manager in Bank Bumiputra Malaysia Berhad (now known as CIMB Bank Berhad) from 1995 to 1996. From 1997 to 2000, he was the Assistant Manager of Malaysian International Merchant Bankers Berhad (now known as Hong Leong Investment Bank Berhad). He joined Securities Commission Malaysia in 2000 and held the position of Senior Manager until 2012. He is currently the shareholder and director of Cascade Crest Sdn Bhd, a company involved in construction and engineering work.

He is also the Independent Non-Executive Director of Ni Hsin Resources Berhad. He has no family relationship with any Director and/or major shareholder of Ideal Jacobs and has no conflict of interest with Ideal Jacobs. He has not been convicted for any offence within the past ten years, other than traffic offences if any.

## KOONG LIN LOONG

*Independent Non-Executive Director, Malaysian, Aged 52*

Mr. Koong was appointed to the Board of Ideal Jacobs as our Independent Non-Executive Director on 8 June 2010. He is also the Chairman of Nomination Committee, a member of the Audit Committee and Remuneration Committee.

He is qualified as a Chartered Management Accountant in the United Kingdom; a member of the Malaysia Institute of Accountant ("MIA") and Chartered Tax Institute of Malaysia; Certified Practising Accountants Australia; Certified Management Accountants Australia; and Associate Member of Malaysian Association of Company Secretaries, the Institute of Internal Auditors ("IIA") Malaysia and Kampuchea Institute of Certified Public Accountants and Auditors.

He has extensive cross-border experiences in various industries which include internal audit and control, corporate finance, feasibility study for joint venture assignments.

He is the National Council Member of the Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCIM"), Chairman of its Taxation Task Force and Small & Medium Enterprises (SMEs) Committee; Board of Director and Chairman of Audit Committee of SME Corp, Ministry of International Trade and Industry of Malaysia; Council Member of Chartered Tax Institute of Malaysia (CTIM).

He is the Managing Partner of REANDA LLKG INTERNATIONAL, Chartered Accountants, Executive Director of the REANDA INTERNATIONAL and K-KONSULT TAXATION SDN BHD and its group of companies.

He is currently an Independent Non-Executive Director of Oversea Enterprise Berhad.

He has no family relationship with any Director and/or major shareholder of Ideal Jacobs and has no conflict of interest with Ideal Jacobs. He has not been convicted for any offence within the past ten years, other than traffic offences.

## TAN KEAN HUAT

*Independent Non-Executive Director, Malaysian, Aged 58*

Mr. Tan Kean Huat was appointed to the Board of Ideal Jacobs as our Independent Non-Executive Director on 23 January 2013. He is the Chairman of Remuneration Committee, member of Nomination Committee and Audit Committee.

He is a graduate in Diploma in Electronic Engineering.

Mr. Tan Kean Huat has retired as Executive Director and became Non-Independent Non-Executive Director of NV Multi Corporation Bhd on 1 August 2008. He is also a Director of Tanah Gaia Sdn Bhd, an organic farm company.

Apart from being in the insurance business for the past 20 years he is also active in the cosmetic trade. He has substantial interest in property investment as well as in food outlets.

Besides business, he is actively involved in charitable organizations. He is currently the President of Children Literature Recitation Center Malaysia, Chairman of Confucian Culture & Education Foundation, Chairman of Chung De Classic Education Association Malaysia, Vice Chairman of NV Foundation, and General Secretary of Malaysia Chinese Cultural Society.

Mr. Tan does not hold any directorship in any other public company. He has no family relationship with any Director and/or major shareholder of Ideal Jacobs and has no conflict of interest with Ideal Jacobs. He has not been convicted for any offence within the past ten years, other than traffic offences if any.

## LAI KIAN HUAT

*Independent Non-Executive Director, Malaysian, Aged 50*

Mr. Lai Kian Huat was appointed to the Board of Ideal Jacobs as our Independent Non-Executive Director and Chairman of Audit Committee Member on 26 February 2016.

He is a Fellow member of the Association of International Accountants, UK and Certified Financial Planner of the Financial Planning Association of Malaysia

Mr. Lai Kian Huat has extensive experience in various fields of accounting, audit, taxation and management matters as well as corporate exercise, treasury and cash management, investigation audit and due diligence assignments. From 1990 to 1994, he was an Auditor and Senior Auditor with public accounting firms Messrs Lim, Cheh & Chang and Messrs HALS & Associates. Between 1994 and 1997, he was a Senior Internal Auditor with Angkasa Marketing Berhad (part of the conglomerate Lion Group of Companies in Malaysia). From 1997 to 2005, he was with Amsteel Securities Sdn Bhd and K & N Kenanga Berhad as an Equity Dealer Representative whilst continuing to carry out his professions as a Financial Consultant in providing accounting, taxation and business advisory services. Thereafter, from 2005 to 2012, he re-joined the Lion Group of Companies in Megasteel Sdn Bhd and was the Senior Finance Manager. From 2012 to 2015, he joined Perwaja Steel Sdn Bhd and held the position of Senior Finance Manager. Thereafter, from May 2015 to January 2016, he joined SMTrack Berhad (a company listed on the ACE Market of Bursa Malaysia Securities Berhad) as the Chief Financial Controller. During his tenure with SMTrack Berhad, he was appointed as an Executive Director from June 2015 to December 2015. He resigned from the Board and Chief Financial Officer of SMTrack Berhad on 31 December 2015 and 15 January 2016 respectively.

Mr. Lai does not hold any directorship in any other public company. He has no family relationship with any Director and/or major shareholder of Ideal Jacobs and has no conflict of interest with Ideal Jacobs. He has not been convicted for any offence within the past ten years, other than traffic offences if any.



# Chairman's Statement



## *DEAR SHAREHOLDERS,*

On behalf of the Board of Directors, I have the pleasure of presenting to you the fifth Annual Report and the Audited Financial Statements of Ideal Jacobs (Malaysia) Corporation Berhad for the financial year ended 31 December, 2015.



## OVERVIEW

The Group recorded lower revenue but with higher gross profit margin and at the same time the overall operating cost was lower for the year under review as compared to prior year. As a result, the Group generated profit after tax for the year under review as opposed to prior year loss after tax. The decrease in revenue was due to cessation of manufacturing and distribution of smart-phone components, slowdown in fabrication of plastic parts and the drop in trading of non-core products. On the other hand, revenue from industrial labels segment had increased.



## FINANCIAL PERFORMANCE

The Group registered revenue of RM36.76 million (2014: RM38.54 million) and profit before tax of RM 2.21 million (2014: loss before tax of RM4.28 million) for the financial year ended 31 December 2015. The Group's revenue for 2015 had decreased by 4.6% as compared to 2014 due to cessation of manufacturing and distribution of smart-phone components, slowdown in fabrication of plastic parts and the drop in trading of non-core products. On the other hand, revenue from industrial labels segment had increased.

The gross profit margin of 45.6% for the year under review (2014: 38.8%) was higher as compared to prior year. This was due to the cessation of the manufacturing and distribution of low gross profit margin smart-phone component, lower sales in fabrication of plastic part and trading of non-core products that were contributing lower gross profit margin.

Other income of RM2.56 million (2014: RM0.55 million) included Waiver of debts by a corporate shareholder of a subsidiary company of RM1.96 million, interest income of RM0.23 million, and government grant received of RM0.10 million and reversal of impairment loss on trade receivable of RM0.09 million.

Selling and distribution expenses in 2015 had decreased marginally in tandem with the decrease in revenue as compared to 2014. The administration expenses in 2015 was lower as compared to prior year as there were major irregular expenses charged out in the prior year, which included fair value adjustment of Employee Share Options Scheme granted in 2014 of RM 1.80 million, withholding tax in respect of dividend payment by IJX of RM 1.01 million, impairment loss on property, plant and equipment of RM 0.86 million and inventories written down of RM 0.57 million.

As the result of improvement in gross profit margin and lower operating cost as explained above, the Company recorded a profit before tax as compared to loss in the prior year.

## OPERATION REVIEW

### MALAYSIA

The proposed installation and laying of fibre optic cables for Telecommunication and Cellular Operators by our wholly owned subsidiary, Ideal Jacobs Rangkuman Sdn Bhd was called off, as the proposed collaboration with Westag Venture Sdn Bhd was unsuccessful. As a result, we had on 10 December 2015 filed an application for striking off of this subsidiary pursuant to Section 308(1) of the Companies Act, 1965 with the Companies Commission of Malaysia.

The business development of our photoluminescent products by our 51% owned subsidiary, Lumimark Sdn Bhd, was discouraging and we shall continue to promote the said products in industrial health and safety related field for instance the emergency evacuation egress pathway indicator.

### SINGAPORE

Our 51% owned subsidiary in Singapore, Ideal Laminar Pte Ltd ("ILPL"), which was focusing on marketing and distribution of smart-phone components, fail to secure any major contract in 2015 and as a result, it had ceased operations in 2015.

### CHINA

IJX had completed construction of its own factory on a piece of land measuring 9,342.7 square meter located at Industry Zone at Tong An District, Xiamen, acquired on 20 May 2013. On 31 December 2015 IJX had relocated its operations and manufacturing facilities to the new factory.

Ideal Laminar (SUZHOU) Ltd. Co., a 51% owned subsidiary in China, PRC, involved in manufacturing of smart-phone component was unable to secure any major contract in 2015 and as a result, on 2 December 2015, it has commenced members' voluntary winding-up in accordance with the Laws in The People's Republic of China.

Xiamen and Suzhou core operations remained resilient as evidenced by the improvement in Group's profitability. In order to remain competitive, we continue to offer value-add services to customers which include our participation in the early product design stage with the aim of simplifying the manufacturing process without compromising the quality and achieve cost saving. Meanwhile research and development activities will continue as and when customers require new products.

### CORPORATE DEVELOPMENT

On 18 August 2014, the Company had entered into the agreements with the vendors of the oil and gas companies namely Cekap Technical Services Sdn Bhd and MECIP Global Engineers Sdn Bhd for the Proposed Reverse Take-Over ("Proposed Reverse Take-Over") of the Company and the Proposed Management Buyout of the Company existing business. However, on 24 August 2015, the Company and the vendors of the oil and gas companies had mutually agreed to terminate the Proposed Reverse Take-Over in light of the continuing decline in crude oil prices.

### FUTURE PROSPECTS

With the existing well-diversified customer base and vast variety of products and services, the sustainability of the Group is ensured. However, in view of the escalating competitiveness, the board is anticipating a challenging year ahead.

### CORPORATE GOVERNANCE

The Board is committed to ensuring that the Malaysian Code of Practice on Corporate Governance is adhered to in the conduct of activities of the Group. The Board's statement pertaining to the implementation of the guidelines of the Code during the year under review is contained in the Statement on Corporate Governance on pages 11 through 17 of this Annual Report.

### APPRECIATION AND ACKNOWLEDGEMENT

I am grateful to my esteemed colleagues who have served with me on the Board for their vast experience, depth of knowledge and business acumen. It is indeed a privilege to lead, and be part of such an insightful team.

On behalf of our Board, I would like to publicly thank our management and staff for the commitment, loyalty and dedication to the Company and our future which will continue to be a joint effort for us all.

### ANDREW CONRAD JACOBS

Executive Chairman

Kuala Lumpur  
29 April 2016



The Board of Ideal Jacobs (Malaysia) Corporation Bhd is dedicated to ensuring that good corporate governance practices are applied throughout the Group in order to safeguard stakeholders' interest as well as for enhancing shareholders' value.

## ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### *Clear functions of the Board and Management*

The Board has the overall responsibility to protect and enhance shareholders' value. The Board is explicitly responsible, amongst others, for establishing and communicating the strategic plan and overseeing the proper conduct of the Group's businesses, and for supervising its affairs to ensure its success within a framework of acceptable risks and effective control and in compliance with relevant laws, regulations, guidelines and directives in the countries which it operates in. The Board reviews management performances and ensures that the necessary financial and human resources are available to meet the Group's objectives. The Board is also responsible for succession planning, including appointing and fixing the remuneration of, and where appropriate, to train and groom the senior management and staff.

The Board delegates the responsibility and day to day operation of the Company to Management. The Board has also delegated certain responsibilities to the Board Committees which operate within defined terms of reference approved by the Board to assist the Board in discharging its fiduciary duties and responsibilities. The Board Committees include the Audit Committee, Nomination Committee and Remuneration Committee. The Board Committees exercise transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with appropriate recommendations. The ultimate responsibility for the final decision on all matters however, lies with the Board.

### *Clear roles and responsibilities*

The Board consists of eight (8) members comprising one (1) Executive Chairman, two (2) Executive Directors and five (5) Independent Non-Executive Directors. The profile of each Director is presented on pages 4 to 7 of this Annual Report. The composition of Independent Non-Executive Directors is in compliance with the minimum prescribed by the Malaysian Code on Corporate Governance 2012 ("the Code") and Listing Requirements.

There is a clear division of responsibility between the Executive Chairman and the Chief Executive Officer / Managing Director ("CEO/ MD") so as to ensure that there is a balance of power and authority. The Board is led by Mr. Andrew Conrad Jacobs who is the Executive Chairman, whilst the executive management of the Company is helmed by Mr. Meng Bin, the CEO/ MD. The Chairman is primarily responsible for ensuring Board effectiveness whilst the CEO/ MD is responsible for business plan and growth, operations and efficient management.

The Board has not appointed a Senior Independent Non-Executive Director. The Board is of the view that there is no such necessity for the time being because all members of the Board actively participate during Board meetings and the Board has unrestricted and timely access to the management as well as any information that the Board requires in discharging their duties and responsibilities. The management and staff can access and reach the Independent Directors anytime. Any concern from stakeholders or employees can be conveyed to any Board members.

The Board is satisfied that the current Board composition fairly reflects the interest of all shareholders.

The Board assumes the following key responsibilities:

- Reviewing and adopting the Company's strategic plans
- Overseeing the conduct of the Company's business
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures
- Succession planning
- Overseeing the development and implementation of a shareholder communications policy for the Company
- Reviewing the adequacy and the integrity of the management information and internal controls system of the Company.



## Corporate Governance Statement

(cont'd)

The Group is led by an effective Board which comprises members with skills from a diverse blend of professional backgrounds ranging from business, legal, finance and accounting experience. The Board views its current composition encompasses a balance mix of skills and strength in qualities which are relevant to enable the Board to discharge its responsibilities in an effective and competent manner.

### *Directors' Code of Ethics*

The Board of Directors has conducted themselves in an ethical manner while executing their duties and functions, and complied with the Company Directors' Code of Ethics recommended by the Companies Commission of Malaysia.

### *Strategies promoting sustainability*

The Board of Directors regularly review the strategic direction of the Company and the progress of the Company's operations, taking into account changes in the business and political environment and risk factors such as level of competition.

### *Access to information and advice*

The Directors have full and unrestricted access to all information pertaining to the Company's business and affairs so as to enable them to discharge their responsibilities. Prior to the Board meetings, the Directors are provided with the agenda together with the Board papers on issues to be discussed. A record of the Board's deliberation of issues discussed and conclusion reached are recorded in the minutes of the meeting by the company secretary.

The Board, whether as a full Board or in their individual capacity, has the right to engage independent professional advice, if necessary, at the Group's expense. In addition, all Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board meeting procedures and applicable rules and regulations are adhered to.

### *Qualified and competent Company Secretary*

The Directors have the unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary on new regulatory requirements and directives from time to time.

### *Board Charter*

The Board has formalised and made its Board Charter in the website of the Company. The Board Charter sets out the Board roles and responsibilities.

## STRENGTHEN COMPOSITION

### *Nomination Committee*

The Nomination Committee ("NC") is responsible for identifying and recommending new nominees to our Board as well as committees of the Board. For new appointments to the Board, the NC shall consider diversity of skills, expertise, background and experience in evaluating the appointment of Directors. Currently, the Company does not have a policy on boardroom diversity but believes in providing equal opportunity to all candidates based on merit.

In addition, the Nomination Committee assesses the effectiveness of the Board as a whole and the Board Committees, and also the contribution of each Director. The Board, through the Nomination Committee, reviews periodically its required mix of skills and experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are properly documented.

The Committee is satisfied with the current size of the Board and with the mix of qualifications, skills and experience among the Board members.



The members of the Nomination Committee whom are Independent Non-Executive Directors are as follows:-

	Position
Koong Lin Loong	Chairman
Hing Kim Tat	Member
Tan Kean Huat	Member

During the financial year 2015, one (1) Director has resigned from his position of Independent Non-Executive Director.

The Committee met one time during the financial year.

### Remuneration Committee

The Remuneration Committee ("RC") reviews and proposes, subject to the approval of our Board the remuneration policy and term and conditions of service of each Director for his services as member of the Board as well as Committees of the Board. Nevertheless, the remuneration of Non-Executive Directors is a matter for the Board decision as a whole. Relevant directors are required to abstain from deliberation and voting decisions in respect of his individual remuneration. The remuneration of Directors is generally based on market conditions, responsibilities held and the overall financial performance of our Group. Decisions and recommendations by RC shall be reported to our Board for approval.

The members of the Remuneration Committee comprise of all Independent Non-Executive Directors as follows:-

	Position
Tan Kean Huat	Chairman
Hing Kim Tat	Member
Koong Lin Loong	Member

The Committee met one time during the financial year, attended by all its members.

### Remuneration policy and procedures

The Directors' remuneration package is linked to the experience, scope of duty and responsibility, seniority, performance and industrial practices. The remuneration of Executive Directors consists of basic salary and bonus whereby the Non-Executive Directors receive fixed director fees. Details of the Directors' remuneration in aggregate for financial year ended 2015 are tabulated as below:

	Salaries, Bonuses & other emoluments (RM)	Benefits- in-kind (RM)	Fees (RM)
Executive Directors	1,812,325	-	97,103
Non-Executive Directors	-	-	90,000

The number of Directors whose remuneration falls within the following bands is tabulated as below:

Remuneration bands per annum	Executive Director	Non-Executive Director
Below RM50,000	-	6
RM50,001 to RM100,000	1	
RM 350,001 to RM 400,000	1	
RM 1,450,001 to RM 1,500,000	1	

The Remuneration Committee reviews and recommends the Executive Directors' remuneration package by assessing their KPI and also refers to market of similar industry and its size as a benchmark. An appropriate remuneration package is designed to retain and attract calibre directors to discharge their duty with integrity, to grow and lead the Company.

## REINFORCE INDEPENDENCE

The Independent Non-Executive Directors are not employees of the Group and do not participate in the day to day management of the Group.

The Board reviews the independence of its Independent Directors annually. All the Independent Directors confirm that the appointment is in compliance with the ACE Market Listing Requirements.

None of the Independent Non-Executive Directors had served the Company for more than 9 years.

The Company aims to ensure a balance of power and authority between the Executive Chairman and the CEO/ MD with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Executive Chairman and CEO/ MD are separated and clearly defined.

## FOSTER COMMITMENT

### Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors. During the financial year ended 2015, the Board met 4 times to deliberate on a variety of matters of the Company. Additional meetings may be convened on an ad-hoc basis when urgent and important decisions are required to be made in between scheduled meeting. The attendance record of each director is as follows:

Name and Designation	Attendance
Andrew Conrad Jacobs Executive Chairman	4 of 4
Meng Bin CEO/ MD	4 of 4
Chen Shien Yee Executive Director	4 of 4
Koong Lin Loong Independent Non-Executive Director	2 of 4
Hing Kim Tat Independent Non-Executive Director	4 of 4
Tan Kean Huat Independent Non-Executive Director	2 of 4
Rizvi bin Abd Halim Independent Non-Executive Director	4 of 4
Eugene Lee Cheng Hoe Independent Non-Executive Director (resigned w.e.f 28/10/2015)	3 of 3
Leow Chan Kiang Independent Non-Executive Director (appointed on 28/10/2015 and resigned on 23 February 2016)	1 of 1

The agenda for each Board meeting and papers relating to the agenda items are circulated to all Directors at least 5 days before the meeting so as to provide sufficient time for the Directors to review the Board papers and seek clarification, if any.

### Directors' training

All the directors have completed the Mandatory Accreditation Programme within the stipulated timeframe required in the Listing Requirements.

The training programmes and seminars attended by the Directors during the financial year are:

Name	Training Course	Date
Andrew Conrad Jacobs	NYSE Governance Services Board Committee Peer Exchange	12 October 2015
Koong Lin Loong	National GST Conference 2015	20 January 2015
	National Tax Conference 2015	25 August 2015 & 26 August 2015
	2016 Budget Seminar	5 November 2015
	2016 Budget Seminar	1 December 2015
Rizvi bin Abd Halim	Building Information Modeling Kepada Kontraktor	11 June 2015
	Ensuring Climate Resilience of Buildings and Infrastructure – Towards Sustainable Infrastructure	7 April 2015
Lai Kian Huat	Mandatory Accreditation Programme for Directors of Public Listed Companies	7 October 2015 & 8 October 2015
	Dialogue Session with Public Listed Companies: “Opportunities for Public Listed Companies in Shariah-compliant Landscape”	30 November 2015
Meng Bin	–	N/A
Chen Shien Yee	–	N/A
Hing Kim Tat	–	N/A
Tan Kean Huat	–	N/A

The Directors are aware of their obligation and will continue to attend suitable training to equip and enhance themselves with the knowledge to facilitate themselves in discharging their duties and responsibilities diligently with integrity.

### Re-election

Under Article 90 of the Company's Articles of Association, the Directors appointed during the year shall retire at the Annual General Meeting (“AGM”) and be eligible for re-election. According to Article 83 of the Company's Article of Association of the Company one-third of the Board members shall retire from office at the AGM. Further, all the Directors are required to retire from office at least once in every three (3) years. However, the retiring Directors are eligible for re-election at the meeting at which they retire.

## UPHOLD INTEGRITY IN FINANCIAL REPORTING

### *Financial Reporting*

The Directors strive to ensure that a balanced, clear and meaningful assessment of the financial position and prospects of the Group are made in all disclosures to shareholders, investors and the regulatory authorities timely. All financial statements are 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 Directors are responsible for ensuring that the annual financial statements of the Group and the Company are prepared with reasonable accuracy from accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2015, and of the results of their operations and cash flows for the year ended on that date.

In preparing the annual audited financial statements the Directors have:-

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgments and estimates that are reasonable and prudent; and
- prepared the annual audited financial statements on a going concern basis.

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

### *Assessment of Suitability and Independence of External Auditors*

The Board has established a formal and transparent arrangement for maintaining an appropriate relationship with the external auditors. The Audit Committee has been explicitly accorded with access to communicate directly with both the internal and external auditors, and the details of such communications are minuted.

## RECOGNISE AND MANAGE RISKS

### *Sound framework to manage risks*

#### *Internal Audit Function*

The Board has overall responsibility for maintaining a sound system of internal control and risk management that provide a reasonable assurance of effective and efficient operations, and compliance with the relevant laws and regulations as well as with internal procedures and guidelines. The Statement on Risk Management and Internal Control as included on page 21 of this Annual Report provides the overview of the internal control framework adopted by the Company for the current financial year.

## ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### *Leverage on information technology for effective dissemination of information*

The Company's website (<http://www.idealjacobs.com.my/>) provides meaningful information to the stakeholders such as the Board Charter. The Investor Relations section includes share price information, all announcement made to Bursa Malaysia Securities Berhad as well as the latest Annual Report of the Company.

### STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Company values dialogues with the investors and is constantly striving to improve the communication with the public. The Board believes that an effective investor relation is essential in enhancing shareholders' value and therefore ensures that shareholders are kept well informed of major development of the Company. Such information is disseminated via the Company's Annual Report, various disclosures and announcements to Bursa Securities and the Company's web site. (<http://www.idealjacobs.com.my/>).

The AGM is the principal forum for dialogue between the Company and the shareholders. The Board provides the opportunity for shareholders to raise questions pertaining issues in the financial performance and business plan. The Board takes the opportunity to present a comprehensive review of the progress and performance of the Company, and provides answers to the questions raised by the shareholders during the meeting.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 (the "Act") to prepare financial statements for each financial year which gives a true and fair view of the financial position of the Group and of the Company at the end of the financial year and cash flows of the Group and of the Company for the financial year.

The Directors are of the opinion that the Group uses the appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgments and estimates, and that the financial statements have been prepared in accordance with Financial Reporting Standards in Malaysia, the provisions of the Act and the Bursa Malaysia Securities' Berhad ACE Market Listing Requirements.

The Directors are satisfied that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and which enable proper financial statements to be prepared. They have also taken necessary steps to ensure that appropriate systems are in place to safeguard the assets of the Group, and to detect and prevent fraud as well as other irregularities. The systems, by their nature can only provide reasonable and not absolute assurance against material misstatements, loss and fraud.



# Audit Committee Report

The principle objective of the Audit Committee is to assist the Board in discharging certain of its statutory duties and responsibilities in relation to financial, accounting and reporting practices and to ensure proper disclosure to the shareholders of the Company.

## COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee ("the Committee") comprises of the following members:

Lai Kian Huat (Appointed on 23 February 2016)	Chairman; Independent Non-Executive Director
Hing Kim Tat	Independent Non-Executive Director
Koong Lin Loong	Independent Non-Executive Director
Tan Kean Huat	Independent Non-Executive Director
Eugene Lee Cheng Hoe (Resigned on 28 October 2015)	Chairman; Independent Non-Executive Director
Leow Chan Khiang (Appointed on 28 October 2015 and resigned on 23 February 2016)	Chairman; Independent Non-Executive Director

## AUTHORITY

The Committee shall have unlimited access to financial and other relevant information and documents, to the external and internal auditors and to senior management of the Company. The Committee shall also have the authority to investigate any matter within its term of reference.

## MEETINGS

Meetings shall be held at least 4 times a year or a frequency to be decided by the Committee. The quorum for each meeting shall be at least 2 members. The Committee may invite any person to be in attendance to assist in its deliberations.

There were four (4) meetings held during the financial year ended 31 December 2015 and the attendance record is as follows:

	Meetings attended
Eugene Lee Cheng Hoe	3/3
Hing Kim Tat	4/4
Koong Lin Loong	2/4
Tan Kean Huat	2/4
Leow Chan Khiang	1/1

## KEY FUNCTIONS AND RESPONSIBILITIES

The key functions and responsibilities of the Committee are as follows:

- To review the quarterly and annual financial statements prior to submission to the Board, focusing on:
  - ▶ going concern assumption
  - ▶ compliance with the latest accounting standards, statutory and regulatory disclosure requirements
  - ▶ any changes in accounting policies and practices
  - ▶ significant adjustments arising from the audit
- To oversee matters relating to external audit including the reviews of the audit plan, auditor's management letter and the audit report;
- To review the adequacy of the scope, functions, competency and resources of the internal audit functions;
- To review any related party transactions that may arise within the Company or the Group;
- To recommend to the Board the appointment of external auditors, the audit fee and any questions of resignation or dismissal including the nomination of person or persons as external auditors; and
- To consider other issues, as authorized by the Board.

## SUMMARY OF ACTIVITIES DURING THE YEAR

The activities of the Committee for the financial year under review were as follows:

- Reviewed the unaudited quarterly reports and annual financial statements prior to submission to the Board for consideration and approval and subsequent release to Bursa Malaysia Securities Berhad;
- Reviewed the external auditor's scope of work and audit plan for the Group;
- Reviewed the internal audit reports and discussed the findings and recommendations by the internal auditors;
- Reviewed the related party transactions entered into by the Group and the Company and the disclosure of such transactions in the annual report of the Company;
- Reviewed the circular to shareholders in connection with recurrent related party transactions of a revenue or trading nature; and
- Reviewed and recommended to the Board for approval of the Audit Committee Report, Statement on Risk Management and Internal Control and the Corporate Governance Statement for inclusion in the Annual Report.

## EMPLOYEES' SHARE ISSUANCE SCHEME

The allocation of options was reviewed by the Audit Committee to ensure compliance with the allocation criteria determined by the ESOS committee and in accordance with the By-Laws of the ESOS.

The salient terms of the ESOS are set out in page 94 of this annual report. During the financial year under review, 4,000,000 options were exercised and leaving a balance of 2,300,075 options outstanding.

The options granted to the Directors and Chief Executive of the Group during the financial year under review are as follows:-

	Grant Date	No. of Options Granted	No. of Options Exercised	No of Options Out-standing
Meng Bin	25 March 2014	6,300,075	4,000,000	2,300,075
	Total	6,300,075	4,000,000	2,300,075

The Company has granted 85% of ESOS to its Directors and senior management.

The Company does not grant any options to the Non-Executive Directors pursuant to the ESOS.

## INTERNAL AUDIT FUNCTION

The Company has outsourced the internal audit function of the Group to Audex Governance Sdn Bhd (“Audex”). Audex reports directly to the Committee. Its primary responsibility is to carry out periodic reviews of the systems of internal controls so as to provide reasonable assurance to the Audit Committee that such systems are adequate and effective.

During the financial year ended 31 December 2015, Audex carried out a review in accordance with the risk based internal audit plan approved by the Audit Committee. The results of the review were tabled to the Audit Committee at its quarterly meeting.

During the financial year under review, the Internal Auditors carried out reviews on the following core areas based on the approved internal audit plan to assess the adequacy and effectiveness of internal controls within the Group:

- (i) Review of Statement on Risk Management and Internal Control
- (ii) Review of Recurrent Related Party Transactions
- (iii) Fixed Asset Management and Treasury Management
- (iv) Follow up on Recurrent Related Party Transactions
- (v) Procurement and Sales and Credit Control

The professional fees incurred for the internal audit function in respect of financial year ended 31 December 2015 amounted to RM 76,320.

# Statement on Risk Management and Internal Control

## INTRODUCTION

The Board is committed to maintaining a sound system of risk management and internal control of the Group and is pleased to present the following Risk Management and Internal Control Statement (the “Statement”), which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2015 and up to the date of approval of this statement by the Board. For the purpose of disclosure, this Statement takes into account the Guidelines for Directors of Listed Issuers (“Guidelines”) issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) on the issuance of Internal Control Statement pursuant to Paragraph 15.26(b) of the ACE Market Listing Requirements.

## BOARD’S RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group’s internal control and risk management system to safeguard shareholders’ investment and the Group’s assets as well as reviewing the adequacy and effectiveness of the said system.

Due to the limitations inherent in any system of risk management and internal control, such system put into effect by Management is designed to manage rather than eliminate all risks that may impede the achievement of the Group’s business objectives. Therefore, such a system can only provide reasonable and not absolute assurance against any material misstatement or loss.

The Group has an on-going process for identifying, evaluating and managing the significant risks it faces. The Board regularly reviews the results of this process, including measures taken by Management to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement.

## RISK MANAGEMENT

The Board is dedicated to strengthen the Group’s risk management by managing its key business risks within the Group and to implement appropriate processes and controls to manage these key business risks. During the year, Senior Management reviews the existence of new risks and assesses the relevance of the Group’s existing risk profile. Significant risks that may affect the Group’s business objectives have been continually monitored and any new significant risk identified are subsequently evaluated and managed.

Whilst the Board maintains ultimate control over risk and control matters, it has been delegated to the Executive Management the implementation of a system of risk management and internal control within an established framework. Key management staff and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters and standards. Monthly Management Meetings are held to discuss key risks and the appropriate mitigating control. Significant risks affecting the Group’s strategic and business plans are escalated to the Board at their scheduled meetings. This ongoing process is undertaken at all the major subsidiaries of the Group, as well as collectively at the Group level.

## INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to a professional services firm. During the financial year ended 31 December 2015, the internal audit function carried out audit reviews according to the internal audit plan approved by the Audit Committee. Findings from the internal audit reviews conducted were discussed with Senior Management and subsequently presented, together with Management’s response and proposed action plans, to the Audit Committee for their review and approval. The outsourced internal audit function also follows up and reports to the Audit Committee on the status of implementation of action plans committed by Management pursuant to the recommendations highlighted in the internal audit reports.

Notwithstanding the above, although a number of internal control deficiencies were identified during the audit reviews, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

The total cost incurred for outsourcing the internal audit function for the financial year ended 31 December 2015 was RM 76,320.

# Statement on Risk Management and Internal Control

(cont'd)

## OTHER KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group's internal control system are described below:

- Organization Structure & Authorization Procedures  
The Group maintains a formal organization structure with clear lines of reporting to Board Committees and Senior Management including defined lines of accountability within which senior management operates, such as roles and responsibilities, authority limits, review and approval procedures, etc.
- Written policies and procedures  
Formal internal policies and procedures are regularly updated to manage changing business risks or to address operational deficiencies.
- Planning, monitoring and reporting
  - o The External Auditors and Audit Committee reviews the Group's quarterly financial performance together with Management. These are subsequently reported to the Board;
  - o Comprehensive information, which includes the monthly management reports covering all key financial and operational indicators, is provided to Senior Management for the monitoring of performance against strategic plan;

## ASSURANCE PROVIDED BY THE GROUP CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

In line with the Guidelines, the Group Chief Executive Officer and Chief Financial Officer have provided assurance to the Board in writing stating 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.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the ACE Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2015 and reported to the Board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of risk management internal control.

## CONCLUSION

The Board is of the view that the risk management and internal control systems are adequate and effective and have not resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in the Group's annual report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

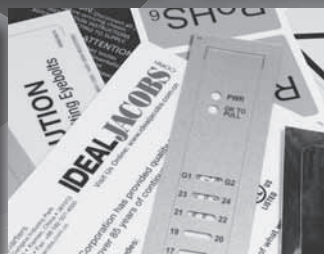
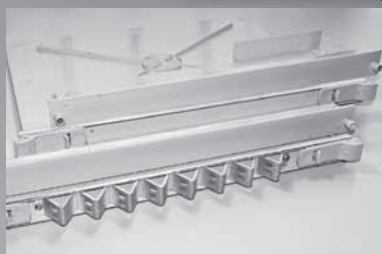
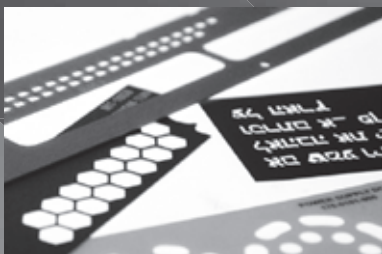
This statement is made in accordance with the Board's resolution dated 11 April 2016.



# FINANCIAL STATEMENTS

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**IDEAL JACOBS**

M A L A Y S I A

(857363 U)

# Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding.

The principal activities of its subsidiary companies are disclosed in Note 9(a) to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiary companies during the financial year.

## RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	1,311,108	(8,097,976)
Attributable to:		
Owners of the Company	(871,204)	
Non-controlling interests	2,182,312	
	1,311,108	

## DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

There were no new shares or debentures issued during the financial year.

## EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting ("EGM") held on 28 February 2014, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The scheme which came into effect on 19 March 2014 is for a period of five years.

The option offered to take up unissued ordinary shares of RM0.10 each during the financial year is as follows:-

Grant date	Expiry date	Exercise price	Number of Share Options			
			Balance at 1.1.2015	Granted	Exercised	Balance at 31.12.2015
25 March 2014	24 March 2019	RM0.21	6,300,075	–	(4,000,000)	2,300,075

The salient features of the ESOS are disclosed in Note 39 to the Financial Statements.

## DIRECTORS

The Directors in office since the date of last report are:-

Andrew Conrad Jacobs (Executive Chairman)  
 Meng Bin (Chief Executive Officer/Managing Director)  
 Chen Shien Yee (Chief Finance Officer/Executive Director)  
 Hing Kim Tat (Independent Non-Executive Director)  
 Koong Lin Loong (Independent Non-Executive Director)  
 Tan Kean Huat (Independent Non-Executive Director)  
 Rizvi Bin Abd Halim (Independent Non-Executive Director)  
 Lai Kian Huat (Independent Non-Executive Director) (appointed on 23.2.2016)  
 Leow Chan Kiang (Independent Non-Executive Director)  
 (appointed on 28.10.2015 and resigned on 23.2.2016)  
 Eugene Lee Cheng Hoe (Independent Non-Executive Director) (resigned on 28.10.2015)

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of financial year in shares of the Company are as follows:-

	----- Number of ordinary shares of RM0.10 each -----				
	At 1.1.2015	Bought	Option exercised	Sold	At 31.12.2015
Andrew Conrad Jacobs					
- Deemed interest	36,619,600	-	-	-	36,619,600
- Direct interest	999,900	290,000	-	-	1,289,900
Meng Bin					
- Deemed interest	17,436,400	-	-	-	17,436,400
- Direct interest	-	-	4,000,000	(4,000,000)	-
Tan Kean Huat					
- Direct interest	-	53,000	-	-	53,000

	----- Number of Share Option -----			
	At 1.1.2015	Transferred	Exercised	Balance at 31.12.2015
Andrew Conrad Jacobs	1,000,000	(1,000,000)	-	-
Meng Bin	5,300,075	1,000,000	(4,000,000)	2,300,075

By virtue of his interests in shares of the Company, Andrew Conrad Jacobs is also deemed interested in shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

Other than above, none of the other Directors at the end of the financial year held any interest in shares of the Company or its related corporation during the financial year.

## DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than as disclosed in Notes to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

## OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provision for doubtful debts had been provided; and
- (b) to ensure that any current assets 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:-

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability 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.

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) 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 to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 40 to the Financial Statements.

## AUDITORS

The Auditors, Messrs SJ Grant Thornton, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

**MENG BIN**  
Xiamen  
28 March 2016

## DIRECTORS

**ANDREW CONRAD JACOBS**  
New Jersey  
23 March 2016



# Statement by **Directors**

In the opinion of the Directors, the financial statements set out on pages 31 to 101 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the supplementary information set out on page 102 had been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

.....  
**MENG BIN**

Xiamen  
28 March 2016

.....  
**ANDREW CONRAD JACOBS**

New Jersey  
23 March 2016

## Statutory **Declaration**

I, Chen Shien Yee, being the Director primarily responsible for the financial management of Ideal Jacobs (Malaysia) Corporation Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 31 to 101 and the supplementary information set out on page 102 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by )  
the above named at Kuala Lumpur in )  
the Federal Territory this day of )  
28 March 2016 )

.....  
**CHEN SHIEN YEE**

Before me:

**S.ARULSAM Y (W.490)**  
Commissioner for Oaths

# Independent Auditors' Report

to the members of Ideal Jacobs (Malaysia) Corporation Bhd.

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Ideal Jacobs (Malaysia) Corporation Bhd., which comprise statements of financial position as at 31 December 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 31 to 101.

### *Directors' Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

# Independent Auditors' Report

(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 Malaysian subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 9 to the Financial Statements.
- c) We are satisfied that the accounts of the subsidiary companies 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 auditors' reports on the financial statements of the subsidiary companies 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 on page 102 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## OTHER MATTERS

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

**SJ GRANT THORNTON**  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

**TAN CHEE BENG**  
(NO: 2664/02/17(J))  
CHARTERED ACCOUNTANT

Kuala Lumpur  
28 March 2016

# Statements of Financial Position

as at 31 December 2015

	Note	2015 RM	Group 2014 RM	2015 RM	Company 2014 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6	20,477,432	8,977,833	39,681	51,186
Investment property	7	1,489,031	1,315,784	–	–
Prepaid land lease payment	8	1,752,080	1,520,615	–	–
Investment in subsidiary companies	9(a)	–	–	20,509,538	20,509,538
Other investment	10	108,821	108,821	108,821	108,821
<b>Total non-current assets</b>		<b>23,827,364</b>	<b>11,923,053</b>	<b>20,658,040</b>	<b>20,669,545</b>
<b>Current assets</b>					
Inventories	11	3,952,075	3,331,782	–	–
Trade receivables	12	11,519,044	8,537,919	–	–
Other receivables	13	1,629,122	1,643,110	74,492	874,247
Amount due from subsidiary companies	14	–	–	–	6,612
Amount due from a corporate shareholder	15	1,058,992	291,475	–	–
Fixed deposits with licensed banks	16	8,307,198	5,507,235	–	–
Cash and bank balances		7,302,631	6,619,980	87,634	609,406
		33,769,062	25,931,501	162,126	1,490,265
Non-current assets classified as held for sale	17	–	403,688	–	–
<b>Total current assets</b>		<b>33,769,062</b>	<b>26,335,189</b>	<b>162,126</b>	<b>1,490,265</b>
<b>Total assets</b>		<b>57,596,426</b>	<b>38,258,242</b>	<b>20,820,166</b>	<b>22,159,810</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	18	13,570,108	13,170,108	13,570,108	13,170,108
Statutory reserve	19	2,969,268	2,412,555	–	–
Translation reserve	19	7,486,549	3,284,137	–	–
Share premium	20	7,262,734	6,422,734	7,262,734	6,422,734
ESOS reserve	21	230,007	630,007	230,007	630,007
Revaluation reserve	22	128,108	128,108	–	–
Accumulated losses		(5,238,798)	(3,810,881)	(10,184,726)	(2,086,750)
Equity attributable to owners of the Company		26,407,976	22,236,768	10,878,123	18,136,099
Non-controlling interests	9(b)	(126,518)	(2,094,385)	–	–
<b>Total equity</b>		<b>26,281,458</b>	<b>20,142,383</b>	<b>10,878,123</b>	<b>18,136,099</b>

# Statements of Financial Position

(cont'd)

	Note	2015 RM	Group 2014 RM	2015 RM	Company 2014 RM
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	23	8,616,119	–	–	–
Deferred tax liability	24	36,457	36,457	–	–
Total non-current liabilities		8,652,576	36,457	–	–
<b>Current liabilities</b>					
Trade payables	25	4,403,286	3,378,991	–	–
Other payables	26	4,428,663	5,266,250	1,213,211	793,078
Amount due to a Director	27	–	52,678	–	–
Amount due to subsidiary companies	14	–	–	8,728,832	3,230,633
Borrowings	23	13,259,074	8,804,107	–	–
Tax payable		571,369	577,376	–	–
Total current liabilities		22,662,392	18,079,402	9,942,043	4,023,711
<b>Total liabilities</b>		31,314,968	18,115,859	9,942,043	4,023,711
<b>Total equity and liabilities</b>		57,596,426	38,258,242	20,820,166	22,159,810

The accompanying notes form an integral part of the financial statements.

# Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2015

	Note	Group 2015 RM	2014 RM	Company 2015 RM	2014 RM
Revenue	28	36,755,056	38,536,722	–	10,114,190
Cost of sales		(19,976,331)	(23,589,790)	–	–
Gross profit		16,778,725	14,946,932	–	10,114,190
Other income		2,555,420	554,329	88,058	–
Selling and distribution expenses		(1,732,972)	(1,752,567)	–	–
Administration expenses		(14,494,459)	(15,879,450)	(3,961,276)	(5,179,707)
Other expenses		(509,150)	(1,931,606)	(4,224,758)	(732,366)
<b>Operating profit/(loss)</b>		2,597,564	(4,062,362)	(8,097,976)	4,202,117
Finance costs		(392,264)	(220,445)	–	–
<b>Profit/(Loss) before tax</b>	29	2,205,300	(4,282,807)	(8,097,976)	4,202,117
Tax expense	30	(894,192)	(894,740)	–	(421)
<b>Profit/(Loss) for the financial year</b>		1,311,108	(5,177,547)	(8,097,976)	4,201,696
<b>Other comprehensive income</b>					
<b>Item that will be reclassified</b>					
<b>subsequently to profit or loss</b>					
- Exchange differences on translating foreign entities, net of tax		3,987,967	820,331	–	–
		3,987,967	820,331	–	–
<b>Other comprehensive income for the financial year</b>		3,987,967	820,331	–	–
<b>Total comprehensive income/(loss) for the financial year</b>		5,299,075	(4,357,216)	(8,097,976)	4,201,696



# Statements of Profit or Loss and Other Comprehensive Income

(cont'd)

	Note	2015 RM	Group 2014 RM	2015 RM	Company 2014 RM
<b>Profit/(Loss) for the financial year attributable to:-</b>					
Owners of the Company		(871,204)	(3,861,593)	(8,097,976)	4,201,696
Non-controlling interests		2,182,312	(1,315,954)	–	–
		1,311,108	(5,177,547)	(8,097,976)	4,201,696
<b>Total comprehensive income/ (loss) for the financial year attributable to:-</b>					
Owners of the Company		3,331,208	(2,930,023)	(8,097,976)	4,201,696
Non-controlling interests		1,967,867	(1,427,193)	–	–
		5,299,075	(4,357,216)	(8,097,976)	4,201,696
<b>Losses per share</b>					
- Basic (sen)	31	(0.65)	(3.08)		
- Diluted (sen)	31	(0.65)	–		

The accompanying notes form an integral part of the financial statements.

# Statements of Changes in Equity

for the financial year ended 31 December 2015

	Attributable to owners of the Company					Distributable		Non-controlling interests	Total equity
	Non-distributable					Retained earnings/ (Accumulated losses)	Total		
Group	Share capital RM	Share premium RM	Statutory reserve RM	ESOS reserve RM	Translation reserve RM	Revaluation reserve RM	RM	RM	RM
<b>Balance at 1 January 2014</b>	12,000,100	3,965,718	1,968,648	-	2,352,567	128,108	494,619	20,909,760	20,242,568
<b>Transactions with owners:-</b>									
Pursuant to ESOS granted:-									
- Share-based compensation Issued, at premium pursuant to:-	-	-	-	1,800,015	-	-	-	1,800,015	1,800,015
- Exercise of ESOS	1,170,008	2,457,016	-	(1,170,008)	-	-	-	2,457,016	2,457,016
<b>Total transactions with owners</b>	1,170,008	2,457,016	-	630,007	-	-	-	4,257,031	4,257,031
Foreign currency translation Profit/(Loss) for the financial year	-	-	443,907	-	931,570	-	(4,305,500)	931,570	820,331
<b>Total comprehensive income/ (loss) for the financial year</b>	-	-	443,907	-	931,570	-	(4,305,500)	(1,427,193)	(5,177,547)
<b>Balance at 31 December 2014</b>	13,170,108	6,422,734	2,412,555	630,007	3,284,137	128,108	(3,810,881)	22,236,768	20,142,383
<b>Transaction with owners:-</b>									
Issued, at premium pursuant to:-	400,000	840,000	-	(400,000)	-	-	-	840,000	840,000
- Exercise of ESOS	400,000	840,000	-	(400,000)	-	-	-	840,000	840,000
<b>Total transaction with owners</b>	800,000	1,680,000	-	(800,000)	-	-	-	1,680,000	1,680,000
Foreign currency translation Profit/(Loss) for the financial year	-	-	556,713	-	4,202,412	-	(1,427,917)	4,202,412	3,987,967
<b>Total comprehensive income/ (loss) for the financial year</b>	-	-	556,713	-	4,202,412	-	(1,427,917)	(871,204)	1,311,108
<b>Balance at 31 December 2015</b>	13,570,108	7,262,734	2,969,268	230,007	7,486,549	128,108	(5,238,798)	26,407,976	26,281,458

# Statements of Changes in Equity

(cont'd)

Company	Attributable to owners of the Company					Distributable			Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	ESOS reserve	Translation reserve	Revaluation reserve	(Accumulated losses)	earnings/		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Balance at 1 January 2014</b>	12,000,100	3,965,718	-	-	-	-	(6,288,446)	9,677,372	-	9,677,372
<b>Transactions with owners:-</b>										
Pursuant to ESOS granted:-										
- Share-based compensation	-	-	-	1,800,015	-	-	-	1,800,015	-	1,800,015
Issued, at premium pursuant to:-										
- Exercise of ESOS	1,170,008	2,457,016	-	(1,170,008)	-	-	-	2,457,016	-	2,457,016
<b>Total transactions with owners</b>	1,170,008	2,457,016	-	630,007	-	-	-	4,257,031	-	4,257,031
<b>Total comprehensive income for the financial year</b>	-	-	-	-	-	-	4,201,696	4,201,696	-	4,201,696
<b>Balance at 31 December 2014</b>	13,170,108	6,422,734	-	630,007	-	-	(2,086,750)	18,136,099	-	18,136,099
<b>Transaction with owners:-</b>										
Issued, at premium pursuant to:-										
- Exercise of ESOS	400,000	840,000	-	(400,000)	-	-	-	840,000	-	840,000
<b>Total transaction with owners</b>	400,000	840,000	-	(400,000)	-	-	-	840,000	-	840,000
<b>Total comprehensive loss for the financial year</b>	-	-	-	-	-	-	(8,097,976)	(8,097,976)	-	(8,097,976)
<b>Balance at 31 December 2015</b>	13,570,108	7,262,734	-	230,007	-	-	(10,184,726)	10,878,123	-	10,878,123

The accompanying notes form an integral part of the financial statements.

# Statements of Cash Flows

for the financial year ended 31 December 2015

	Note	Group 2015 RM	2014 RM	Company 2015 RM	2014 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before tax		2,205,300	(4,282,807)	(8,097,976)	4,202,117
<b>Adjustments for:-</b>					
Depreciation		843,719	945,517	11,505	13,911
Dividend income		—	—	—	(10,114,190)
Amortisation of prepaid land lease payment		34,616	14,746	—	—
Interest expenses		392,264	220,445	—	—
Interest income		(231,731)	(130,606)	—	—
Inventories written down		116,573	569,645	—	—
Reversal of impairment loss on trade receivables		(92,789)	(103,696)	—	—
Share-based compensation pursuant to ESOS granted		—	1,800,015	—	1,593,015
Impairment loss on other receivables		—	53,838	—	3,838
Impairment loss on trade receivables no longer required		(50,000)	—	—	—
Impairment loss on amount due from subsidiary companies		—	—	3,521,756	85,747
Impairment loss on investment in a subsidiary company		—	—	—	416,845
Impairment loss on property, plant and equipment		—	860,706	—	—
Loss on disposal of property, plant and equipment		46,886	23,390	—	—
Bad debts written off		50,000	—	—	—
Property, plant and equipment written off		159,884	34,298	—	—
Waiver of debts by a subsidiary company		—	—	(80,412)	—
Waiver of debts by a corporate shareholder of a subsidiary company		(1,963,538)	—	—	—
Unrealised loss on foreign exchange		72,314	190,101	703,002	212,165
Operating profit/(loss) before working capital changes		1,583,498	195,592	(3,942,125)	(3,586,552)
<b>Changes in working capital:-</b>					
Corporate shareholder		(629,468)	(148,416)	—	—
Director		(58,362)	(51,651)	—	—
Inventories		(149,510)	667,367	—	—
Payables		1,293,815	(636,080)	420,133	344,659
Receivables		(1,011,912)	2,533,944	799,755	(830,769)
Subsidiary companies		—	—	1,373,084	2,130,649
Cash from/(used in) operations		1,028,061	2,560,756	(1,349,153)	(1,942,013)
Tax paid		(995,761)	(1,142,331)	—	—
Interest received		231,731	130,606	—	—
Interest paid		(392,264)	(220,445)	—	—
Tax refunded		—	907	—	907
Net cash (used in)/from operating activities		(128,233)	1,329,493	(1,349,153)	(1,941,106)

# Statements of Cash Flows

(cont'd)

	Note	2015 RM	Group 2014 RM	2015 RM	Company 2014 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Placement of fixed deposits pledged to banks		(1,722,052)	(1,611,278)	–	–
Purchase of property, plant and equipment		(10,481,067)	(5,919,237)	–	(9,907)
Proceeds from disposal of property, plant and equipment		101,877	16,272	–	–
Proceeds from disposal of assets held for sale	17	447,239	–	–	–
Net cash used in investing activities		(11,654,003)	(7,514,243)	–	(9,907)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Drawdown of term loans		17,906,496	7,270,639	–	–
Repayment of term loans		(7,375,978)	(1,811,488)	–	–
Proceed from issuance of shares pursuant of ESOS exercised		840,000	2,457,016	840,000	2,457,016
Net cash from financing activities		11,370,518	7,916,167	840,000	2,457,016
<b>CASH AND CASH EQUIVALENTS</b>					
Net change		(411,718)	1,731,417	(509,153)	506,003
Brought forward		6,619,980	4,624,321	609,406	103,338
Effects of exchange rate changes		1,094,369	264,242	(12,619)	65
Carried forward	A	7,302,631	6,619,980	87,634	609,406

## NOTES TO THE STATEMENTS OF CASH FLOWS

### A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position items:-

	2015 RM	Group 2014 RM	2015 RM	Company 2014 RM
Fixed deposits with licensed banks	8,307,198	5,507,235	–	–
Cash and bank balances	7,302,631	6,619,980	87,634	609,406
	15,609,829	12,127,215	87,634	609,406
Less: Fixed deposits pledged with licensed banks	(8,307,198)	(5,507,235)	–	–
	7,302,631	6,619,980	87,634	609,406

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

- 31 December 2015

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 15-2, Bangunan Sheraton Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur and the principal place of business is located at Office Suite 19-11-2, 11th Floor, UOA Centre, No. 19, Jalan Pinang, 50450 Kuala Lumpur.

The Company is principally engaged in investment holding.

The principal activities of its subsidiary companies are disclosed in Note 9(a) to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiary companies during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 March 2016.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for an investment property that is measured at fair value at the end of each reporting period as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



## 2. BASIS OF PREPARATION (CONT'D)

### 2.2 Basis of measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

The Group and the Company have established control framework in respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors. The valuation team regularly reviews significant unobservable inputs and valuation adjustments, if any.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

### 2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

### 2.4 Adoption of Amendments to MFRSs and IC Interpretations ("IC Int")

The Group and the Company have consistently applied the accounting policies set out in Note 5 to the Financial Statements to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted amended to MFRSs and IC Int which are mandatory for the financial periods beginning on or after 1 January 2015.

Initial application of the relevant new and revised MFRSs and IC Int has no material impact on financial statements of the Group and of the Company.

### 2.5 Standards issued but not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the Malaysian Accounting Standards Board ("MASB") but are not yet effective, and have not been early adopted by the Group and the Company.

Management anticipates that all of the relevant pronouncement will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

Information on new standards, amendments and interpretation that are expected to be relevant to the Group's and the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but not expected to have a material impact on the Group's and the Company's financial statements.

**2. BASIS OF PREPARATION (CONT'D)****2.5 Standards issued but not yet effective (cont'd)****MFRS 9 Financial Instruments**

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of MFRS 9, new “expected credit loss model” under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is also expected that the Group’s investment in unquoted shares will be measured at fair value through other comprehensive income.

The standard will come into effect on or after 1 January 2018 with early adoption permitted. Restropective application is required, but comparative information is not compulsory.

The adoption of MFRS 9 will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting MFRS 9.

**MFRS 15 Revenue from Contracts with Customers**

MFRS 15 presents new requirements for the recognition of revenue, replacing the guidance of MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue – Barter Transaction Involving Advertising Services. The principles in MFRS 15 provide a more structured approach to measuring and recognising revenue. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of MFRS 15 will result in a change in accounting policy. The Group and the Company are currently assessing the impact of MFRS 15 and plan to adopt the new standards on the required effective date.

**2.6 Significant accounting estimates and judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group’s and the Company’s accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by the management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

## **2. BASIS OF PREPARATION (CONT'D)**

### **2.6 Significant accounting estimates and judgements (cont'd)**

#### **2.6.1 Estimation uncertainty**

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

##### **Useful lives of depreciable assets**

Management estimates the useful lives of the property, plant and equipment to be within 5 to 30 years and reviews the useful lives of depreciable assets at each reporting date. The management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. The carrying amounts are analysed in Note 6 to the Financial Statements. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's and the Company's assets.

##### **Fair value of investment property**

The Group measures its building at revalued amount with changes in fair value being recognised in profit or loss and other comprehensive income. The Group engaged independent valuation specialists to determine fair values as at the end of financial year.

##### **Impairment of non-financial assets**

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, the management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, the management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

##### **Inventories**

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, the management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to economical changes which may cause selling prices to change rapidly, and the Group's profit to change.

##### **Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on the management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

**2. BASIS OF PREPARATION (CONT'D)****2.6 Significant accounting estimates and judgements (cont'd)****2.6.1 Estimation uncertainty (cont'd)****Income taxes**

Significant judgement is involved in determining the Group-wide and Company-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax 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 period in which such determination is made.

**Fair value of financial instruments**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

**Impairment of loans and receivables**

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

**Employee share option**

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

The assumptions and model used for estimating fair value for share-based payment transactions, sensitivity analysis and the carrying amounts are disclosed in Note 39 to the Financial Statements.

## 2. BASIS OF PREPARATION (CONT'D)

### 2.6 Significant accounting estimates and judgements (cont'd)

#### 2.6.2 Significant management judgement

The following items are significant management judgement in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements.

##### **Classification between investment properties and owner-occupied properties**

The Group determines whether a property qualifies as an investment property, and has developed 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 independently 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. The Group accounts for the portions separately if the portions could be sold separately (or leased out separately under a finance lease). If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

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

##### **Leases**

In applying the classification of leases in MFRS 117, management considers some of its leases of prepaid land lease payment as operating lease arrangements. The lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership, whether the lease term is for the major part of the economic life of the asset even if title is not transferred and others in accordance with MFRS 117 Leases.

## 3. CAPITAL MANAGEMENT

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

The Group and the Company manage its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new share capital. No changes were made in the objective, policies or processes during the financial year ended 31 December 2015 and financial year ended 31 December 2014.

The subsidiary companies in The People's Republic of China ("PRC") are required by the Foreign Enterprise Law of the PRC to contribute and to maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiary companies in PRC for the financial year ended 31 December 2015 and financial year ended 31 December 2014.

#### 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

##### 4.1 Financial risks

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and of the Company's business whilst managing its credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

##### (a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's and the Company's exposure to credit risk is monitored on an ongoing basis. The credit risk is controlled by monitoring procedures. An internal credit review is conducted if the credit risk is material. The Group and the Company do not require collateral in respect of financial assets.

The areas where the Group and the Company are exposed to credit risk are as follows:-

##### **Receivables**

##### ***Concentration of credit risk***

The Group and the Company have no significant concentration of credit risk with any single counterparty except for the following:-

##### **Group**

##### **2015**

26% of trade receivables at the reporting date were due from two customers.

##### **2014**

13% of trade receivables at the reporting date were due from one customer.



# Notes to the Financial Statements

(cont'd)

## 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 4.1 Financial risks (cont'd)

#### (a) Credit risk (cont'd)

##### Receivables (cont'd)

##### Trade receivables ageing analysis

2015	Gross RM	Group Individually impaired RM	Net RM
Neither past due nor impaired	8,823,586	–	8,823,586
Past due 0 to 1 month but not impaired	1,840,184	–	1,840,184
Past due 1 to 2 months but not impaired	425,142	–	425,142
Past due 2 to 3 months but not impaired	46,505	–	46,505
Past due 3 to 4 months but not impaired	351,567	–	351,567
Past due 4 to 5 months but not impaired	20,996	–	20,996
Past due more than 6 months and but not impaired	11,064	–	11,064
Past due more than 6 months and impaired	1,244,081	(1,244,081)	–
	12,763,125	(1,244,081)	11,519,044

2014			
Neither past due nor impaired	5,437,283	–	5,437,283
Past due 0 to 1 month but not impaired	1,581,725	–	1,581,725
Past due 1 to 2 months but not impaired	978,793	–	978,793
Past due 2 to 3 months but not impaired	309,809	–	309,809
Past due 3 to 4 months but not impaired	184,720	–	184,720
Past due 4 to 5 months but not impaired	45,589	–	45,589
Past due more than 6 months and impaired	1,336,870	(1,336,870)	–
	9,874,789	(1,336,870)	8,537,919

##### Financial assets that are neither past due nor impaired

##### Group and Company

Trade and other receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company. None of the Group's receivables that are neither past due nor impaired have been renegotiated during the financial year.

##### Financial assets that are past due but not impaired

##### Group and Company

Total trade receivables of RM2,695,458 (2014: RM3,100,636) were past due but not impaired. These related to a number of independent customers from whom there is no recent history of default and Directors expect they are recoverable.

**4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)****4.1 Financial risks (cont'd)****(a) Credit risk (cont'd)****Receivables (cont'd)*****Financial assets that are impaired*****Group**

Trade receivables of RM1,244,081 (2014: RM1,336,870) that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

**Group**

Other receivables balance of RM3,838 (2014: RM53,838) was impaired.

**Company**

Other receivables balance of RM3,838 (2014: RM3,838) was impaired.

**Intercompany balances*****Concentration of credit risk*****Group**

The Group has no significant concentration of credit risk with any single intercompany except for amount due from a corporate shareholder.

**Company**

The Company has no significant concentration of credit risk with any single intercompany except for amount due from subsidiary companies.

***Financial assets that are neither past due nor impaired*****Company**

Inter companies that are neither past due nor impaired are creditworthy receivables with good payment records with the Company.

As at the reporting date, there was no indication that the intercompany balances are not recoverable.

***Financial assets that are past due but not impaired*****Company**

There are no intercompany balances of the Company that are past due but not impaired.

#### 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

##### 4.1 Financial risks (cont'd)

###### (a) Credit risk (cont'd)

###### **Intercompany balances (cont'd)**

###### ***Financial assets that are impaired***

###### **Company**

Intercompany balances of RM4,321,364 (2014: RM799,608) were impaired.

###### **Deposits with banks**

###### ***Concentration of credit risk***

###### **Group and Company**

The Group and the Company have no significant concentration of credit risk with any single bank.

###### ***Financial assets that are neither past due nor impaired***

###### **Group and Company**

Deposits with banks that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

As at the reporting date, there was no indication that the deposits with banks are not recoverable.

###### ***Financial assets that are past due but not impaired***

###### **Group and Company**

There are no deposits with banks of the Group and of the Company that are past due but not impaired.

###### ***Financial assets that are impaired***

###### **Group and Company**

There are no deposits with banks of the Group and of the Company that are impaired.

###### **Financial guarantees**

The maximum exposure to credit risk is amounted to RMNil (2014: RM956,058) represented by the outstanding banking facility of the corporate shareholder of a subsidiary company as at the end of the reporting period.

The subsidiary company provides unsecured financial guarantee to bank in respect of banking facility granted to a corporate shareholder of a subsidiary company. The subsidiary company monitors on an on-going basis the results of the corporate shareholder of a subsidiary company and repayments made by the corporate shareholder of a subsidiary company would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material.

**4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)****4.1 Financial risks (cont'd)****(b) Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due as a result of shortage of funds. In managing its exposures to liquidity risk arises principally from its various payables, the Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group and the Company aim to maintain a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

***Analysis of financial instruments by contractual maturities***

The following table shows the areas where the Group and the Company are exposed to liquidity risk:-

<b>Group</b>	<b>Current Less than 1 year RM</b>	<b>Non-current 2 to 5 years RM</b>	<b>More than 5 years RM</b>
<b>2015</b>			
<b><u>Non-derivative financial liabilities</u></b>			
Trade payables	4,403,286	—	—
Other payables	4,358,063	—	—
Borrowings	13,259,074	9,866,229	—
Total undiscounted financial liabilities	22,020,423	9,866,229	—
<b>2014</b>			
<b><u>Non-derivative financial liabilities</u></b>			
Trade payables	3,378,991	—	—
Other payables	5,198,097	—	—
Amount due to a Director	52,678	—	—
Borrowings	8,804,107	—	—
Total undiscounted financial liabilities	17,433,873	—	—

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

**Company**

The liquidity risk arise principally from its payables and amount due to subsidiary companies, and all are within 12 months.

# Notes to the Financial Statements

(cont'd)

## 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 4.1 Financial risks (cont'd)

#### (c) Foreign currency risk

The Group and the Company are exposed to foreign currency risk as a result of their normal operating activities, both external and intra-group where the currency denominated in a currency other than the respective functional currencies of the Group's and of the Company's activities. The Group's and the Company's guidelines are to minimise the exposure of overseas operating activities to transaction risk by matching local currency income against local currency costs.

The Group is also exposed to currency translation risk arising from its net investment in foreign operation in PRC, Hong Kong and Singapore. The investments are not hedged as currency position in Renminbi ("RMB"), Hong Kong Dollar ("HKD") and Singapore Dollar ("SGD") are considered to be long – term in nature.

The Group carries out its business in Malaysia, Singapore, PRC and Hong Kong and most of the transactions are mainly denominated in RM, United States Dollars ("USD"), HKD, SGD and RMB. The Group monitors its foreign currency exposure closely and where necessary only considers hedging significant foreign currency exposure.

RMB is not freely convertible into foreign currencies under the PRC Foreign Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations. The Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Group	RM	SGD RM	USD RM	RMB RM	HKD RM	Total RM
<b>2015</b>						
<b>Financial assets</b>						
Other investment	–	–	–	108,821	–	108,821
Amount due from a corporate shareholder	–	–	1,058,992	–	–	1,058,992
Cash and cash equivalents	61,837	43,599	1,411,389	14,092,738	266	15,609,829
Trade and other receivables	75,659	–	2,568,333	10,504,174	–	13,148,166
	137,496	43,599	5,038,714	24,705,733	266	29,925,808
<b>Financial liabilities</b>						
Trade and other payables	(1,215,771)	(9,466)	(245,614)	(7,336,118)	(24,980)	(8,831,949)
Borrowings	–	–	(7,824,291)	(14,050,902)	–	(21,875,193)
	(1,215,771)	(9,466)	(8,069,905)	(21,387,020)	(24,980)	(30,707,142)
Less: Net financial liabilities/(assets) denominated in functional currency	1,078,275	(33,844)	–	(3,250,922)	(24,714)	(2,181,777)
Net currency exposure on assets/(liabilities)	–	289	(3,031,191)	67,791	–	(2,963,111)

**4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)****4.1 Financial risks (cont'd)****(c) Foreign currency risk (cont'd)**

Group	RM	SGD RM	USD RM	RMB RM	HKD RM	Total RM
<b>2014</b>						
<b>Financial assets</b>						
Other investment	–	–	–	108,821	–	108,821
Amount due from a corporate shareholder	–	–	291,475	–	–	291,475
Cash and cash equivalents	601,871	3,552	569,077	10,666,701	286,014	12,127,215
Trade and other receivables	874,247	–	2,702,513	6,443,705	160,564	10,181,029
	1,476,118	3,552	3,563,065	17,219,227	446,578	22,708,540
<b>Financial liabilities</b>						
Trade and other payables	(708,778)	(918,198)	(1,661,299)	(5,055,244)	(301,722)	(8,645,241)
Amount due to a Director	–	–	–	(52,678)	–	(52,678)
Borrowings	–	–	(5,134,008)	(3,670,099)	–	(8,804,107)
	(708,778)	(918,198)	(6,795,307)	(8,778,021)	(301,722)	(17,502,026)
Less: Net financial (assets)/liabilities denominated in functional currency	(767,340)	914,897	–	(8,137,563)	(144,856)	(8,134,862)
Net currency exposure on (liabilities)/assets	–	251	(3,232,242)	303,643	–	(2,928,348)



# Notes to the Financial Statements

(cont'd)

## 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 4.1 Financial risks (cont'd)

#### (c) Foreign currency risk (cont'd)

Company	RM	USD RM	RMB RM	SGD RM	Total RM
<b>2015</b>					
<b>Financial assets</b>					
Cash and cash equivalents	59,939	26,843	563	289	87,634
Other investment	–	–	108,821	–	108,821
Other receivables	74,492	–	–	–	74,492
	134,431	26,843	109,384	289	270,947
<b>Financial liabilities</b>					
Amount due to subsidiary companies	–	(5,884,852)	(2,843,980)	–	(8,728,832)
Other payables	(1,213,211)	–	–	–	(1,213,211)
	(1,213,211)	(5,884,852)	(2,843,980)	–	(9,942,043)
Less: Net financial liabilities denominated in functional currency	1,078,780	–	–	–	1,078,780
Net currency exposure on financial (liabilities)/assets	–	(5,858,009)	(2,734,596)	289	(8,592,316)

**4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)****4.1 Financial risks (cont'd)****(c) Foreign currency risk (cont'd)**

<b>Company</b>	<b>RM</b>	<b>USD RM</b>	<b>RMB RM</b>	<b>SGD RM</b>	<b>Total RM</b>
<b>2014</b>					
<b>Financial assets</b>					
Cash and cash equivalents	598,783	9,809	563	251	609,406
Other investment	–	–	108,821	–	108,821
Other receivables	874,247	–	–	–	874,247
Amount due from subsidiary companies	–	95,781	(89,169)	–	6,612
	1,473,030	105,590	20,215	251	1,599,086
<b>Financial liabilities</b>					
Amount due to subsidiary companies	(94,436)	(3,337,897)	201,700	–	(3,230,633)
Other payables	(594,982)	(198,096)	–	–	(793,078)
	(689,418)	(3,535,993)	201,700	–	(4,023,711)
Less: Net financial assets denominated in functional currency	(783,612)	–	–	–	(783,612)
Net currency exposure on financial (liabilities)/assets	–	(3,430,403)	221,915	251	(3,208,237)

# Notes to the Financial Statements

(cont'd)

## 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 4.1 Financial risks (cont'd)

#### (c) Foreign currency risk (cont'd)

##### *Foreign currency sensitivity analysis*

The following table demonstrates the sensitivity of the Group's and of the Company's profit/(loss) net of tax for the financial year to a reasonably possible change in the USD, RMB and HKD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2015 RM (Increase)/ Decrease Profit net of tax	Company 2015 RM (Increase)/ (Decrease) Loss net of tax
RM/RMB	- strengthened 1%	678	(27,346)
	- weakened 1%	(678)	27,346
RM/USD	- strengthened 2%	537	(117,160)
	- weakened 2%	(537)	117,160
RMB/USD	- strengthened 1%	39,510	—
	- weakened 1%	(39,510)	—
HKD/USD	- strengthened 1%	(70,090)	—
	- weakened 1%	70,090	—
<hr/>			
		Group 2014 RM (Increase)/ (Decrease) Loss net of tax	Company 2014 RM (Increase)/ (Decrease) Profit net of tax
RM/RMB	- strengthened 1%	3,036	2,219
	- weakened 1%	(3,036)	(2,219)
RM/USD	- strengthened 1%	(1,883)	(34,304)
	- weakened 1%	1,883	34,304
RMB/USD	- strengthened 1%	18,618	—
	- weakened 1%	(18,618)	—
HKD/USD	- strengthened 1%	(49,057)	—
	- weakened 1%	49,057	—

**4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)****4.1 Financial risks (cont'd)****(c) Foreign currency risk (cont'd)*****Foreign currency sensitivity analysis (cont'd)***

The assumed movement in the above foreign currency exchange rate for the foreign currency exchange rate sensitivity analysis is based on the prudent estimate at the current market environment.

The exposure to foreign exchange risk varies during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's and of the Company's exposure to foreign currency risk.

**(d) Interest rate risk**

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

The Group's investments in fixed rate debt securities and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amount as at the end of the reporting year are as follows:-

	2015 RM	Group 2014 RM
<b>Fixed rate instruments</b>		
Fixed deposits with licensed banks	8,307,198	5,507,235
Borrowings	8,951,014	5,134,008
<b>Floating rate instrument</b>		
Borrowings	12,924,179	3,670,099

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 50 basis point ("b/p"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	+50bp RM	Group Effect on profit/(loss) for the year -50bp RM
31 December 2015	(64,621)	64,621
31 December 2014	(18,350)	18,350

# Notes to the Financial Statements

(cont'd)

## 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 4.2 Fair values of financial instruments

The carrying amounts of financial assets and liabilities of the Group and of the Company at reporting date approximate their fair values due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of the Group's and the Company's investment in club membership due to lack of comparable quoted prices in active market. In addition, it is impracticable to use valuation technique to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Group and the Company do not intend to dispose of this investment in the near future and intends to hold for long term.

### 4.3 Fair values hierarchy

No fair value hierarchy had been disclosed for financial assets and financial liabilities as the Group and the Company do not have financial instruments measured at fair value.

## 5. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods, unless otherwise stated.

### (a) Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and its subsidiary companies, which have been prepared in accordance with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 5(e) of the financial statements.

The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

Changes in the Company owners' ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Basis of consolidation (cont'd)**

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

If the business combination is achieved in stages, the acquisition-date fair value of existing equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 5(d) to Financial Statements.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income at the date of acquisition.

Subsidiary companies are consolidated using the acquisition method of accounting from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary company, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Non-controlling interests at the end of the reporting year, being the equity in a subsidiary company not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statements of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statements of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if that results in a deficit balance.

# Notes to the Financial Statements

(cont'd)

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and less any impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

All other repair and maintenance are charged to the profit or loss during the financial year in which they incurred.

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:-

	Rate	Residual value
Factory buildings	3.33%	10%
Furniture and fitting	10% - 20%	–
Motor vehicles	9%	10%
Office equipment	18% - 20%	10%
Plant and machinery	9% - 20%	10%
Renovation	10% - 20%	–
Tools	20%	–
Computer and accessories	20%	–

Certain depreciated property, plant and equipment are retained in the financial statements at net carrying value of 10% of the cost until they are no longer in use.

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The residual values, useful lives and depreciation method are reviewed at the end of each financial year to ensure that the amount, method and period 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.

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

### (c) Capital work in progress

Capital work in progress is property, plant and equipment under construction or installation for intended use as facilities. The amount is stated at cost. Property, plant and equipment under construction are not depreciated until they are completed and ready for its intended use.



**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Goodwill**

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary company at the date of acquisition.

Goodwill arising on the acquisition of subsidiary company is presented separately in the consolidated statements of financial position.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

A cash-generating unit to which goodwill has been allocated are tested for impairment annually and, whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

An impairment loss recognised for goodwill should not be reversed in subsequent period. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Where goodwill forms part of a cash-generating unit and part of the operations within that unit is disposed off, the goodwill associated with the operations disposed of is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed of in these circumstances are measured based on the relative values of the operations disposed off and portion of the cash-generating unit retained.

**(e) Subsidiary companies**

Subsidiary companies are entities controlled by the Group and the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. In circumstances when the voting rights are not more than half or when voting rights are not the dominant determinant of control, the Group uses judgements to assess whether it has de facto control, control by other arrangements, or by holding substantive potential voting rights.

Investment in subsidiary companies is stated at cost in the Company's statement of financial position. Where an indication of impairment exists, the carrying amount of the subsidiary companies is assessed and written down immediately to their recoverable amount.

Upon the disposal of investment in a subsidiary company, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Tax expense

#### Current tax

Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as liability (or asset) to the extent that it is unpaid (or refundable).

#### Deferred tax

Deferred tax liabilities and assets are provided for under liability method in respect of all temporary differences at reporting date between carrying amount of an asset or liability in the statements of financial position and its tax base including unused tax losses and capital allowances.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax are recognised as an expense or income in the profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Deferred tax is 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 tax rates that have been enacted or substantively enacted by the reporting date.

#### Direct tax

The Group's sale of goods in the PRC and Malaysia are subjected to value-added tax ("VAT") and goods and services tax ("GST") at the applicable tax rate of 17% and 6% for PRC and Malaysia domestic sales respectively. Input GST/VAT on purchases can be deducted from output GST/VAT. The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of "other receivables" or "other payables" in the statements of financial position.

Revenues, expenses and assets are recognised net of the amount of GST/VAT except:

- where the GST/VAT incurred on the purchase of assets or services is not recoverable from the tax authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST/VAT included.

**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) Inventories**

Inventories are stated at the lower of cost and net realisable value after adequate write down has been made by Director for deteriorated, obsolete and slow-moving inventories.

Inventories are measured using the weighted average method.

Cost of raw material includes transportation changes and purchase price.

Cost of finished goods and work in progress includes direct materials, labour and an appropriate proportion of manufacturing overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

**(h) Impairment of non-financial assets**

At each reporting date, the Group and the Company review the carrying amounts of their assets to determine whether there is any indication of impairment.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An impairment loss is recognised as an expense in the profit or loss immediately.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

All reversals of impairment losses are recognised as income immediately in the profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Financial instruments

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Financial assets and financial liabilities are measured subsequently as described below:-

#### Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

- a) loans and receivables;
- b) financial assets at fair value through profit or loss;
- c) held to maturity investments; and
- d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least once at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or when the financial assets and all substantial risks and rewards are transferred.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

At the reporting date, the Group and the Company have not designated any financial assets at fair value through profit or loss and held to maturity investments. The Group and the Company carry only loans and receivables and available-for-sale financial assets on their statements of financial position.

**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(i) Financial instruments (cont'd)****Financial assets (cont'd)****Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

The Group's and the Company's cash and cash equivalents, trade and most of the other receivables, and amount due from a corporate shareholder fall into this category of financial instruments.

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

**Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's and the Company's available-for-sale financial assets include investment in club membership.

Available-for-sale financial assets are measured at fair value subsequent to the initial recognition. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Interest is calculated using the effective interest method and dividends are recognised in profit or loss. Dividends on an available-for-sale equity are recognised in profit or loss when the Group's right to receive payment is established.

Investment in club membership whose fair value cannot be reliably measured is measured at cost less impairment loss.

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.

**Financial liabilities**

After the initial recognition, financial liability is classified as financial liability at fair value through profit or loss or other financial liabilities measured at amortised cost using the effective interest method or financial guarantee contract.

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

At the reporting date, the Group and the Company have not designated any financial liabilities at fair value through profit or loss. The Group and the Company carry only other financial liabilities on their statements of financial position.

**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(i) Financial instruments (cont'd)**

**Financial liabilities (cont'd)**

**Other financial liabilities**

The Group's and the Company's financial liabilities include borrowings, trade and other payables and amount due to subsidiary companies.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specific debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

**Offsetting of financial instruments**

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

**(j) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

For the purpose of the statements of financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current asset.

**(k) Impairment of financial assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

**Trade and other receivables and other financial assets carried at amortised cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(k) Impairment of financial assets (cont'd)****Trade and other receivables and other financial assets carried at amortised cost (cont'd)**

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**Available-for-sale financial assets**

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

**(l) Equity, reserves and dividend payments**

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

Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issuance of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Accumulated losses include all current and prior period accumulated losses.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grants the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.



**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(l) Equity, reserves and dividend payments (cont'd)**

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Company reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Company are recorded separately within equity.

**(m) Statutory reserve**

In accordance with the relevant laws and regulations of the PRC, the subsidiary companies established in the PRC is required to transfer 10% of its profit after tax prepared in accordance with the accounting regulation of the PRC to the statutory reserve until the reserve balance reaches 50% of the registered capital. Such reserve may be used to offset unappropriated profit or increase the registered capital of the subsidiary companies, subject to the approval from the PRC authorities, and are not available for dividend distribution to the shareholders.

**(n) Foreign currency transactions and balances**

The financial statements are presented in RM, which is also the functional currency of the Company.

Transactions in foreign currencies are recorded in RM at rates of exchange ruling at the date of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at reporting date.

The assets and liabilities of the foreign entities, including goodwill and fair value adjustments arising on the acquisitions, are translated to RM at the closing rates at the reporting date. The operating results are translated to RM at the exchange rates at the average rates during the financial year.

Gains and losses resulting from settlement of such transactions and conversion of monetary assets and liabilities, whether realised or unrealised, are included in the profit or loss as they arise.

Financial statements of foreign subsidiary companies are translated at year-end exchange rates with respect to the assets and liabilities. All resulting translation differences are included in the foreign exchange reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the reporting date.

On disposal of a foreign entity, the cumulative amount of exchange differences deferred in equity relating to that foreign entity is recognised in the profit or loss as a component of the gain or loss on disposal.

All other foreign exchange differences are taken to profit or loss in the financial year in which they arise.

**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(o) Leases****Operating Lease**

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payment and amortised over the lease term of 50 years.

**(p) Investment properties**

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including transaction cost. Cost includes expenditures that are directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent to initial recognition, investment properties are measured at fair value and are revalued annually and are included in the statements of financial position at their open market values. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss in the period in which they arise. The fair values are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and supported by market evidence.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

# Notes to the Financial Statements

(cont'd)

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (q) Provisions

Provisions are recognised when there is a present, legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### (r) Revenue recognition

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group and the Company maintain neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Interest income is recognised on time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

Dividend income from investment is recognised when the shareholder's right to receive payment has been established provided it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

Rental income is accounted on a straight-line basis over the lease terms.

### (s) Employee benefits

#### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(s) Employee benefits (cont'd)****(ii) Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into independent entities of funds and will have no legal or constructive obligations to pay further contribution if any of the funds do not hold sufficient assets to pay all employees benefits relating to employee services in the current and preceding financial year.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes.

Obligations for contributions to defined contribution plans are recognised as expenses in the profit or loss as incurred.

**(iii) Retirement benefits scheme**

Pursuant to the relevant regulations of PRC government, the subsidiary companies established in PRC participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiary companies are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiary companies. The only obligation of the subsidiary companies with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the profit or loss as incurred. There is no provision under the Scheme whereby forfeited contributions may be used to reduce future contributions.

**(iv) Employees' share option scheme**

Eligible employees of the Group and of the Company received remuneration in the form of share option as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the option at the date on which the option is granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of option that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for option that do not ultimately vest, except for option where vesting is conditional upon market or non-vesting condition, which are tested as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to accumulated losses upon expiry of the share option.

The proceeds received net of any directly attributable transactions costs are credited to share capital (nominal value) and share premium when the option is exercised.

# Notes to the Financial Statements

(cont'd)

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (t) Government grants

Government grants used for financial support, assistance or to reimburse costs incurred by the Group and the Company are recognised in the profit or loss of the financial year in which they become receivable.

### (u) Borrowings costs

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

### (v) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

### (w) Segment reporting

In identifying its operating segments, the management generally follows the Group's internal reports regularly reviewed by the Group's chief operating decision makers in order to allocate resources to the respective segments and to assess their performance.

### (x) Intersegment transfers

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Group at a negotiated transaction. These transfers are eliminated on consolidation.

### (y) Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

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

- (i) Has control or joint control over the Group; or
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the Group.

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

- (i) The entity and the Group are members of the same group.
- (ii) One entity is an associate or joint venture of the other entity.
- (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 benefits of employees of either the Group or an entity related to the Group.
- (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 Group or is a member of the key management personnel of the Group.
- (viii) The entity, or any member of a group which it is a party, provides key management personnel services to the Group.

## 6. PROPERTY, PLANT AND EQUIPMENT

Group	Factory building RM	Furniture and fitting RM	Office equipment RM	Tools RM	Plant and machinery RM	Renovation RM	Motor vehicles RM	Capital work in progress RM	Computer and accessories RM	Total RM
<b>Cost</b>										
At 1 January 2014	-	35,083	841,701	2,940	4,502,707	938,165	1,134,671	168,142	21,966	7,645,375
Additions	-	-	80,587	-	147,918	103,923	-	5,579,061	7,748	5,919,237
Transferred to non-current assets classified as held for sale	-	-	(60,712)	-	(497,177)	-	-	-	-	(557,889)
Written off	-	(8,170)	(40,124)	(2,940)	(39,573)	-	-	-	-	(90,807)
Disposals	-	-	(10,704)	-	(38,801)	-	-	-	-	(49,505)
Translation differences	-	-	30,873	-	175,206	43,465	42,519	338,719	-	630,782
At 31 December 2014	-	26,913	841,621	-	4,250,280	1,085,553	1,177,190	6,085,922	29,714	13,497,193
Additions	-	-	77,375	-	58,163	-	242,733	10,102,796	-	10,481,067
Written off	-	-	(250,909)	-	(881,729)	(712,638)	-	-	-	(1,845,276)
Disposals	-	-	-	-	(30,142)	-	(203,622)	-	-	(233,764)
Transferred from/(to)	15,241,538	-	176,144	-	-	-	-	(15,417,682)	-	-
Translation differences	942,495	-	130,920	-	639,273	141,507	197,474	744,840	-	2,796,509
At 31 December 2015	16,184,033	26,913	975,151	-	4,035,845	514,422	1,413,775	1,515,876	29,714	24,695,729
<b>Accumulated depreciation</b>										
At 1 January 2014	-	13,152	482,606	882	1,751,635	370,729	108,126	-	14,245	2,741,375
Charge for the financial year	-	3,372	120,673	490	500,870	199,920	115,265	-	4,927	945,517
Transferred to non-current assets classified as held for sale	-	-	(40,427)	-	(113,774)	-	-	-	-	(154,201)
Written off	-	(1,649)	(25,627)	(1,372)	(27,861)	-	-	-	-	(56,509)
Disposals	-	-	(3,892)	-	(5,951)	-	-	-	-	(9,843)
Translation differences	-	-	23,009	-	83,398	26,712	8,009	-	-	141,128
At 31 December 2014	-	14,875	556,342	-	2,188,317	597,361	231,400	-	19,172	3,607,467
Charge for the financial year	-	2,691	107,762	-	418,209	177,479	133,622	-	3,956	843,719
Written off	-	-	(144,334)	-	(31,121)	(499,668)	-	-	-	(675,123)
Disposals	-	-	-	-	(11,697)	-	(73,304)	-	-	(85,001)
Translation differences	-	-	88,300	-	320,634	83,549	34,752	-	-	527,235
At 31 December 2015	-	17,566	608,070	-	2,884,342	358,721	326,470	-	23,128	4,218,297

# Notes to the Financial Statements

(cont'd)

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

Group (cont'd)	Factory building RM	Furniture and fitting RM	Office equipment RM	Tools RM	Plant and machinery RM	Renovation RM	Motor vehicles RM	Capital work in progress RM	Computer and accessories RM	Total RM
<b>Accumulated impairment loss</b>										
At 1 January 2014	-	-	-	-	-	-	-	-	-	-
Charge for the financial year	-	-	75,208	-	707,691	77,807	-	-	-	860,706
Translation differences	-	-	4,473	-	42,087	4,627	-	-	-	51,187
At 31 December 2014	-	-	79,681	-	749,778	82,434	-	-	-	911,893
Written off	-	-	(88,277)	-	(830,665)	(91,327)	-	-	-	(1,010,269)
Translation differences	-	-	8,596	-	80,887	8,893	-	-	-	98,376
At 31 December 2015	-	-	-	-	-	-	-	-	-	-
<b>Net carrying amount</b>										
31 December 2015	16,184,033	9,347	367,081	-	1,151,503	155,701	1,087,305	1,515,876	6,586	20,477,432
31 December 2014	-	12,038	205,598	-	1,312,185	405,758	945,790	6,085,922	10,542	8,977,833

The factory building of the Group is located in PRC and is pledged for banking facilities granted to a subsidiary company.

### Impairment losses

In 2014, as a result of the unexpected poor performance of a manufacturing plant of a subsidiary company in PRC, the Group carried out a review of the recoverable amount of that manufacturing plant and the related equipment. These assets are used in the Group's laser/die-cut product reportable segment. The review lead to the recognition of an impairment loss of RM860,706 which has been recognised in profit or loss.



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

<b>Company</b>	<b>Office equipment RM</b>	<b>Furniture and fitting RM</b>	<b>Renovations RM</b>	<b>Computer and accessories RM</b>	<b>Total RM</b>
<b>Cost</b>					
At 1 January 2014	16,025	26,913	33,478	21,966	98,382
Additions	2,159	–	–	7,748	9,907
At 31 December 2014/ 31 December 2015	18,184	26,913	33,478	29,714	108,289
<b>Accumulated depreciation</b>					
At 1 January 2014	10,537	12,184	6,226	14,245	43,192
Charge for the financial year	2,945	2,691	3,348	4,927	13,911
At 31 December 2014	13,482	14,875	9,574	19,172	57,103
Charge for the financial year	1,510	2,691	3,348	3,956	11,505
At 31 December 2015	14,992	17,566	12,922	23,128	68,608
<b>Net carrying amount</b>					
31 December 2015	3,192	9,347	20,556	6,586	39,681
31 December 2014	4,702	12,038	23,904	10,542	51,186

## Notes to the Financial Statements

(cont'd)

### 7. INVESTMENT PROPERTY

	2015 RM	Group 2014 RM
Fair value:-		
At 1 January	1,315,784	1,274,832
Translation differences	173,247	40,952
At 31 December	1,489,031	1,315,784

The following items are recognised in profit or loss in respect of the investment property:-

	2015 RM	Group 2014 RM
Rental income	72,093	72,587
Direct operating expenses:		
– Income generated investment property	32,477	42,718

#### Fair value basis of investment property

Investment property comprised of leasehold buildings leased to third party. The leases contain a cancellable period of 1 (2014: 2) years with renewal period of 3 (2014: 3) years. No contingent rent is charged.

Investment property is stated at fair value, which has been determined based on valuations at the date transfer from property, plant and equipment and at the end of the reporting period. The fair values of the investment property are based on valuations performed by The University Assets Appraisal Co., Ltd. in Xiamen, an accredited independent valuers with appropriate professional qualifications and recent experience in the location and category of property being valued. In estimating the fair values of the property, the highest and best use of the property is its current use. There has been no change to the valuation technique during the financial year.

Fair value measurement of the investment property was categorised as follows:-

	Level 1 RM	Level 2 RM	Group 2015 Level 3 RM	Total RM
Recurring fair value measurements:-				
Building	–	1,489,031	–	1,489,031

	Level 1 RM	Level 2 RM	Group 2014 Level 3 RM	Total RM
Recurring fair value measurements:-				
Building	–	1,315,784	–	1,315,784

#### Level 2 Fair Value

Level 2 fair values of building have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable property.

**8. PREPAID LAND LEASE PAYMENT**

	<b>2015 RM</b>	<b>Group 2014 RM</b>
<b>Cost</b>		
At 1 January	1,562,276	1,500,439
Translation differences	275,570	61,837
At 31 December	1,837,846	1,562,276
<b>Accumulated amortisation</b>		
At 1 January	41,661	25,008
Amortisation during the financial year	34,616	14,746
Translation differences	9,489	1,907
At 31 December	85,766	41,661
<b>Net carrying amount</b>	1,752,080	1,520,615
<u>Amount to be amortised</u>		
Not later than one year	34,616	29,492
Later than one year but not later than five years	138,464	117,968
Later than five years	1,579,000	1,373,155
	1,752,080	1,520,615

The prepaid land lease payment of the Group is located in PRC and is pledged for banking facilities granted to a subsidiary company.

**9. INVESTMENT IN SUBSIDIARY COMPANIES****(a) Investment in subsidiary companies**

	<b>2015 RM</b>	<b>Company 2014 RM</b>
Unquoted investment - at cost	20,770,657	20,770,657
ESOS granted to employees of subsidiary companies	207,000	207,000
Less: Impairment loss	(468,119)	(468,119)
	20,509,538	20,509,538

# Notes to the Financial Statements

(cont'd)

## 9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### (a) Investment in subsidiary companies (cont'd)

The movement of impairment loss during the financial year is as follows:-

	Company	
	2015 RM	2014 RM
Balance at 1 January	468,119	51,274
Add: Impairment loss during the financial year	–	416,845
Balance at 31 December	468,119	468,119

Details of subsidiary companies are as follows:-

Name	Country of incorporation	Effective interest		Principal activities
		2015	2014	
Direct interest:				
Ideal Jacobs (Xiamen) Corporation ("IJX") #/###	PRC	100%	100%	^
Ideal Jacobs (HK) Corporation Limited ("IJHK") #	Hong Kong	100%	100%	@
Ideal Laminar Pte. Ltd. ("ILPL") #	Singapore	51%	51%	@@
Lumimark Sdn. Bhd. ("LMM")	Malaysia	51%	51%	Δ
Ideal Jacobs Rangkuman Sdn. Bhd. ("IJR")	Malaysia	100%	100%	Δ Δ
Indirect interest:				
Xiamen Ideal Jacobs International Limited Company ("XIJ") #/+###	PRC	100%	100%	@
Suzhou Ideal Jacobs Corporation ("SIJ") #/+###	PRC	100%	100%	^^
Ideal Laminar (Suzhou) Ltd. Co. ("ILS") #/&###	RPC	51%	51%	**

^ The principal activities of this subsidiary company are engaged in research and development and manufacturing of components in industrial equipment and designing and manufacturing of Industrial Labels, Nameplates, and Laser/Die-Cut Products and fabrication of plastic parts.

^^ The principal activities of this subsidiary company are engaged in designing and manufacturing of Industrial Labels, Nameplates, and Laser/Die-Cut Products and fabrication of plastic parts.

@@ The principal activity of this subsidiary company is trading of die cut materials.

**9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)****(a) Investment in subsidiary companies (cont'd)**

Details of subsidiary companies are as follows (cont'd):-

- @ The principal activities of these subsidiary companies are trading in general products.
- Δ The principal activities of this subsidiary company are engaged in carrying out of research and development activity, producing and trading in photo luminescent products and services.
- ΔΔ The principal activities of this subsidiary company are trading in all kinds of products.
- \*\* The principal activities of this subsidiary company are engaged in manufacturing of smartphone components.
- # Subsidiary company not audited by SJ Grant Thornton.
- ## An audit has been carried out by SJ Grant Thornton for the purpose of forming a group opinion.
- + Direct subsidiary companies of IJX.
- & Direct subsidiary company of ILPL.

**(b) Non-controlling interests in subsidiary companies**

The table below shows details of non-wholly owned subsidiary companies of the Group that have material non-controlling interests. The amounts disclosed below do not reflect the elimination of intragroup transaction.

Name	Country of incorporation and operation	2015	2014
		% of holding	
ILPL Group	Singapore	49%	49%
LMM	Malaysia	49%	49%
		2015 RM	2014 RM
<b>Accumulated non-controlling interests</b>			
ILPL Group		37,855	(1,935,608)
LMM		(164,373)	(158,777)
		(126,518)	(2,094,385)
<b>Profit/(Loss) allocated to non-controlling interests</b>			
ILPL Group		2,187,908	(1,250,639)
LMM		(5,596)	(65,315)
		2,182,312	(1,315,954)

# Notes to the Financial Statements

(cont'd)

## 9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### (b) Non-controlling interests in subsidiary companies (cont'd)

	2015 RM	2014 RM
<b>Other comprehensive loss allocated to non-controlling interests</b>		
ILPL Group	(214,445)	(111,239)
<b>Total comprehensive income/(loss) allocated to non-controlling interests</b>		
ILPL Group	1,973,463	(1,361,878)
LMM	(5,596)	(65,315)
	1,967,867	(1,427,193)

Summarised financial information in respect of the Group's subsidiary companies that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

#### ILPL Group

#### Summary of financial position as at 31 December

	2015 RM	2014 RM
Current assets	89,307	2,253,738
<b>Total assets</b>	89,307	2,253,738
Current liabilities	(12,051)	(6,203,958)
<b>Total liabilities</b>	(12,051)	(6,203,958)
<b>Net assets/(liabilities)</b>	77,256	(3,950,220)
<b>Equity attributable to owners of the Company</b>	39,401	(2,014,612)
<b>Non-controlling interests</b>	37,855	(1,935,608)

**9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)****(b) Non-controlling interests in subsidiary companies (cont'd)****ILPL Group (cont'd)****Summary of financial performance for the financial year ended 31 December**

	<b>2015 RM</b>	<b>2014 RM</b>
Revenue	5,187,508	4,719,788
Expenses	(722,390)	(7,272,113)
Profit/(Loss) for the financial year	4,465,118	(2,552,325)
Profit/(Loss) attributable to owners of the Company	2,277,210	(1,301,686)
Profit/(Loss) attributable to the non-controlling interests	2,187,908	(1,250,639)
Other comprehensive loss	(437,642)	(227,018)
Other comprehensive loss attributable to owners of the Company	(223,198)	(115,779)
Other comprehensive loss attributable to non-controlling interests	(214,445)	(111,239)
Total comprehensive income/(loss) attributable to owners of the Company	2,054,012	(1,417,465)
Total comprehensive income/(loss) attributable to non-controlling interests	1,973,463	(1,361,878)
	4,027,475	(2,779,343)

**Summary of cash flows for the financial year ended 31 December**

	<b>2015 RM</b>	<b>2014 RM</b>
Net cash(used in)/from operating activities	(1,087,807)	165,057
Net cash from/(used in) investing activities	447,239	(55,292)
Net cash inflow/(outflow)	(640,568)	109,765



# Notes to the Financial Statements

(cont'd)

## 9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### (b) Non-controlling interests in subsidiary companies (cont'd)

#### LMM

#### Summary of financial position as at 31 December

	2015 RM	2014 RM
Current assets	3,065	3,085
<b>Total assets</b>	<b>3,065</b>	<b>3,085</b>
Current liabilities	(338,520)	(327,119)
<b>Total liabilities</b>	<b>(338,520)</b>	<b>(327,119)</b>
<b>Net liabilities</b>	<b>(335,455)</b>	<b>(324,034)</b>
<b>Equity attributable to owners of the Company</b>	<b>(171,082)</b>	<b>(165,257)</b>
<b>Non-controlling interest</b>	<b>(164,373)</b>	<b>(158,777)</b>

#### Summary of financial performance for the financial year ended 31 December

	2015 RM	2014 RM
Expenses	(11,421)	(133,295)
Loss for the financial year	(11,421)	(133,295)
Loss attributable to owners of the Company	(5,825)	(67,980)
Loss attributable to the non-controlling interest	(5,596)	(65,315)
	(11,421)	(133,295)
Loss for the financial year/ Total comprehensive loss attributable to owners of the Company	(5,825)	(67,980)
Loss for the financial year/ Total comprehensive loss attributable to the non-controlling interest	(5,596)	(65,315)
	(11,421)	(133,295)

**9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)****(b) Non-controlling interests in subsidiary companies (cont'd)****LMM (cont'd)****Summary of cash flows for the financial year ended 31 December**

	<b>2015 RM</b>	<b>2014 RM</b>
Net cash (used in)/from operating activities	(1,187)	2,204
Net cash used in investing activities	–	(220)
Net cash (outflow)/inflow	(1,187)	1,984

**(c) Significant restrictions**

Cash and bank balances of RM6,412,017 (2014: RM5,475,624) are held by subsidiary companies in the PRC and are subject to local exchange control regulations. These local exchange control regulations imposed restriction on exporting capital from the country, other than through normal dividends.

**10. OTHER INVESTMENT**

	<b>Group and Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
<b>Available-for-sale investment</b>		
At cost	108,821	108,821

This represents investment in club membership and is stated at cost less impairment and denominated in RMB. This investment is held in trust by a Director.

**11. INVENTORIES**

	<b>Group</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
Raw materials	2,258,298	1,906,332
Work-in-progress	103,987	62,333
Finished goods	1,589,790	1,363,117
	3,952,075	3,331,782

A total of RM116,573 (2014: RM569,645) resulting from write down of inventories was recognised in profit or loss during the financial year.

# Notes to the Financial Statements

(cont'd)

## 12. TRADE RECEIVABLES

	2015 RM	Group 2014 RM
Trade receivables	12,763,125	9,874,789
Less : Impairment loss on trade receivables recognised		
At 1 January	(1,336,870)	(1,440,566)
Reversal	92,789	103,696
At 31 December	(1,244,081)	(1,336,870)
	11,519,044	8,537,919

Trade receivables are bear no interest and the normal trade credit terms granted by the Group to the trade receivables ranging from 1 days to 120 days (2014: 7 days to 120 days).

Included in trade receivables is an amount of RMNil (2014: RM336,696) due from companies in which certain Directors of subsidiary companies have interest. The amount is unsecured and bears no interest.

## 13. OTHER RECEIVABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-trade receivables	102,889	153,241	39,498	18,218
Less: Impairment loss	(3,838)	(53,838)	(3,838)	(3,838)
	99,051	99,403	35,660	14,380
Advances to employees	150,800	167,620	–	–
Advances to suppliers	976,173	189,969	–	–
Deposits	96,025	110,459	22,540	22,540
GST/VAT recoverable	787	31,471	–	–
Prepayments	306,286	1,044,188	16,292	837,327
	1,629,122	1,643,110	74,492	874,247

**13. OTHER RECEIVABLES (CONT'D)**

The movement of impairment loss during the financial year is as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Balance at 1 January	53,838	–	3,838	–
Add: Impairment loss during the financial year	–	53,838	–	3,838
Less: Impairment has no longer required during the financial year	(50,000)	–	–	–
Balance at 31 December	3,838	53,838	3,838	3,838

**14. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES**

Amount due from/(to) subsidiary companies is non trade in nature, unsecured, bears no interest and repayable on demand.

	<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
Amount due from subsidiary companies	4,321,364	806,220
Less: Impairment loss	(4,321,364)	(799,608)
	–	6,612

The movement of impairment loss during the financial year is as follows:-

	<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
Balance at 1 January	799,608	713,861
Add: Impairment loss during the year	3,521,756	85,747
Balance at 31 December	4,321,364	799,608

**15. AMOUNT DUE FROM A CORPORATE SHAREHOLDER****Group**

Amount due from a corporate shareholder is trade in nature, unsecured and bears no interest.

# Notes to the Financial Statements

(cont'd)

## 16. FIXED DEPOSITS WITH LICENSED BANKS

### Group

Fixed deposits totalling RM8,307,198 (2014: RM5,507,235) have been pledged to banks for banking facilities granted to a subsidiary company, and hence, are not available for general use.

The average effective interest rate for fixed deposits with license banks is 3.0% (2014: ranging from 3.0% to 3.3%) per annum.

## 17. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2015 RM	Group 2014 RM
At 1 January	403,688	–
Transferred from property, plant and equipment	–	403,688
Disposal	(447,239)	–
Translation differences	43,551	–
At 31 December	–	403,688

On 31 December 2014, a subsidiary company had entered into an agreement to dispose of the plant and equipment for a total cash consideration of RM447,239. The transaction had been completed on 21 January 2015.

## 18. SHARE CAPITAL

	Group and Company 2015 RM	2014 RM
<b>Authorised:-</b>		
Ordinary shares		
250,000,000 shares of RM0.10 each brought forward/carried forward	25,000,000	25,000,000
<b>Issued and fully paid:-</b>		
Ordinary shares		
131,701,075/120,001,000 shares of RM0.10 each brought forward	13,170,108	12,000,100
4,000,000/11,700,075 shares of RM0.10 each issued at premium pursuant to:-		
- Exercise of ESOS	400,000	1,170,008
135,701,075/131,701,075 shares of RM0.10 each carried forward	13,570,108	13,170,108

During the financial year, the issued and paid-up ordinary share capital was increased from RM13,170,108 (2014: RM12,000,100) to RM13,570,108 (2014: RM13,170,108) by way of issuance of 4,000,000 (2014: 11,700,075) new ordinary shares of RM0.10 each for cash pursuant to exercise of option under ESOS at an exercise price of RM0.21 (2014: RM0.21) per share.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary share carry one vote per share without restriction and rank equally to the Company's residual assets.

**19. RESERVES****Statutory reserve**

In accordance with the relevant laws and regulations of the PRC, the subsidiary companies established in the PRC are required to transfer 10% of its profits after tax prepared in accordance with the accounting regulation in the PRC to the statutory reserve until the reserve balance reaches 50% of the respective registered capital. Such reserve may be used to reduce any losses incurred or for capitalisation as paid-up capital.

**Translation reserve**

The translation reserve represents exchange differences arising from the translation of the financial statements of foreign entities whose functional currencies are different from that of the Group's presentation currency.

These reserves are not available for distribution as dividend.

**20. SHARE PREMIUM**

Share premium represents the excess of the consideration received over the nominal value of shares issued by the Company. It is not to be distributed by way of cash dividends and its utilisation shall be in the manner as set out in Section 60(3) of the Companies Act, 1965.

**21. ESOS RESERVE**

	<b>Group</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
At 1 January	630,007	–
Share based compensation pursuant to ESOS granted	–	1,800,015
Share based compensation pursuant to ESOS exercised	(400,000)	(1,170,008)
At 31 December	230,007	630,007

	<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
At 1 January	630,007	–
Share based compensation pursuant to ESOS granted	–	1,800,015
Share based compensation pursuant to ESOS exercised	(400,000)	(963,008)
Share based compensation pursuant to ESOS granted to the employee of the subsidiary companies	–	(207,000)
At 31 December	230,007	630,007

The ESOS reserve represents the equity-settled share option granted to employees of certain subsidiary companies and the Company's Directors. The share option reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the share option and is reduced by the expiry or exercise of the share option. The salient terms and key assumptions in deriving the fair value of the ESOS are disclosed in Note 39 to the Financial Statements.

## Notes to the Financial Statements

(cont'd)

### 22. REVALUATION RESERVE

	2015 RM	Group 2014 RM
At 1 January/At 31 December	128,108	128,108

Revaluation reserve consists of surplus from revaluation of investment property and are not available for distribution as dividend.

### 23. BORROWINGS

	2015 RM	Group 2014 RM
<u>Secured - Term loans</u>		
Non-current	8,616,119	–
Current	13,259,074	8,804,107
<b>Total</b>	<b>21,875,193</b>	<b>8,804,107</b>

The term loans are secured by the followings:-

- (a) First party legal charge over the factory building and prepaid land lease payment of a subsidiary company;
- (b) Corporate guarantee by two subsidiary companies, Suzhou Ideal Jacobs Corporation and Ideal Jacobs (Xiamen) Corporation;
- (c) Jointly and severally guaranteed by a Director and his spouse of the Company; and
- (d) Fixed deposits of a subsidiary company as disclosed in Note 16 to the Financial Statements.

The effective interest rates are ranging from 5.75% to 8.30% (2014: 7.60% to 8.10%) per annum.

### 24. DEFERRED TAX LIABILITY

	2015 RM	Group 2014 RM
At 1 January/31 December	36,457	36,457

The components of deferred tax liability are made up of temporary arising from:-

	2015 RM	Group 2014 RM
Revaluation of property, plant and equipment upon transfer to investment property	20,789	20,789
Fair value gain adjustment on investment property	15,668	15,668
	<b>36,457</b>	<b>36,457</b>



**24. DEFERRED TAX LIABILITY (CONT'D)**

Under the Enterprise Income Tax Law ("EIT") of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiary companies from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences associated with undistributed earnings of the PRC subsidiary companies amounting to approximately RM10,353,119 (2014: RM7,743,510) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The tax effect of timing differences that would give rise to future tax benefits are generally recognised only where there is reasonable expectation of realisation. The estimated amounts of deferred tax benefits, which have not been recognised in the financial statements is as follow:-

	<b>2015 RM</b>	<b>Group 2014 RM</b>
Unutilised capital allowances	15,500	15,500
Unabsorbed business losses	10,337,619	7,728,010
	<b>10,353,119</b>	<b>7,743,510</b>

The potential future tax benefits of the Group are not provided for in the financial statements as it is anticipated that the tax effects of such benefits will not reverse in the foreseeable future.

**25. TRADE PAYABLES**

The normal credit terms granted by the trade payables ranging from 7 days to 90 days (2014: 7 days to 90 days).

**26. OTHER PAYABLES**

	<b>2015 RM</b>	<b>Group 2014 RM</b>	<b>2015 RM</b>	<b>Company 2014 RM</b>
Non-trade payables	817,931	2,821,153	–	–
Accrual of expenses	3,387,632	2,360,371	1,213,211	793,078
Advance from customers	152,500	16,573	–	–
GST/VAT payable	70,600	68,153	–	–
	<b>4,428,663</b>	<b>5,266,250</b>	<b>1,213,211</b>	<b>793,078</b>

Included in other payables of the Group is non-trade payables amounted to RMNil (2014: RM2,429,406) which is amount due to a corporate shareholder of a subsidiary company. This amount is unsecured, bears no interest and repayable on demand.

**27. AMOUNT DUE TO A DIRECTOR**

Amount due to a Director is non-trade in nature, unsecured, bears no interest and repayable on demand.

# Notes to the Financial Statements

(cont'd)

## 28. REVENUE

Revenue for the Group represents the net invoiced value of goods sold, after allowance for trade discounts and sales rebates.

Revenue for the Company consists of dividend income.

## 29. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been determined after charging/(crediting), amongst other items, the following:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Audit fees				
- Holding company's auditors				
- Statutory audit	160,000	160,000	156,000	156,000
- Other services	10,000	10,000	10,000	10,000
- Other auditors	54,247	67,180	-	-
Inventories written down	116,573	569,645	-	-
Depreciation	843,719	945,517	11,505	13,911
Directors' remuneration				
- Directors' fee	187,103	197,507	149,652	165,600
- Other emoluments	1,812,325	2,981,885	374,573	1,886,788
Impairment loss on investment in a subsidiary company	-	-	-	416,845
Bad debts written off	50,000	-	-	-
Interest expenses - term loans	392,264	220,445	-	-
Loss on disposal of property, plant and equipment	46,886	23,390	-	-
Impairment loss on property, plant and equipment	-	860,706	-	-
Reversal of impairment loss on trade receivables	(92,789)	(103,696)	-	-
Impairment loss on other receivables	-	53,838	-	3,838
Impairment loss on trade receivables no longer required	(50,000)	-	-	-
Property, plant and equipment written off	159,884	34,298	-	-
Rental expenses	1,159,876	1,423,261	53,249	51,240
Share-based compensation pursuant to ESOS granted	-	1,800,015	-	1,593,015
Government grant received	(104,287)	(21,435)	-	-
Interest income	(231,731)	(130,606)	-	-
Amortisation of prepaid land lease payment	34,616	14,746	-	-
Loss/(Gain) on foreign exchange				
- realised	63,493	(115,906)	(7,646)	13,771
- unrealised	72,314	190,101	703,002	212,165
Impairment loss on amount due from subsidiary companies	-	-	3,521,756	85,747
Rental income	(72,093)	(72,587)	-	-
Waiver of debts by a subsidiary company	-	-	(80,412)	-
Waiver of debts by a corporate shareholder of a subsidiary company	(1,963,538)	-	-	-

**30. TAX EXPENSE**

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
<b>In Malaysia</b>				
Underprovision in prior year	–	421	–	421
	–	421	–	421
<b>Outside Malaysia</b>				
Current year provision	868,993	894,506	–	–
Under/(Over)provision in prior years	25,199	(187)	–	–
	894,192	894,319	–	–
Total tax expense	894,192	894,740	–	421

Reconciliation between the statutory and effective tax expense is as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Profit/(Loss) before tax	2,205,300	(4,282,807)	(8,097,976)	4,202,117
Income tax on rate of 25%	551,325	(1,070,702)	(2,024,494)	1,050,529
Tax effect in respect of:-				
Income not taxable	(847,836)	(221,114)	(22,015)	(2,528,548)
Non-allowable expenses	1,295,463	1,896,641	2,046,509	1,478,019
Underprovision in prior years	25,199	234	–	421
Movement of deferred tax assets not recognised	652,402	687,146	–	–
Different tax rate in other countries of overseas subsidiary companies	(782,361)	(397,465)	–	–
Tax expense for the financial year	894,192	894,740	–	421

# Notes to the Financial Statements

(cont'd)

## 30. TAX EXPENSE (CONT'D)

The Group's unutilised capital allowances and unabsorbed business losses which can be carried forward to offset against future taxable profit amounted to RM15,500 (2014: RM15,500) and RM10,337,619 (2014: RM7,728,010) respectively.

### PRC tax

The provision for PRC income tax is calculated based on statutory income tax rate of 25% (2014: 25%) in accordance with the relevant PRC income tax rules.

On 30 June 2011, a subsidiary company in PRC had received a tax incentive from the authority in relation to the high technology whereby the subsidiary company's statutory income tax rate reduced from 24% to 15% for 3 years until 29 June 2014.

On 27 June 2014, the subsidiary company had received an extension of tax incentive from the authority in relation to the high technology whereby the subsidiary company's statutory income tax rate remained at 15% for another 3 years until 26 June 2017.

## 31. LOSSES PER SHARE

### Basic losses per ordinary share

The calculation of basic losses per share was based on the loss attributable to ordinary equity holders of the Company and a weighted average number of ordinary shares issued calculated as follows:-

	2015 RM	Group 2014 RM
Loss for the financial year attributable to ordinary equity holders of the Company (RM)	(871,204)	(3,861,593)
Weighted average number of ordinary shares at 1 January	131,170,075	120,001,000
Effects of ordinary shares issued during the year	3,101,370	5,371,471
Weighted average number of ordinary shares at 31 December	134,271,445	125,372,471
Basic losses per share (sen)	(0.65)	(3.08)

**31. LOSSES PER SHARE (CONT'D)****Diluted losses per ordinary share**

The calculation of diluted losses per share was based on loss attributable to owners of the Company and on the weighted average number of shares outstanding after adjustment for the effects of all dilutive potential ordinary shares as follows:-

	<b>Group 2015</b>
Loss for the financial year attributable to ordinary equity holders of the Company (RM)	(871,204)
Weighted average number of ordinary shares as above	134,271,445
Effects of ESOS outstanding	300,971
Weighted average number of shares assumed to be in issue at 31 December	134,572,416
Diluted losses per share (sen)	(0.65)

In 2014, there is no diluted losses per share presented as the effect is anti-dilutive.

**32. EMPLOYEE BENEFITS EXPENSE**

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Salaries	9,086,277	8,559,712	456,508	438,592
Social security contributions	2,267	4,662	2,267	2,166
Equity-settled-share-based payment	–	1,800,015	–	1,593,015
Contribution to defined contribution plans	1,040,568	1,051,015	63,788	61,490
Others	459,377	512,539	73,738	73,731
	10,588,489	11,927,943	596,301	2,168,994

Included in the above are Directors' emoluments of the Group and of the Company amounted to RM1,812,325 (2014: RM2,981,885) and RM374,573 (2014: RM1,886,788) respectively.

# Notes to the Financial Statements

(cont'd)

## 33. RELATED PARTY DISCLOSURES

The Group and the Company have the following transactions with the following related parties at negotiated terms agreed between the parties during the financial year:-

	2015 RM	2014 RM
<b>Group</b>		
Sales to a corporate shareholder	2,648,600	939,459
Sales to a corporate shareholder of a subsidiary company	–	757,078
Purchases from a corporate shareholder	78,992	68,981
Licensing fee paid to a corporate shareholder	420,915	301,716
Commission paid to a corporate shareholder	29,546	384,647
Management fee charged by a corporate shareholder of a subsidiary company	–	961,135
<b>Company</b>		
Dividend received from a subsidiary company	–	10,114,190
Licensing fee paid to a corporate shareholder	420,915	301,716

The outstanding balances arising from related party transactions as at the reporting date were disclosed in Notes 12, 14, 15, 26 and 27 to the Financial Statements.

The remuneration of Directors during the financial year are as follow:-

	2015 RM	2014 RM
<b>Group</b>		
Directors' fee	187,103	197,507
Salaries, wages and other emoluments	1,772,254	1,409,323
Share-based compensation pursuant to ESOS granted	–	1,530,015
Defined contribution plans	40,071	42,547
	1,999,428	3,179,392
<b>Company</b>		
Directors' fee	149,652	165,600
Salaries, wages and other emoluments	334,502	318,608
Share-based compensation pursuant to ESOS granted	–	1,530,015
Defined contribution plans	40,071	38,165
	524,225	2,052,388

The Group and the Company have no other members of key management personnel other than the Board of Directors. Remuneration of key management personnel is disclosed as Directors' remuneration in Notes 29 and 32 to the Financial Statements.

**34. SUMMARY EFFECTS OF ACQUISITION OF SUBSIDIARY COMPANY****2014****IJX**

The Company had further subscribed the new paid up capital of RM9,102,771 in IJX by way of capitalising the dividend net of tax from IJX and the effective equity interest remain unchanged.

**35. RENTAL COMMITMENTS**

The future contractual rental commitments are as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Within one year	284,038	764,286	–	47,880
Later than one year but not more than 5 years	83,202	–	–	–
	<b>367,240</b>	<b>764,286</b>	<b>–</b>	<b>47,880</b>

Operating lease commitments represent rental payables for rent of subsidiary companies' factory building. Leases are negotiated for a term of 2 years (2014: 1 year).

**36. LICENSING FEES COMMITMENTS**

The Company enters into a licensing agreement with its corporate shareholder, Ideal Jacobs Corporation, and an annual payment of USD100,000 shall be made before 31 October of each year until the licensing agreement has been terminated.

**37. CAPITAL COMMITMENTS**

Commitments not provided for in the financial statements are as follows:-

	<b>2015 RM</b>	<b>Group 2014 RM</b>
Capital expenditure		
- Authorised and contracted for:		
- Property, plant and equipment	808,393	6,692,865



# Notes to the Financial Statements

(cont'd)

## 38. CONTINGENT LIABILITY

	2015 RM	Group 2014 RM
Unsecured		
Corporate guarantee given by a subsidiary company to financial institution on the banking facilities granted to a corporate shareholder of a subsidiary company – utilised amount	–	956,058

The corporate guarantee do not have a determinable effect on the terms of the credit facilities due to the banks and financial institutions requiring the subsidiary company's guarantee as a pre-condition for approving the credit facilities granted to the corporate shareholder of a subsidiary company. The actual terms of the credit facilities are likely to be best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the corporate shareholder of a subsidiary company. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

## 39. ESOS

At an EGM held on 28 February 2014, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The scheme which came into effect on 19 March 2014 is for a period of five years.

The salient features of the ESOS are as follows:-

- The total number of new ordinary shares which are available to be issued under the ESOS shall not exceed fifteen percent (15%) of the total issued and fully paid-up share capital of the Company at any time throughout the duration of the ESOS.
- Any employee or Director of any company comprised in the Group shall be eligible to participate in the ESOS if, as at the date to offer, the employee is at least eighteen (18) years of age or above; and is employed on a continuous full-time basis for a period of not less than two (2) years and must be a confirmed employee.
- The option price shall be determined at a discount of not more than ten percent (10%) from the weighted average market quotation of the Company's shares as quoted on Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of the offer or at par, whichever is higher.
- The shares under option shall remain unissued until the option is exercised and shall, on allotment, rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at the date which precedes the date of the exercise of the option.
- The Board of Directors has the absolute discretion, without the approval of the Company's shareholders in the general meeting to extend the duration of the ESOS for up to further five (5) years.

**39. ESOS (CONT'D)**

The option offered to take up unissued ordinary shares of RM0.10 each during the financial year are as follows:-

Grant date	Expiry date	Exercise price	I----- Number of Share Option -----I			
			Balance at 1.1.2015	Granted	Exercised	Balance at 31.12.2015
25 March 2014	24 March 2019	RM0.21	6,300,075	–	(4,000,000)	2,300,075

The fair value of the share option granted was RM0.10 and was estimated at the grant date using Black-Scholes Model, taking into account the terms and conditions upon which the instruments were granted. The following table lists the inputs to the Black Scholes Model for the ESOS granted on 25 March 2014:-

Weighted average share price (RM)	0.23
Weighted average exercise price (RM)	0.21
Expected volatility (%)	41
Risk-free interest rate (%) p.a.	3.60
Expected life of option (years)	5

The exercise life of the option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility over period similar to the life of the option is indicative of future trends, which may not necessarily be the actual outcome.

**40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- (i) On 16 June 2014, the Company had entered into a Heads of Agreement (“HOA”) with the Vendors of Cekap Technical Services Sdn. Bhd. (“CTSSB”) and Mecip Global Engineers Sdn. Bhd. (“MECIP”), for the Proposed Reverse Take-over.

On 18 August 2014, the following agreements have been entered into:-

- (a) Conditional share acquisition agreement with Md Nazir Bin Md Kassim and Sofiyan Bin Yahya, the vendors of CTSSB (“CTSSB Vendors”) to acquire the entire equity interest in CTSSB comprising 1,008,000 ordinary shares of RM0.10 each (“CTSSB Shares”) from the CTSSB Vendors for a purchase consideration of RM86,000,000 to be satisfied entirely via the allotment and issuance of 344,000,000 new ordinary share of RM0.10 each in CMOG Group Sdn. Bhd. (“CMOG”) (a newly incorporated Special Purpose Vehicle) (“CMOG Shares”) to the CTSSB vendors and/or their nominees at an issue price of RM0.25 per CMOG Share (“Proposed CTSSB Acquisition”);
- (b) Conditional share acquisition agreement with Ir. Ahmad Nazri Bin Ashari, Ir. Mohd Nor Bin Abd. Basar, Nor Hanani Binti Muhammad and Mecip (M) Sdn. Bhd., the vendors of Mecip (“MECIP Vendors”) to acquire the entire equity interest in Mecip comprising 1,000,000 ordinary shares of RM1.00 each (“MECIP Shares”) from the Mecip Vendors for a purchase consideration of RM43,000,000 to be satisfied entirely via the allotment and issuance of 172,000,000 new CMOG Shares to the Mecip Vendors and/or their nominees at an issue price of RM0.25 per CMOG Shares (“Proposed MECIP Acquisition”).

## Notes to the Financial Statements

(cont'd)

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

(i) (cont'd)

- (c) Master restructuring agreement with the Company, CTSSB Vendors, MECIP Vendors and Ideal Jacobs Holding Sdn. Bhd., being the purchaser for the proposed management buy-out, to undertake a series of proposals to facilitate the Proposed Reserve Take-Over. Pursuan thereto, the Proposed Reserve Take-Over shall comprise the following:-
- (i) Proposed Acquisition comprising the Proposed CTSSB Acquisition and Proposed MECIP Acquisition;
  - (ii) Proposed Scheme of Arrangement with Shareholders;
  - (iii) Proposed Offer for Sale;
  - (iv) Proposed Transfer of Listing Status; and
  - (v) Proposed Management Buy-out
- (d) Conditional share sale agreement with Ideal Jacobs Holdings Sdn. Bhd. ("MBO Purchaser") for the disposal by CMOG of all the entire issued and paid-up share capital of the Company of up to RM13,800,115 comprising up to RM138,001,150 of the Company's shares for a cash of RM19,500,000 to the MBO Purchaser.

CMOG was incorporated in Malaysia as a private limited company under the Act on 30 July 2014 as a special purpose vehicle undertake the acquisition of CTSSB and MECIP, and to assume the listing status of the Company. Prior to the completion of the Proposals, it will be converted into a public limited company. CMOG has not yet commenced operations but upon commencement will principally be involved in investment holding.

On 27 January 2015, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 27 January 2015, approved the application of the extension of time to submit the above mentioned Proposals to the relevant authorities up till 18 March 2015.

On 2 April 2015, the Company announced that Bursa Securities had vide its letter dated 2 April 2015, approved the application of the extension of time to submit the above mentioned Proposals to the relevant authorities up till 30 April 2015.

On 24 April 2015, the Company announced that an application had been submitted to Bursa Securities on 24 April 2015 for further extension of time of up to 30 June 2015 to submit the application of the above mentioned Proposed to the relevant authorities.

On 18 May 2015, the Company announced that CMOG, the Company, the CTSSB Vendors and the Mecip Vendors had, on 18 May 2015, mutually agreed to extent the period for the performance of the terms of the Master Restructuring Agreement entered into on 18 August 2014 for the Proposed Reverse Take-Over for a further nine (9) months to 18 February 2016.

In addition, on the same date, the following parties had also mutually agreed to extend the period for the conditions to be satisfied in their respective agreements for a further nine (9) months to 18 February 2016:-

- (i) CMOG and the CTSSB Vendors for the CTSSB SAA in respect of the Proposed CTSSB Acquisition;
- (ii) CMOG and the Mecip Vendors for the Mecip SAA in respect of the Proposed Mecip Acquisition; and
- (iii) CMOG and Ideal Jacobs Holdings Sdn Bhd for the MBO SSA in respect of the Proposed MBO.

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

## (i) (cont'd)

On 11 June 2015, the Company announced that Bursa Securities had vide its letter dated 11 June 2015, approved the application for the extension of time to submit the circular on the Proposals to the relevant authorities from 1 May 2015 until two (2) months from the date of the Securities Commission's written directive on the Proposals.

On 11 June 2015, the Company announced that the Securities Commission ("SC") had vide its letter dated 22 June 2015 issued the following ruling under subsection 217(4) of the Capital Market and Services Act 2007 ("CMSA"):-

- (i) that the Proposals are considered a 'take-over offer' for the pupose of Part VI, Division 2 of the CMSA and the Malaysian Code on Take-overs and Mergers, 2010 ("Code");
- (ii) that the Company's Board of Directors appoint an independent adviser to provide comments and recommendation on the control implications arising from the Proposed Reverse Take-Over in an independent advice circular to shareholders of the Company which must comply with the requirements of the Third Schedule (disclosure requirements for a requirements of the Third Schedule (disclosure requirements for a whitewash) and Practice Note 15 of the Code; and
- (iii) the independent advice circular shall only be dispatched to the Companys' shareholders after obtaining the prior written consent of the SC on its contents.

On 24 August 2015, the Company announced that CMOG, the Company, the CTSSB Vendors and the MECIP Vendors had, via a Deed of Mutual Termination dated 24 August 2015 ("Deed of Mutual Termination"), mutually agreed to terminate the Master Restructing Agreement entered into on 18 August 2014 for the Proposed Reverse Take-Over.

In addition, pursuant to the Deed of Mutual Termination, the following parties had also mutually agreed to terminate the respective agreements:-

- (i) CMOG and the CTSSB Vendors for the CTSSB SAA in respect of the Proposed CTSSB Acquisition;
- (ii) CMOG and the Mecip Vendors for the Mecip SAA in respect of the Proposed Mecip Acquisition; and
- (iii) CMOG and Ideal Jacobs Holdings Sdn Bhd for the MBO SSA in respect of the Proposed MBO.

(The termination of the CTSSB SAA, Mecip SAA, Master Restructuring Agreement and the MBO SSA are collectively referred to as the "Mutual Termination")

As such, the CTSSB SAA, the Mecip SAA, the Master Restructuring Agreement, and the MBO SSA shall have no further force or effect between the parties with effect from the date of the Deed of Mutual Termination.

The Company had decided to undertake the Mutual Termination in light of the continuing decline in crude oil prices and the announcements by Petroliam Nasional Berhad of its reduction in its capital expenditures.

- (ii) On 10 December 2015, the Company announced that its wholly-owned subsidiary company, IJR has filed an application for striking off pursuant to Section 308(1) of the Companies Act, 1965 with the Companies Commission of Malaysia. As at the date this report, the striking off process has not been completed.
- (iii) On 31 December 2015, the Company announced that ILSZ had on 2 December 2015 commenced a members' voluntary winding-up in accordance with the law in PRC. This winding-up process has not been completed as at the date of this report.

# Notes to the Financial Statements

(cont'd)

## 41. OPERATING SEGMENT

### Business Segment

For management purposes, the Group is organised into business units based on their products, and has four reportable products segments as follows:-

- |     |   |   |
|-----|---|---|
| (a) | Industrial labels<br>(including nameplates<br>and overlays) | Labels are referred to a function portion of a pressure sensitive construction consisting of the face material and adhesive, and die-cut into various shapes.   |
| (b) | Laser/die-cut products                                      | Laser/die-cut are referred to perform die-cut and laser cut process on various materials.   |
| (c) | Fabrication of plastic parts                                | Fabrication of plastic parts are referred to complement the core business of the Company in manufacture of industrial labels and nameplates and die-cut products.   |
| (d) | Trading of non-core products                                | Trading of non-core products are mainly the supply of metal parts that are manufactured by third parties, trading of information technologies ("IT") products, electric vehicles and photoluminescent products/ services. |

The management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on negotiated basis.

	Industrial labels RM	Laser/ die-cut product RM	Fabrication of plastic parts RM	Trading of non-core products RM	Elimination RM	Total RM
<b>2015</b>						
<b>Revenue:-</b>						
External customers	13,234,582	13,897,613	9,285,052	337,809	–	36,755,056
Inter-segment	268,496	888,893	1,263,926	15,479	(2,436,794)	–
	13,503,078	14,786,506	10,548,978	353,288	(2,436,794)	36,755,056
<b>Results:</b>						
Interest income						231,731
Finance costs						(392,264)
Depreciation and amortisation						(878,335)
Other non-cash income (a)						1,660,670
Taxation						(894,192)
Segment profit						1,311,108
<b>Assets:-</b>						
Additions to non-current assets (b)						10,481,067
Unallocated corporate assets						57,596,426
<b>Liabilities:-</b>						
Unallocated corporate liabilities						31,314,968

**41. OPERATING SEGMENT (CONT'D)****Business Segment (cont'd)**

	Industrial labels RM	Laser/ die-cut product RM	Fabrication of plastic parts RM	Trading of non-core products RM	Elimination RM	Total RM
<b>2014</b>						
<b>Revenue:-</b>						
External customers	10,886,297	14,034,679	12,813,034	802,712	–	38,536,722
Inter-segment	270,066	4,544,622	1,098,233	3,198	(5,916,119)	–
	11,156,363	18,579,301	13,911,267	805,910	(5,916,119)	38,536,722
<b>Results:</b>						
Interest income						130,606
Finance costs						(220,445)
Depreciation and amortisation						(960,263)
Other non-cash expenses (a)						(3,428,297)
Taxation						(894,740)
Segment loss						(5,177,547)
<b>Assets:-</b>						
Additions to non-current assets (b)						5,919,237
Unallocated corporate assets						38,258,242
<b>Liabilities:-</b>						
Unallocated corporate liabilities						18,115,859

**Notes:**

(a) Other non-cash income/(expenses) consist of the following items:-

	2015 RM	Group 2014 RM
Reversal of impairment loss on trade receivables	92,789	103,696
Share based compensation pursuant to ESOS granted	–	(1,800,015)
Inventories written down	(116,573)	(569,645)
Unrealised loss on foreign exchange	(72,314)	(190,101)
Impairment loss on property, plant and equipment	–	(860,706)
Property, plant and equipment written off	(159,884)	(34,298)
Loss on disposal of property, plant and equipment	(46,886)	(23,390)
Impairment loss on trade receivables no longer required	50,000	–
Impairment loss on other receivables	–	(53,838)
Bad debts written off	(50,000)	–
Waiver of debts by a corporate shareholder of a subsidiary company	1,963,538	–
	1,660,670	(3,428,297)

# Notes to the Financial Statements

(cont'd)

## 41. OPERATING SEGMENT (CONT'D)

### Business Segment (cont'd)

#### Notes (cont'd):

- (b) Additions to non-current assets consist of:-

	2015 RM	Group 2014 RM
Property, plant and equipment	10,481,067	5,919,237

- (c) It was not practicable to separate out the segment results for its business segments as the Directors of the Company are of the opinion that excessive costs would be incurred.
- (d) Unallocated assets and liabilities were jointly used by four products segments.
- (e) Inter-segment revenues are eliminated on consolidation.

### Geographical information

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

	Revenue RM	2015 Non-current assets RM	Group Revenue RM	2014 Non-current assets RM
PRC	26,624,153	23,787,683	22,732,669	11,871,867
Hong Kong	920,307	-	468,760	-
United States America	3,980,208	-	2,576,260	-
England	398,803	-	315,683	-
Thailand	2,459,204	-	1,864,052	-
Malaysia	661,044	39,681	542,944	51,186
Netherlands	297,392	-	3,625,573	-
Taiwan	349,888	-	66,835	-
Philippines	-	-	784	-
Singapore	60,771	-	4,186,819	-
India	63,342	-	34,605	-
Canada	101,512	-	122,817	-
Germany	-	-	1,369	-
France	102,701	-	1,559,526	-
Japan	43,655	-	8,989	-
Korea	2,047	-	-	-
Australia	14,808	-	7,155	-
New Zealand	70,767	-	84,886	-
Israel	469,900	-	275,145	-
Poland	25,029	-	21,603	-
Norway	4,420	-	-	-
Mexico	768	-	-	-
Finland	1,508	-	-	-
Vietnam	93,363	-	32,036	-
Lithuania	9,466	-	8,212	-
	36,755,056	23,827,364	38,536,722	11,923,053

**41. OPERATING SEGMENT (CONT'D)****Geographical information (cont'd)**

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

	<b>2015 RM</b>	<b>Group 2014 RM</b>
Property, plant and equipment	20,477,432	8,977,833
Prepaid land lease payment	1,752,080	1,520,615
Investment property	1,489,031	1,315,784
Other investment	108,821	108,821
	<b>23,827,364</b>	<b>11,923,053</b>

**Information about major customer**

The following is major customer with revenue equal or more than 10% of the Group's total revenue:

	<b>Revenue 2015 RM</b>	<b>2014 RM</b>	<b>Segments</b>
- Customer A	6,250,011	4,266,977	Industrial labels



# Supplementary Information

- 31 December 2015

## REALISED AND UNREALISED PROFITS AND LOSSES

With the purpose of improving transparency, Bursa Malaysia Securities Berhad had on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of accumulated losses into realised and unrealised on Group and Company basis in the annual audited financial statements.

The breakdown of the Group's and of the Company's accumulated losses into realised and unrealised profits or losses are analysed as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total accumulated losses of the Company and its subsidiary companies				
- realised	(5,034,319)	(4,549,244)	(9,481,724)	(1,874,585)
- unrealised	(87,982)	(205,769)	(703,002)	(212,165)
	(5,122,301)	(4,755,013)	(10,184,726)	(2,086,750)
(Less)/Add: Consolidated adjustments	(116,497)	944,132	-	-
Total accumulated losses as per consolidated statement of financial position	(5,238,798)	(3,810,881)	(10,184,726)	(2,086,750)

The determination of realised and unrealised profits is complied based on Guidance of 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, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits and losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

# Analysis of Shareholdings

as at 31 March 2016

Authorised Share Capital	:	RM25,000,000.00 divided into 250,000,000 ordinary shares of RM0.10 each
Issued and Paid-Up Capital	:	RM13,570,107.50 divided into 135,701,075 ordinary shares of RM0.10 each
Class of Shares	:	Ordinary Shares of RM0.10 each fully paid
Voting Rights	:	One vote per ordinary share

## SIZE OF SHAREHOLDINGS

as at 31 March 2016

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 100 shares	3	173	0.00
100 – 1,000 shares	219	189,702	0.14
1,001 – 10,000 shares	484	3,409,600	2.51
10,001 – 100,000 shares	697	25,801,200	19.01
100,001 – below 5% of issued shares	134	52,409,400	38.62
5% and above of issued shares	3	53,891,000	39.71
	1,540	135,701,075	100.00

## DIRECTORS' SHAREHOLDINGS

as at 31 March 2016

No.	Name	Direct	%	No. of Shares Held		%
				Indirect		
1.	Andrew Conrad Jacobs	1,929,900	1.42	36,619,600 <sup>(1)</sup>		26.99
2.	Meng Bin	–	–	17,436,400 <sup>(2)</sup>		12.85
3.	Chen Shien Yee	–	–	–		–
4.	Hing Kim Tat	–	–	–		–
5.	Koong Lin Loong	–	–	–		–
6.	Tan Kean Huat	104,200	0.08	–		–
7.	Lai Kian Huat	–	–	–		–
8.	Rizvi Bin Abd Halim	–	–	–		–

### Notes

<sup>(1)</sup> Deemed interested in Ideal Jacobs Corporation and BAK Investment LLC pursuant to Section 6A of the Companies Act, 1965

<sup>(2)</sup> Deemed interested by virtue of the shareholding of his spouse, Foo Chong Lee pursuant to Section 134(12)(c) of the Companies Act, 1965

## SUBSTANTIAL SHAREHOLDERS

as at 31 March 2016

No.	Name	Direct Interest		Deemed Interest	
		Shares	%	Shares	%
1.	Ideal Jacobs Corporation	36,454,600	26.86	–	–
2.	Andrew Conrad Jacobs	1,929,900	1.42	36,619,600 <sup>(1)</sup>	26.99
3.	Foo Chong Lee	17,436,400	12.85	–	–
4.	Meng Bin	–	–	17,436,400 <sup>(2)</sup>	12.85

### Notes

<sup>(1)</sup> Deemed interested in Ideal Jacobs Corporation and BAK Investment LLC pursuant to Section 6A of the Companies Act, 1965

<sup>(2)</sup> Deemed interested by virtue of the shareholding of his spouse, Foo Chong Lee pursuant to Section 134(12)(c) of the Companies Act, 1965

# Analysis of Shareholdings

(cont'd)

## THIRTY (30) LARGEST SHAREHOLDERS

as at 31 March 2016

NO.	NAME	NO. OF SHARES HELD	PERCENTAGE (%)
1.	IDEAL JACOBS CORPORATION	25,651,510	18.91
2.	FOO CHONG LEE	17,436,400	12.85
3.	IDEAL JACOBS CORPORATION	10,800,090	7.96
4.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ONG SIEW ENG @ ONG CHAI</i>	4,227,900	3.12
5.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN PING PING</i>	3,703,000	2.73
6.	NOR ASHIKIN BINTI KHAMIS	2,559,000	1.89
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK FOR FOO CHONG MING</i>	2,160,000	1.59
8.	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR MORGAN STANLEY SMITH BARNEY LLC</i>	1,929,900	1.42
9.	CHEW YONG KEE	1,917,300	1.41
10.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEO KER-WEI</i>	1,350,000	0.99
11.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YIP TUCK LEONG</i>	1,300,000	0.96
12.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK FOR YOONG SIN KUEN</i>	972,000	0.72
13.	YEONG KING HUI	821,000	0.61
14.	TA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SINNY UNITED SDN. BHD.</i>	735,000	0.54
15.	SJ SEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MADZLAN BIN JAMALUDDIN</i>	733,000	0.54
16.	LOH YUN CHYI	700,000	0.52
17.	TAN PING PING	650,000	0.48
18.	LOH YUN CHYI	640,000	0.47
19.	KHOO WAI TUCK	600,000	0.44
20.	OOI POH KEOH	600,000	0.44

## THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

as at 31 March 2016

NO.	NAME	NO. OF SHARES HELD	PERCENTAGE (%)
21.	CHONG SIAK KEE	600,000	0.44
22.	DU XIXI	583,000	0.43
23.	SOFIYAN BIN YAHYA	560,000	0.41
24.	PAKIRISAMY BASKARAN A/L P THANGAVELU	550,900	0.41
25.	SIN BEE LEAN	550,000	0.41
26.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE YUEN WAN</i>	550,000	0.41
27.	ONG TECK WAN	535,000	0.39
28.	GOH AH BAH	500,000	0.37
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEY HEONG TIONG</i>	500,000	0.37
30.	MD NAZIR BIN MD KASSIM	500,000	0.37

# List of Properties

The details of the properties of the Group as at 31.12.2015 are set out below:

Owner	Description	Existing Use	Location	Built-Up Area/Land	Tenure	Age of Building (Years)	Date of Acquisition	Net Book Value as at 31.12.2015 (RM)
IJX	an office unit at 27 storey building	Office unit	Unit C2801, 24th Floor, Building 3, Plot 3, XinJing Center, No. 25 Jia He Road, Xiamen PRC	1079/ Not applicable	50 years expiring on 27 September 2055	4	17.02.2011	1,489,031
IJX	Industrial Land	Land	Tong An District, Industry Zone, East to Tongsheng Road, South to Jicheng Road, North to Second Ring South Road	9,342.703 square meters	Leasehold for 50 years, expiring in 2063	N/A	20.05.2013	1,752,080
IJX	Factory	Building	Tong An District, Industry Zone, East to Tongsheng Road, South to Jicheng Road, North to Second Ring South Road				2015	16,184,033

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Seventh Annual General Meeting (“AGM”) of the Company will be held at Platinum 1 Room, 2nd Floor, Novotel Kuala Lumpur City Centre Hotel, No. 2, Jalan Kia Peng, 50450 Kuala Lumpur on Friday, 27 May 2016 at 10 a.m. for the purpose of transacting the following businesses:-

## AGENDA

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Directors’ and Auditors’ Reports thereon. *Please refer Note A.*
2. To approve the payment of Directors’ Fees amounting to RM 90,000 for the financial year ended 31 December 2015. *Ordinary Resolution 1*
3. To re-elect the following Directors retiring in accordance with the Company’s Articles of Association and being eligible, have offered themselves for re-election:-
  - (i) Mr. Tan Kean Huat (Article 83) *Ordinary Resolution 2*
  - (ii) En. Rizvi Bin Abd Halim (Article 83) *Ordinary Resolution 3*
  - (iii) Mr. Lai Kian Huat (Article 90) *Ordinary Resolution 4*
4. To re-appoint Messrs SJ Grant Thornton as Auditors for the financial year ending 31 December 2016 and to authorise the Board of Directors to fix their remuneration. *Ordinary Resolution 5*

## AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolutions:-

5. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** *Ordinary Resolution 6*

“**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject to the approvals from the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution, excluding the exercise of Employees’ Share Option Scheme does not exceed ten (10) per cent of the issued share capital of the Company at the time of submission to the authority **AND THAT** the Directors be and are also hereby empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued **AND THAT** such authority shall continue in force until the conclusion of the next AGM of the Company.”
6. **PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE”)** *Ordinary Resolution 7*

“**THAT** subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval is hereby given for the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.2.1 of the Circular to Shareholders dated 29 April 2016, provided that such transactions are necessary for the day-to-day operations and are undertaken in the ordinary course of business, on transaction price, and on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders’ of the Company.

## Notice of **Annual General Meeting**

(cont'd)

**AND THAT** the Proposed Renewal of Shareholders' Mandate, unless revoke or varied by the Company in general meeting, shall continue in force until the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier;

**AND THAT** the Directors be and are hereby authorised to complete all and do all such acts and things as they may consider expedient or necessary or in the interest of the Company to give effect to the Proposed Renewal of Shareholders' Mandate."

7. To transact any other business which may properly be transacted at an AGM for which due notice shall have been given.

By Order of the Board

**LIM SECK WAH (MAICSA 0799845)**  
**TANG CHI HOE (KEVIN) (MAICSA 7045754)**  
Company Secretaries

Dated: 29 April 2016  
Kuala Lumpur

### Notes:-

- A. The agenda 1 is meant for discussion only as the provision in the Company's Articles of Association does not require a formal approval of the shareholders and hence, is not put forward for voting.
1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Seventh AGM, the Company shall be requesting the Record of Depositors as at 23 May 2016. Only a depositor whose name appears on the Record of Depositors as at 23 May 2016 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.
2. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) & (b) of the Companies Act, 1965 shall not apply to the Company. A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy in a poll and the first named proxy shall be entitled to vote on a show of hands.
3. Where a member is an authorised nominee as defined under the Central Depositories Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
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 authorized nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be executed under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised.
6. The Form of Proxy shall be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

## **Explanatory Notes on Special Business**

### **(i) Ordinary Resolution 6 – Authority to allot and issue new shares**

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act 1965 at the Seventh AGM of the Company.

A general mandate has been granted by the shareholders of the Company at the Sixth AGM on 23 June 2015. The previous mandate granted by the shareholders had not been utilised and hence no proceed was raised therefrom.

The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the issue of new shares, the Directors, under certain circumstance when the opportunity arises, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issue capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue and allot shares at any time to such persons/corporations in their absolute discretion for the purpose of funding future investment(s), working capital and/or acquisitions.

### **(ii) Ordinary Resolution 7 – Proposed Renewal of Shareholders' Mandate**

The explanatory notes on the Ordinary Resolutions 7 is set out in the Circular to Shareholders dated 29 April 2016.



## Other Disclosure **Requirements**

### 1) **Share buy-back**

The Company does not have a share buy-back programme in place and therefore did not buy back any of its shares during the financial year.

### 2) **Options or Convertible Securities**

There were no options or convertible securities issued or exercised during the financial year.

### 3) **Employees' Share Issuance Scheme**

An Employees' Share Option Scheme ("ESOS") was approved by shareholders at an Extraordinary General Meeting held on 28 February 2014 and was implemented effective 19 March 2014 for a period of five (5) years.

### 4) **Depository Receipt ("DR") Programme**

The Company did not sponsor any DR Programme during the financial year.

### 5) **Imposition of Sanctions/Penalties**

There were no sanctions and/or penalties imposed on the Group, Directors or management by the relevant regulatory bodies during the financial year.

### 6) **Non-Audit Fees**

An amount totaling RM10,000.00 for non-audit fees was paid to the external auditors, Messrs SJ Grant Thornton during the financial year.

### 7) **Variation in Results**

There were no deviation by 10% or more between the profit after taxation for the financial statements 31 December 2015 and the unaudited results previously announced.

There was no profit estimate, forecast or projection issued by the Company or its subsidiaries during the financial year ended 31 December 2015.

### 8) **Profit Guarantee**

The Company did not receive any form of profit guarantee during the financial year.

### 9) **Material Contracts and Contracts relating to Loans**

There were no material contracts entered into by the Group which involves directors and substantial shareholders' interest during the financial year.

**10) Recurrent related Party Transactions**

Breakdown of the aggregate value of transactions conducted pursuant to shareholders mandate during the financial year where the aggregate value is equal or more than threshold prescribed under Rule 10.09(1).

Transacting party	Nature of Recurrent Related Party Transaction with Ideal Jacobs Group	Interested Related Party	Actual value transacted for financial year ended 31 December 2015 (RM'000)
Ideal Jacobs (Xiamen) Corporation ("IJX") and Ideal Jacobs Corporation, USA ("IJUS") <sup>(1)</sup>	<ul style="list-style-type: none"> <li>IJX sells finished products, label (screen print), roll label, gasket, foam, insulator, metal parts, injection parts, assembly, semi-finished printed labels, other semi-finished (components), cable to IJUS</li> <li>IJX purchases raw materials such as polycarbonate, other plastic sheet, adhesive, ink, plastic pellet, supplementary material, foil, foam, semi-finished plastic parts for assembly, semi-finished printed labels, other semi-finished (components), finished goods breakdown, label (screen print), roll label, gasket, insulator from IJUS</li> </ul>	Andrew Conrad Jacobs <sup>(2)</sup>	2,649  79
Ideal Jacobs and IJUS <sup>(1)</sup>	<ul style="list-style-type: none"> <li>Payment of licensing fee from Ideal Jacobs to IJUS for Territorial, Licensing and Technical Assistance Agreements whereby Ideal Jacobs acquired the license to use the specified trademark from IJUS and IJUS agreed to provide technical assistance to Ideal Jacobs for the consideration stated therein</li> </ul>	Andrew Conrad Jacobs <sup>(2)</sup>	421
Ideal Jacobs and IJUS <sup>(1)</sup>	<ul style="list-style-type: none"> <li>Payment of 10% commission of Total sales to North America and Europe by Ideal Jacobs to IJUS</li> </ul>	Andrew Conrad Jacobs <sup>(2)</sup>	30

**Notes:**

<sup>(1)</sup> IJUS is a Major Shareholder of Ideal Jacobs. The principal activities of IJUS are in the sales of industrial labels, telecom metal and plastic parts, full product design and engineering services, composite plastics and cable assemblies.

<sup>(2)</sup> Andrew Conrad Jacobs is the Chairman and an Executive Director of Ideal Jacobs. He is also the President and sole shareholder of IJUS.

**11) Corporate Social Responsibility ("CSR")**

There is no Corporate Social Responsibility carried out during the year.

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**IDEAL JACOBS**  
**M A L A Y S I A**  
**IDEAL JACOBS (MALAYSIA) CORPORATION BHD**  
(Company No: 857363 U)  
(Incorporated in Malaysia)

<b>No. of ordinary shares held</b>

**FORM OF PROXY**

(Before completing this form please refer to the notes below)

I/We ..... I/C No./Co. No./CDS A/C No. ....  
(Full name in block letters)

of .....  
(Full address)

being a member/members of IDEAL JACOBS (MALAYSIA) CORPORATION BHD hereby appoint the following person(s):-

**Name of proxy, NRIC No. & Address**

**No. of shares to be represented by proxy**

1. ....  
.....
2. ....  
.....

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Seventh Annual General Meeting ("AGM") of the Company to be held at Platinum 1 Room, 2nd Floor, Novotel Kuala Lumpur City Centre Hotel, No. 2, Jalan Kia Peng, 50450 Kuala Lumpur on Friday, 27 May 2016 at 10 a.m. My/our proxy/proxies is/are to vote as indicated below:-

RESOLUTIONS RELATING TO :-	FIRST PROXY		SECOND PROXY	
	For	Against	For	Against
Ordinary Resolution 1 – Payment of Directors' Fees				
Ordinary Resolution 2 – Re-election of Director, Mr. Tan Kean Huat				
Ordinary Resolution 3 – Re-election of Director, En. Rizvi Bin Abd Halim				
Ordinary Resolution 4 – Re-election of Director, Mr. Lai Kian Huat				
Ordinary Resolution 5 – Re-appointment of Messrs SJ Grant Thornton as Auditors				
Ordinary Resolution 6 – Authority to issue shares				
Ordinary Resolution 7 – Proposed Renewal of Shareholders' Mandate				

(Please indicate with a "✓" or "X" in the space provided how you wish your vote(s) to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

Dated this.....day of.....2016

.....  
Signature/Common Seal

**Notes:-**

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Seventh AGM, the Company shall be requesting the Record of Depositors as at 23 May 2016. Only a depositor whose name appears on the Record of Depositors as at 23 May 2016 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.
2. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) & (b) of the Companies Act, 1965 shall not apply to the Company. A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy in a poll and the first named proxy shall be entitled to vote on a show of hands.
3. Where a member is an authorised nominee as defined under the Central Depositories Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
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 authorized nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be executed under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised.
6. The Form of Proxy shall be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.



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AFFIX  
STAMP

The Company Secretary  
**IDEAL JACOBS (MALAYSIA)**  
**CORPORATION BHD**  
(Company No. 857363-U)  
Level 15-2, Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur

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[www.IDEALJACOBS.com.my](http://www.IDEALJACOBS.com.my)