SOLID AUTOMOTIVE BERHAD

(COMPANY NO : 1016725-P)

ANNUAL REPORT 2018

THE SPECIALIST IN AUTOMOTIVE PARTS
DELIVERING SUPERIOR VALUE, QUALITY AND SERVICE

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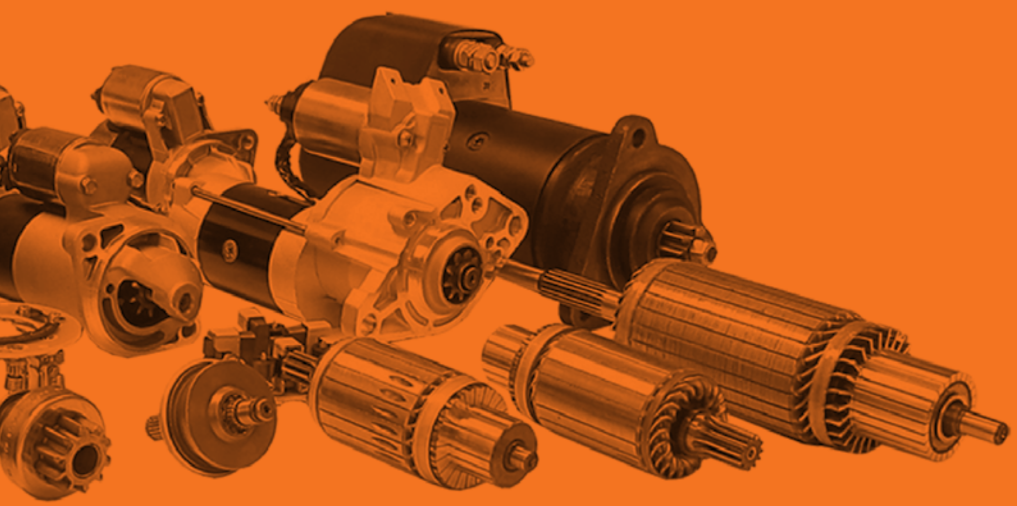
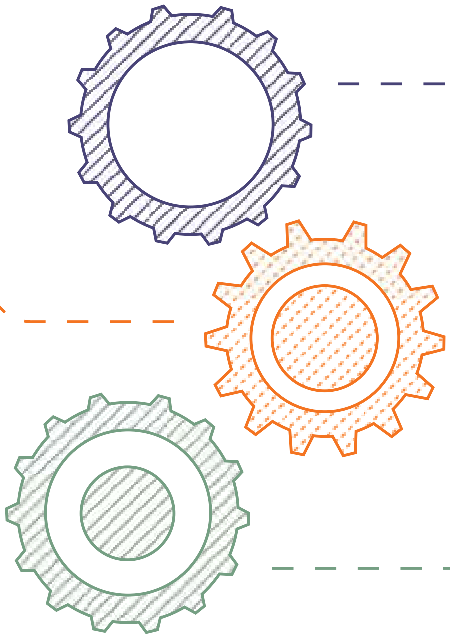


Passion For Excellence

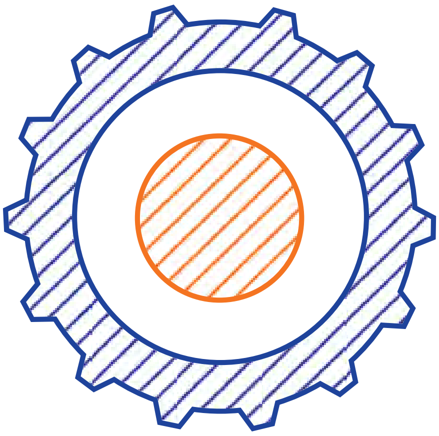


Share Our Success

VISION

To be the most successful & market leading automotive aftermarket parts provider.

Support For Sustainability



MISSION

- *To create value for our stakeholders through profitable growth and sustainability.*
- *To relentlessly focus on value, quality and comprehensive automotive aftermarket parts.*
- *To excel in customer service.*
- *To constantly seek and develop markets for our automotive aftermarket parts.*
- *To actively engaged in our employees development.*
- *To continuously improve and inspire innovation.*
- *To leverage on technology to be at the leading edge of the automotive aftermarket parts industry.*
- *To operate with passion and share our success.*

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

MR. KEK KOK SWEE
Independent Non-Executive Chairman

MR. KER MIN CHOO
Managing Director

MR. KER MONG KENG
Executive Director

MR. KER MENG OI
Executive Director

MR. ONG KHENG SWEE
Executive Director

MR. AZAHAR BIN BAHARUDIN
Independent Non-Executive Director

MS. TAN LAY BENG
Independent Non-Executive Director

COMPANY SECRETARIES

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

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel No : 03-27839299
Fax No: 03-27839222

REGISTERED OFFICE

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

HEAD OFFICE

PLO 436, Jalan Gangsa
Kawasan Perindustrian Pasir Gudang
81700 Pasir Gudang
Johor Darul Takzim, Malaysia
Tel: (607) 288 1313
Fax: (607) 251 4668
Website: www.solidautomotive.com
Email: ir@solidautomotive.com

PRINCIPAL BANKERS

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

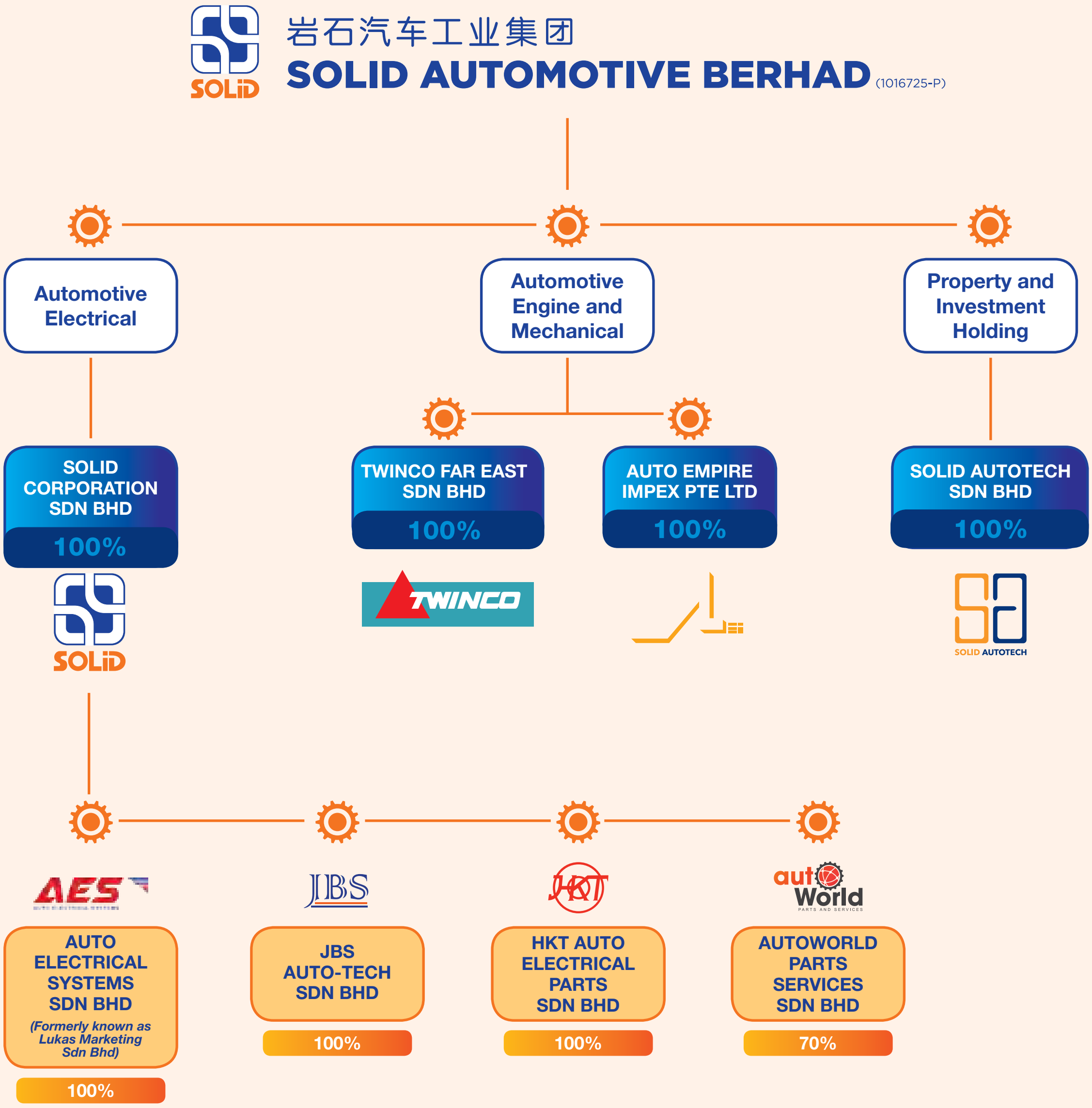
AUDITORS

CROWE MALAYSIA (AF1018)
(Formerly known as Crowe Horwath)
E-2-3, Pusat Komersial Bayu Tasek
Persiaran Southkey 1, Kota Southkey
80150 Johor Bahru, Johor Darul Takzim,
Malaysia

STOCK EXCHANGE LISTING

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

CORPORATE **STRUCTURE**



DIRECTORS' **PROFILE**

MR. KEK KOK SWEE

Independent Non-Executive Chairman
Malaysian, aged 64

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

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

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

Kek Kok Swee does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

He attended all the 4 (four) Board meetings held during the financial year ended 30 April 2018.

MR. KER MIN CHOO

Managing Director
Malaysian, aged 56

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

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

Ker Min Choo does not have any family relationship with any Director or substantial shareholder of the Company except for Ker Mong Keng and Ker Meng Oi (directors of the Company) and Mr Ker Boon Kee (a substantial shareholder) who are his siblings, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

He attended all the 4 (four) Board meetings held during the financial year ended 30 April 2018.

MR. KER MONG KENG

Executive Director
Malaysian, aged 63

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

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

Ker Mong Keng does not have any family relationship with any Director or substantial shareholder of the Company except for Ker Min Choo and Ker Meng Oi (directors of the Company) and Mr Ker Boon Kee (a substantial shareholder) who are his siblings, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

He attended 3 out of 4 Board meetings held during the financial year ended 30 April 2018.

MR. KER MENG OI

Executive Director
Malaysian, aged 54

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

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

Ker Meng Oi does not have any family relationship with any Director or substantial shareholder of the Company except for Ker Min Choo and Ker Mong Keng (directors of the Company) and Mr Ker Boon Kee (a substantial shareholder) who are his siblings, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

He attended all the 4 (four) Board meetings held during the financial year ended 30 April 2018.

MR. ONG KHENG SWEE

Executive Director
Malaysian, aged 60

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

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

Ong Kheng Swee does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

He attended all the 4 (four) Board meetings held during the financial year ended 30 April 2018.

MR. AZAHAR BIN BAHARUDIN

Independent Non-Executive Director
Malaysian, aged 62

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

He is a graduate from MARA Institute of Technology.

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

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

Azahar bin Baharudin does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

He attended all the 4 (four) Board meetings held during the financial year ended 30 April 2018.

MS. TAN LAY BENG

Independent Non-Executive Director
Malaysian, aged 64

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

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

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

Tan Lay Beng does not have any family relationship with any Director or substantial shareholder of the Company, nor does she have any conflict of interest with the Group. She has not been convicted of any offences within the past five (5) years.

She attended all the 4 (four) Board meetings held during the financial year ended 30 April 2018.

PROFILE OF **KEY SENIOR MANAGEMENT**

MR. LIEW CHEONG SENG

Chief Operating Officer
Malaysian, aged 40

Date Appointed as Key Senior Management:
Year 2015

Qualification
Bachelor of Economics | University of Malaya, Malaysia

Working Experience
Solid Corporation Sdn Bhd since 2002

Mr. Liew does not hold any directorships in public companies or listed issuers. He does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the last five (5) years.

MR. KER KAI XIANG

Sales and Marketing Director – Solid Corporation Sdn Bhd
Malaysian, aged 35

Date Appointed as Key Senior Management:
Year 2015

Qualifications
Bachelor of Mechanical Engineering | Mannheim University of Applied Sciences, Germany
Masters of Business Administration | Sabi University, Paris

Working Experience
Solid Corporation Sdn Bhd since 2007

Mr. Ker Kai Xiang does not hold any directorships in public companies or listed issuers. He is the nephew of Mr Ker Min Choo, Mr Ker Mong Keng and Mr Ker Meng Oi and is the son of a substantial shareholder, Mr Ker Boon Kee. He does not have any conflict of interest with the Group and has not been convicted of any offences within the last five (5) years.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

MR. KER KEDDY

Executive Director – Twinco Far East Sdn Bhd
Malaysian, aged 37

Date Appointed as Key Senior Management:
Year 2010

Qualification

Bachelor of Management | University of Kinki, Japan

Working Experience

Overseas Business Development – Transcosmos Inc. Japan, Japan

Twinco Far East Sdn Bhd since 2008

Mr. Keddy Ker does not hold any directorships in public companies or listed issuers. He is the nephew of Mr Ker Min Choo, Mr Ker Mong Keng and Mr Ker Meng Oi and is the son of a substantial shareholder, Mr Ker Boon Kee. He does not have any conflict of interest with the Group and has not been convicted of any offences within the last five (5) years.

MR. KER HONG

Head – Procurement and Quality Assurance
Malaysian, aged 31

Date Appointed as Key Senior Management:
Year 2014

Qualifications

Bachelor of Engineering | University of Adelaide, Australia

Master of Business Administration | Universiti Teknologi Malaysia, Malaysia

Working Experience

Test Engineer - Molex Singapore Pte Ltd, Singapore

Auto Empire mpex Pte Ltd / JBS AutoTech Sdn Bhd / Solid Corporation Sdn Bhd since 2012

Mr. Ker Hong does not hold any directorships in public companies or listed issuers. He is the son of Mr Ker Min Choo and the nephew of Mr Ker Mong Keng, Mr Ker Meng Oi and a substantial shareholder, Mr Ker Boon Kee. He does not have any conflict of interest with the Group and has not been convicted of any offences within the last five (5) years.

MR. KER SHILOONG

Executive Director / General Manager - Auto Empire Impex Pte Ltd, Singapore
Malaysian, aged 30

Date Appointed as Key Senior Management: Year 2014

Qualifications

BSc. Business | University of London (London School of Economics & Political Science)

Working Experience

Auto Empire Impex Pte Ltd since 2011

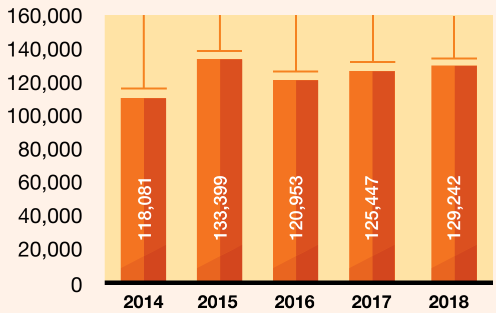
Mr. Ker Shiloong does not hold any directorships in public companies or listed issuers. He is the son of Mr Ker Mong Keng and the nephew of Mr Ker Min Choo, Mr Ker Meng Oi and a substantial shareholder, Mr Ker Boon Kee. He does not have any conflict of interest with the Group and has not been convicted of any offences within the last five (5) years.

FINANCIAL **HIGHLIGHTS**

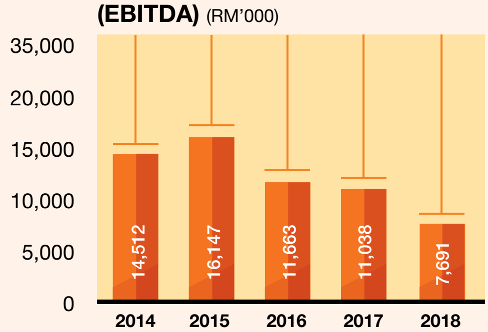
	FINANCIAL YEAR ENDED 30 APRIL				
	2014 RM' 000	2015 RM' 000	2016 RM' 000	2017 RM' 000	2018 RM' 000
Revenue	118,081	133,399	120,953	125,447	**129,242**
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	14,512	16,147	11,663	11,038	**7,691**
Profit After Tax	7,446	9,494	5,561	5,093	**2,672**
Shareholders' Equity	90,301	97,259	134,107	138,483	**140,202**
Net Assets	90,795	97,668	134,107	138,583	**140,313**
Net Assets Per Share (RM)	0.61	0.65	0.81	0.83	**0.36**
Basis Earnings Per Share*(sen)	2.33	2.73	1.49	1.32	**0.68**
Dividend Per Share (sen)	2.60	3.20	1.60	0.80	**0.20**

*Comparatives figures for the weighted average number of ordinary shares in issue have been restated to reflect the adjustments arising from the share split and bonus issues, which both were completed on 10 November 2017.

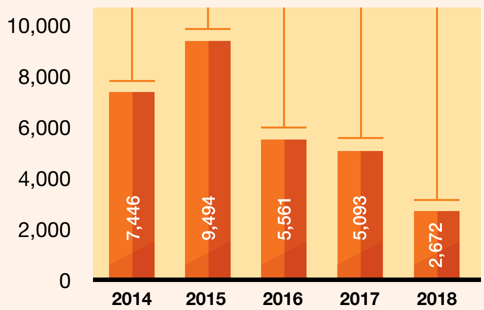
Revenue (RM'000)



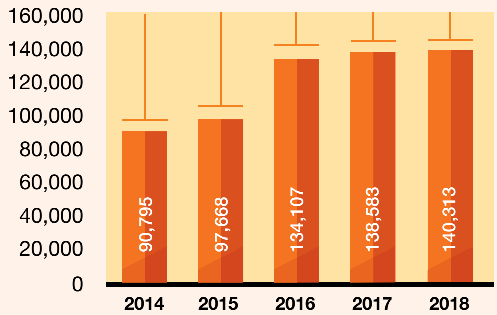
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) (RM'000)



Profit After Tax (RM'000)



Net Assets (RM'000)



FAIR & **EXHIBITIONS**

Automechanika Dubai 2017
Date: 07 May 2017 - 09 May 2017

Malaysia Commercial Vehicle Exhibition (MCVE) 2017
Date: 18 May 2017 - 20 May 2017

Auto Expo Myanmar 2017
Date: 28 Sept 2017 - 01 Oct 2017

Automechanika Shanghai 2017
Date: 29 Nov 2017 - 02 Dec 2017

INAPA 2018
Date: 22 Mar 2018 - 24 Mar 2018

BANGKOK 2018
Date: 05 Apr 2018 - 08 Apr 2018

Automechanika HCMC 2018
Date: 24 Apr 2018 - 25 Apr 2018

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COMPANY **EVENTS**

5th AGM & EGMs held on 24/10/2017


KPI Implementation workshop


Weekly badminton activity

HQ Annual Dinner 2017


Kuala Lumpur Annual Dinner 2018


Kuala Lumpur Annual Dinner 2018

Kuala Lumpur Annual Dinner 2018


Melaka & Seremban Annual Dinner 2018

HQ **ANNUAL DINNER 2017**

Venue :
Renaissance Hotel, Johor Bahru

Theme :
Denim Night

Date :
8th July 2017

Chinese New Year Lion Dance Performance @ HQ 2018

ISO 9001 : 2015 Internal Audit Training @ HQ

CORPORATE SOCIAL **RESPONSIBILITY**

Venue:
Amitabha Orphanage House, Johor Bahru
Date: 14th April 2018

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

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

The Board, pursuant to paragraph 15.25 and Practice Note 9 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), sets out below the manner in which the Company has applied the principles and recommendations of the Malaysian Code of Corporate Governance ("MCCG") and the extent of compliance with the principles and recommendations of the MCCG advocated therein and pursuant to Paragraph 15.25 and Practice Note 9 of the MMLR of Bursa Securities for the financial year ended 30 April 2018.

1) BOARD OF DIRECTORS

The Board is responsible for the overall performance of the Group and has the key role in setting the Group's strategic direction, strategic management and business performance, enterprise risk management and internal controls, standards of conduct, corporate governance and sustainability, effective communication with shareholders and investors and key business decisions.

The Board consist of directors with varied knowledge, skills and expertise to effectively lead and manage the Group. The Board comprises of a mix of directors who are entrepreneurs and highly knowledgeable in the Group's business industry and in areas including business management, finance and accountancy, and whose combined skills and knowledge enables the Board to function effectively in discharging its fiduciary and leadership functions.

Board Charter

The Board has established the Board Charter which outlines the duties and responsibilities of directors, including the division of responsibilities and authorities between the Board and the Executive Management and between the Chairman of the Board and the Managing Director. Matters reserved for the Board for review and decision are also clearly defined in the Board Charter. The charter sets out the purpose, Board's strategic intent, responsibilities and authorities as well as terms of reference.

The Board Charter also acts as a source of reference and primary induction literature in providing insights to Board members and senior management.

The salient features of the Board Charter are available for viewing at the "Investor Relations" section of www.solidautomotive.com.

Clear Functions and Responsibilities

It is the responsibility of the Board to manage and lead the Group towards its strategic corporate objectives. The Board is responsible for the success of the Group by providing the strategic leadership as well as management oversight and ensuring financial reporting and regulatory compliance. The Managing Director is delegated with the responsibility to ensure proper execution of corporate strategies through effective and efficient operations throughout the Group.

1) BOARD OF DIRECTORS (CONT'D)

Clear Functions and Responsibilities (cont'd)

With oversight and guidance from the Board and Managing Director, the Management is responsible for the day-to-day business operations and implementing tactical objectives to achieve the Group's strategic objectives.

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

- *Reviewing and adopting the strategic plan for the Group*

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

- *Overseeing the conduct and performance management of the Group*

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

- *Reviewing and managing principal risks affecting the Group*

  The Board is kept apprised of any emergence of new or changes of the key risks faced by the Group and the steps taken to manage these risks by the Executive Directors and the Management during the scheduled meetings. Through the use of the internal audit function, the Board ensures that the risk management and internal controls systems are in place and operating as laid down. Further explanation on such processes are disclosed in Statement of Risk Management and Internal Control on pages 38 to 44.

- *Succession Planning and Overseeing Human Capital Development*

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

1) BOARD OF DIRECTORS (CONT'D)

Clear Functions and Responsibilities (cont'd)

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

- *Succession Planning and Overseeing Human Capital Development (Cont'd)*

  On an annual basis, the Nominating Committee assesses the performance of the individual directors (including the Managing Director and Executive Directors) and identified their training requirements to ensure that all directors possess the necessary skills and knowledge to discharge their fiduciary duties and responsibilities. In addition, the Remuneration Committee meets on an annual basis to review the remuneration package and fees of the executive directors to ensure that it commensurate with the performance and contribution of each director. The results of the review and recommendations by the Nominating Committee and the Remuneration Committee are tabled at the Board meeting for deliberation and approval.

  Further details on roles and responsibilities of the Nominating Committee and Remuneration Committee are disclosed in pages 20 to 23 of this statement.

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

  The Board has established an internal audit function to assist it in ensuring that the risk management and internal control systems are in place, adequate and operating as laid down. The Internal Audit function is performed by an outsourced independent professional firm, which reports directly to the Audit Committee and performs their work based on the internal audit plan approved by the Audit Committee. The internal audit report together with findings, recommendations and management action plans are presented to the Audit Committee quarterly and the results reported to the Board.

  Further details on the Group's Internal Audit functions are disclosed in the Statement on Risk Management and Internal Control on pages 38 to 44 of this Annual Report.

- *Reviewing policies relating to investor relations and shareholder communication*

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

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

  In carrying out the Board's responsibilities, the key matters reserved for the Board's approval, include among others, material new ventures, corporate planning programmes, material acquisitions and disposals, material investments, changes in the major activities, major borrowings, major agreements/ contracts, changes to the management and control structure and compliance with relevant laws and regulations. In addition, the authorisation requirements delegated to the Management are incorporated in the key business processes and stated in the Group's Authorisation Limit policy.

1) BOARD OF DIRECTORS (CONT'D)

Clear Functions and Responsibilities (cont'd)

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

- *Reviewing policies relating to investor relations and shareholder communication (Cont'd)*

  In order for the Board to operate effectively, each Board member is expected to devote sufficient time and effort in the discharge of their individual responsibilities. To ensure the time commitment from each director, and to facilitate planning, individual meeting dates for each financial year are scheduled during the Board meetings held before the start of the financial year.

  To ensure sufficient time commitment all Board members shall notify the Chairman of the Board before accepting any new directorship and include an indication of the time that will be spent on the new appointment.

Composition of the Board

At present, the Board comprises of seven (7) members of whom four (4) are Executive Directors and three (3) are Independent Non-Executive Directors. The profile of each Director is presented on pages 4 and 6 of this Annual Report. The composition of independent non-executive directors are in compliance with the minimum prescribed in the MMLR and MCCG to ensure that there is sufficient independent element in the Board to provide the necessary check and balance within the Board.

It is the responsibility of the Board to ensure that all members of the Board possess the necessary leadership experience, knowledge, skilled and diverse background, integrity and professionalism to discharge its duties and responsibilities effectively. It is the Board's responsibility to ensure that the diversity within the Board is preserved so that the required mix of knowledge, skills, expertise and experience are brought to the Board. The Board is satisfied that, through the annual performance evaluation of the Board, board committees and individual directors, the current board composition fairly represents the appropriate mix of knowledge, skills and experience required to discharge the Board's duties and responsibilities effectively. The existing board composition is also structured in such a way that no individual or small groups of individuals dominate the Board's decision-making process.

In promoting diversity and to mitigate the risk of population ageing and new generation of workforce, the Board is promoting the right mix of gender, ethnic and age group at the all level of the Group and the composition of the Board to mitigate such risks. Currently, the Board does not have a formal gender diversity policy. Whilst the Board supports gender diversity, the Board firmly believes in recruiting and retaining the right talent for every position, regardless of gender, and taking into account the requisite knowledge, skill set, and experience required. The Board comprises of seven (7) members, one of which is a female director.

As at the date of this annual report, none of the Directors holds directorships in more than five (5) public listed companies as required under paragraph 15.06 of MMLR.

1) BOARD OF DIRECTORS (CONT'D)

Chairman and Managing Director

To ensure that there is a balance of power and authority within the Board, as per the Board Charter, the position of the Chairman and the Managing Director is separated and there is a clear division of responsibility between the Chairman who is an independent non-executive director and the Managing Director of the Company.

During the financial year, the independent non-executive Chairman acted for the governance, orderly conduct and effectiveness of the Board. In addition, the Chairman represents the Board at general meetings and ensures an effective two-way communication with the shareholders. The Chairman acts as facilitator at the meetings of the Board to ensure that no board member dominates the discussion, and that appropriate discussion takes place and relevant opinion among Board members are forthcoming.

With the assistance from the Executive Directors, the Managing Director develops corporate strategies for the Board's approval and implement approved corporate strategies accordingly. It is his responsibility to provide leadership on the vision, management philosophy and business strategies as well as day-to-day operations of the Group in accordance with the authority and delegations authorised by the Board. The duty to ensure the compliance with the relevant laws and regulations are delegated to the Managing Director by the Board.

Further details of the role and responsibilities of the Board, Chairman and the Managing Director set out in the salient features of the Board Charter published in the Investor Relations section at www.solidautomotive.com.

Reinforce Independence

Presently, the composition of Independent Non-Executive Directors are is in compliance with Paragraph 15.02 of MMLR of Bursa Securities on Board composition whereby three (3) directors out of total seven (7) members of the Board are Independent Non-Executive Directors.

In order to ensure independent and objective judgment are brought to the Board's deliberation by the independent directors and conflict of interest or undue influence from interested parties is well taken care of, the Board is committed in ensuring that the independence of the independent directors are assessed and preserved, through the use of criterias established in the Independent Directors' Self-Assessment Form by the Nominating Committee. When assessing independence, the Nominating Committee focuses beyond the Director's background, economic and family relationships and consider also the independent and objective judgment brought by the independent director to the Board's deliberations.

During the financial year under review, the independence assessment of independent directors was carried out by the Nominating Committee during the annual performance evaluation of the contribution of individual directors. The Board is of the opinion that all independent directors remains objective and independent in participating in the deliberations and decision making of the Board and Board Committees.

None of the Independent Directors has served on the Board for a period of more than nine (9) years.

1) BOARD OF DIRECTORS (CONT'D)

Appointment to the Board and Re-election of Directors

It is the policy of the Board that highly qualified candidates with sufficient and relevant knowledge, skills and competency are sought to serve as members of the Board to effectively discharge its responsibilities and duties and contribute to the governance of the Group while at the same time diversity is being upheld within the Board should such a potential candidate be available.

All Board members who are newly appointed are subject to retirement at the subsequent Annual General Meeting of the Company. All Directors (including the Managing Director) will retire at regular intervals by rotation at least once every three years and shall be eligible for re-election.

During the financial year under review, there were no resignations from or new appointments to the Board.

Board Meetings

The Board retains full and effective control of the Group. This includes responsibility for determining the Group's overall strategic direction as well as management of the Group. Key matters, such as approval of annual and interim results, acquisitions and disposals, as well as material agreements are reserved for the Board. The Board met at regular intervals during the financial year under review in order to discharge its functions and responsibilities effectively.

To carry out its functions and responsibilities, the Board met four (4) times during the financial year ended 30 April 2018 and the attendance of each Director at the Board Meetings is as follows:

Name of Members	Designations	No. of Meetings Attended
Mr. Kek Kok Swee	Chairman, Independent Non-Executive Director	4/4
Ms. Tan Lay Beng	Independent Non-Executive Director	4/4
En. Azahar Bin Baharudin	Independent Non-Executive Director	4/4
Mr. Ker Min Choo	Managing Director	4/4
Mr. Ong Kheng Swee	Executive Director	4/4
Mr. Ker Mong Keng	Executive Director	3/4
Mr. Ker Meng Oi	Executive Director	4/4

The Board meets at least four (4) times a year at quarterly intervals, with additional meetings convened when urgent and important decisions are required to be made between the scheduled meetings. All meetings of the Board are duly recorded in the Board minutes by the Company Secretary. The Company Secretary attended all the Board Meetings of the Company. The Company Secretary ensures that all Board meetings are properly convened and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and maintained in the statutory register kept at the registered office of the Company.

1) BOARD OF DIRECTORS (CONT'D)

Company Secretary

It is the policy of the Company that a professionally and competent company secretary is appointed per the Board Charter.

The Board in charge of its functions, appointed professional and competent Company Secretaries (a member of the Malaysian Institute of Chartered Secretaries and Administrators and a Licensed Company Secretary respectively) who attend all Board and Board Committee meetings. The Company Secretary is responsible for ensuring the Board meeting procedures are followed, the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the proper running of the Board or otherwise are required for its efficient operation. The Company Secretary advises the Board on issues relating to corporate governance, compliance with laws, rules, procedures and regulatory requirements. The Company Secretary ensures that there is good information flow within the Board and between the Board, Board Committees and Senior Management. The Company Secretary also ensures that all Board and Board Committee meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory records and registers of the Company. Minutes of the previous meeting are distributed for perusal and confirmation by the Directors at the Board and Board Committee meetings.

The Company Secretary attended briefings and updates provided by the relevant regulatory bodies or professional firms in order to keep abreast with the latest development in the relevant regulatory requirements, codes or guidance and legislations in order to ensure timely compliance with relevant laws and regulations.

Board Committees

In discharging its fiduciary duties, the Board has delegated specific responsibilities to four (4) subcommittees, namely, Audit Committee, Remuneration Committee, Nominating Committee and Employee Share Options Scheme ("ESOS") Committee. These Committees are responsible to examine particular issues delegated and report to the Board on their findings and recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

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

Audit Committee

The details of the members of the Audit Committee, the number of meetings held during the financial year, the attendance of each member and activities of Audit Committee can be found on pages 33 to 37 of the Audit Committee Report.

Nominating Committee

The Board, through the Nominating Committee, ensures that all members of the Board possess the necessary leadership experience, skill set and diverse background, integrity and professionalism that brings value to the Board so as to be able to discharge its duties and responsibilities diligently and effectively.

1) BOARD OF DIRECTORS (CONT'D)

Nominating Committee (Cont'd)

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

Chairman	:	Mr. Kek Kok Swee (Independent Non-Executive Director)
Members	:	Mr. Azahar Bin Baharudin (Independent Non-Executive Director)
		Ms. Tan Lay Beng (Independent Non-Executive Director)

The Nominating Committee, in compliance with paragraph 15.08A of MMLR of Bursa Securities, comprises exclusively of non-executive directors, all of whom are independent and is guided by written terms of reference duly approved by the Board with rights, authorities and responsibilities clearly spelt out. The Nominating Committee is accorded the right to recommend to the Board the engagement of the services of the relevant advisers as it deems necessary to fulfil its duties.

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

The terms of reference of the Nominating Committee is published in the Investors Relations section of the company's website at www.solidautomotive.com.

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

For the financial year ended 30 April 2018, the Nominating Committee met once to review the compliance of the composition requirement of the Nominating Committee in accordance with MMLR of Bursa Securities and the annual assessment process. The Nominating Committee conducted evaluations of the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director as well as independence assessments on the Independent Non-Executive Directors. The Nominating Committee also reviewed the independence, competencies, contributions and suitability of directors seeking re-election and re-appointments before recommending them to the Board prior to submission of their names to shareholders for approval at the Annual General Meeting.

In addition, peer review of fellow directors is required to be performed by each director based on recommended evaluation criteria per the Corporate Governance Guide issued by Bursa Malaysia Berhad, whereby the criteria in terms of fit and proper as well as contribution and performance of fellow directors are assessed.

As for the performance evaluation of board committees, the Board assesses the performance of the Audit Committee, Nominating Committee, Remuneration Committee and ESOS Committee based on the recommended evaluation criteria adopted from the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad, which includes committees' composition, contribution to the board's decision making, expertise, appointment as well as timeliness and quality of communication and minutes.

1) BOARD OF DIRECTORS (CONT'D)

Nominating Committee (Cont'd)

On an annual basis, the relevant assessment and review forms/ questionnaires in relation to the aforementioned assessments/ reviews are circulated to each director with sufficient time to complete in advance and the assessment/ review results are collated for the Nominating Committee to review.

With the above processes, the Board, through the Nominating Committee, reviews and assesses its required mix of skills and experience and other qualities, including core competencies which directors should bring to the Board, and the size and composition of the Board to ensure that it has the appropriate mix of skills and competencies to lead the Group effectively.

For the financial year ended 30 April 2018, the Nominating Committee met once with full attendance of its members. For the financial year under review, the Nominating Committee conducted evaluations/reviews of the performance of the Board, the Board committees and individual directors based on the processes and evaluation/review criteria as described above. The Nominating Committee reported the results of all the evaluations/reviews to the Board for review and deliberation to enable effective actions, including the suggested trainings to be attended, to be formulated and implemented for the proper and effective functioning of the Board and its committees.

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

Remuneration Committee

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

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

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

Chairman	:	Mr. Kek Kok Swee (Independent Non-Executive Director)
Members	:	Mr. Azahar Bin Baharudin (Independent Non-Executive Director)
		Mr. Ker Min Choo (Managing Director)

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

1) BOARD OF DIRECTORS (CONT'D)

Remuneration Committee (Cont'd)

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

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

The duties of the Remuneration Committee per the approved terms of reference are:

a) Review, recommend and advise on all forms of directors' remuneration e.g.:
   - Basic Salary
   - Profit-Sharing Schemes (if any)
   - Share Options (if any)
   - Fees
   - Any other benefits
b) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors;
c) To structure the component parts of the Executive Directors' remuneration so as to link rewards to corporate and individual performance; whereas, in the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned;
d) Conduct continued assessment of individual Executive Directors to ensure that remuneration is directly related to performance over time;
e) To monitor and assess, if any, the suitability of such proposed performance related formula (e.g. whether the formula is based on individual performance, company profit performance, earnings per share, etc.) and to see that awards under the Company's share option schemes to the Directors are consistent with the Company's overall performance and provide an additional incentive to management;
f) To provide an objective and independent assessment of the benefits granted to Executive Directors;
g) To consider what other details of Executive Directors' remuneration to be reported in addition to the existing legal requirements, and how these details should be presented in the Annual Report;
h) To furnish a report to the Board of any findings of the Committee;
i) Engage or appoint such other competent and professional advisers/ consultants as may be deemed fit to assist the Remuneration Committee in the smooth discharge of its duties herein; and
j) Generally, to decide and implement such other matters as may be delegated by the Company's Board of Directors from time to time.

The Remuneration Committee met once during the financial year ended 30 April 2018 with the attendance of all members to review the proposed remuneration package of Executive Directors to ensure that it is performance-based and in line with the performance of the Group. The interested directors are abstained from any deliberations regarding his remuneration package or fees. The Remuneration Committee's recommended remuneration packages were submitted to the Board for approval. The Board as a whole determines the remuneration of the non-executive directors and individual non-executive director abstained from deliberation and approval of his own remuneration.

1) BOARD OF DIRECTORS (CONT'D)

Director's Remuneration

The Board assumes the overall responsibility to establish and implement an effective remuneration review practice for the members of the Board in order to attract, retain and motivate directors positively in pursue of the medium to long term objectives of the Group and are reflective of their experience and level of responsibilities. The Board had put in place a formal Board Remuneration Policy for adoption by the Remuneration Committee in the review and consideration of proposed remuneration package of the members of the Board. Major components of the remuneration package for executive directors and non-executive directors are identified for review based on criteria established in the formal policy.

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

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

A summary of the remuneration of Directors during the financial year ended 30 April 2018, distinguishing between Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive bands of RM50,000 are disclosed below:-

	The Company	The Group		
	Fees RM'000	Basic Salary, Bonus, Incentives Allowances, EPF, SOCSO RM'000	Fees RM'000	Total RM'000
Executive	180	4,218	289	4,507
Non-Executive	132	–	132	132
	312	4,218	421	4,639

The number of Directors whose remuneration fall into the following bands are as follows:-

	Company		Group	
Remuneration bands per annum	**Executive**	**Non-Executive**	**Executive**	**Non-Executive**
Below RM50,000	–	2	1	2
RM50,001 to RM100,000	–	1	2	1
RM150,001 to RM200,000	–	–	1	–
RM250,001 to RM300,000	–	–	2	–
RM300,001 to RM350,000	–	–	2	–
RM450,001 to RM500,000	–	–	1	–
RM500,001 to RM550,000	2	–	2	–
RM600,001 to RM650,000	2	–	2	–

1) BOARD OF DIRECTORS (CONT'D)

Directors' Training

All executive directors have been with the Company for several years and are familiar with their duties and responsibilities as directors. In addition, any newly appointed directors will be given briefings and orientation by the Executive Directors and senior management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as directors.

All the Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities and are mindful that they should receive appropriate continuous training and to attend seminars and briefings in order to broaden their perspective and to keep abreast with new developments for the furtherance of their duties.

During the financial year ended 30 April 2018, all Directors received regular briefings and updates on the Group's business and operations, as well as being updated on new regulations and statutory requirements.

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

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

Name of Directors	Seminars and Briefings Attended
Ker Min Choo	• Directors Training on Companies Act 2016
Ker Mong Keng	• Directors Training on Companies Act 2016 • Automechanika Shanghai 2017
Ker Meng Oi	• Directors Training on Companies Act 2016 • ISO 9001:2015 Consultation Service
Ong Kheng Swee	• Directors Training on Companies Act 2016 • Have You Complied with Companies Act 2016? • An Overview & Analysis MFRS/IFRS • Transfer Pricing in Malaysia • 2018 Budget Seminar
Kek Kok Swee	• Directors Training on Companies Act 2016 • 2018 National Budget and Tax Planning Conference
Azahar Bin Baharudin	• Directors Training on Companies Act 2016 • 2018 National Budget and Tax Planning Conference
Tan Lay Beng	• Directors Training on Companies Act 2016 • 2018 National Budget and Tax Planning Conference • 2018 Budget Seminar • Seminar Percukaian Kebangsaan 2017

It is the Board's commitment to ensure that all Directors are equipped with the right level of knowledge and skills through structured and unstructured training in order for them to fulfil their fiduciary duties and responsibilities and all directors shall continue to undergo relevant training programs and seminars as and when required and from time to time to update their knowledge and skills.

1) BOARD OF DIRECTORS (CONT'D)

Supply of Information

The Board members in their individual capacity have unrestricted access to complete information on a timely basis in the form and quality necessary for them to discharge their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information no later than seven (7) days before the meeting to enable them to have sufficient time in obtaining a comprehensive understanding of the issues to be deliberated upon in order to arrive at an informed decision.

In addition to quantitative information, the directors are also provided with updates on other areas such as market developments, industry trend, business strategy and risk management.

All Directors have direct access to the Senior Management. During the Board meeting, Senior Management are invited to attend the board meetings to present and discuss on the quarterly financial report, non-financial information and market / industry development. Besides direct access to Senior Management, external independent professional advisers are also available to render their independent views and advice to the Board, whenever deemed necessary and in appropriate circumstances, at the Company's expense.

The Directors also have access to the advice and services of the Company Secretary who is responsible for ensuring that the Board's meeting procedures are adhered to.

Code of Conduct

The Board is fully committed to the highest standards of integrity, transparency and accountability in the conduct of the Group's business and operations to ensure business sustainability through their conduct, individually or collectively, by way of the Code of Conduct approved by the Board that is applied to every employee, customer and vendor worldwide. The Code of Conduct focuses on the key principles of respecting others, serving our customers with integrity, avoiding conflict of interest, preserving confidentiality and privacy, effective channel of communication and corporate citizenship.

For employees, the acceptable conduct expected from them is stated in the Terms and Conditions of Employment established by the Group and briefings are conducted with them during induction training.

The Board has established a formal Whistle-Blowing Policy to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Company may be exposed.

The formal Whistle-Blowing Policy provides a mechanism for employees and other interested parties to confidentially bring to the attention of the members of the Audit Committee any concerns related to matters covered by the Group Code of Conduct, legal issues and financial, accounting or audit matters. The policy is also designed in such a way that any improper conduct (misconduct or criminal offence) is reported to representative of the Audit Committee directly. The whistle-blower will be accorded with protection of confidentiality of identity and be protected against any adverse and detrimental actions for disclosing any improper conduct committed or about to be committed, to the extent reasonably practicable.

The Whistle-Blowing Policy is published on the Company's website at the Investor Relations section at www.solidautomotive.com.

2) ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board ensures that timely balanced, clear, accurate and meaningful financial reporting on the Group is made to shareholders, investors and the regulatory authorities. All financial statements, including the quarterly financial results and annual audited financial statements for shareholders are reviewed and approved by the Audit Committee and approved by the Board to ensure accuracy, adequacy and completeness and compliance with the relevant accounting standards and legislation prior to the release to the regulatory authorities and investing public.

A summary of the activities of the Audit Committee during the financial year is set out in the Audit Committee Report on pages 33 to 37 of this Annual Report.

The Directors are responsible for ensuring that the annual financial statements of the Group and the Company are prepared in accordance with the provisions of the Companies Act 2016 and applicable approved accounting standards of Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 April 2018, and of the results of their operations and cash flows for the financial year ended on that date.

In preparing the Group's financial statements, the Directors have:

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

Relationship with External Auditors

Through the Audit Committee, the Board maintains a transparent and professional relationship with the external auditors and outsourced internal auditors in seeking professional advice and ensuring compliance with the approved company policies and procedures, approved accounting standards and relevant rules and regulations in Malaysia.

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

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

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

2) ACCOUNTABILITY AND AUDIT (CONT'D)

Relationship with External Auditors (Cont'd)

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

A summary of the activities of the Audit Committee involving the external auditors and outsourced internal auditors is set out in the Audit Committee Report on pages 33 to 37 and the Statement on Risk Management and Internal Control on pages 38 to 44.

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

Independence of External Auditors

The Board recognises the importance of the independence and capability of external auditors on the reliability and quality to the annual audited financial statements prepared for the stakeholders. No formal policy has been adopted to assess the independence of the external auditors. Based on the review of the external auditors reports and declaration of independence, the Audit Committee is satisfied that the current external auditors are independent and possess the capabilities and resources to fulfil the terms of engagement.

On an annual basis prior to the commencement of the audit engagement, through the presentation of the Audit Planning Memorandum and subsequently, the Audit Review Memorandum, the external auditors of the Group confirm to the Audit Committee their independence in relation to the audit work to be performed and their commitment to communicate to the Audit Committee on their independence status on an on-going manner.

During the financial year, the Audit Committee reviewed the external auditors' independence, objectivity and the services (including non-audit services) prior to the commencement of audit work and the Audit Committee and the Board are satisfied that the external auditors are independent.

3) RECOGNISE AND MANAGE RISKS

Sound framework to manage risk

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

The Statement on Risk Management and Internal Control are made in pursuance of paragraph 15.26(b) of the Listing Requirements of Bursa Securities is separately set out on pages 38 to 44 of this Annual Report.

4) CORPORATE DISCLOSURE

The Board is committed to maintain effective communications with its shareholders and investors. The main communication channels with shareholders and investors are the announcements made through Bursa Securities and the Annual Report. All material announcements to be made through Bursa Securities are approved by the Board prior to its release to Bursa Securities. The Board observes all disclosure requirements as laid down by MMLR and the Capital Markets and Services Act 2007 with regard to dissemination of material corporate information and announcements on a timely basis. To further enhance the corporate disclosure, the Chairman of the Board, the Managing Director and a designated Executive Director are delegated with the role as authorised speaker for the Company to ensure consistent, factual and accurate disclosure.

The Board has a formal Corporate Disclosure Policy which sets out the policies and procedures for disclosure of material information of the Group and which is applicable to all Directors and employees of the Group. The management of the corporate disclosure is delegated to a designated Executive Director with responsibilities, authorities and resources clearly defined. The proper procedures for responses to market rumours and disclosures of material information are clearly stated in the policy. The policy includes internal control procedures on confidentiality to ensure that confidential information is handled in a proper manner to avoid leakages and improper use of such information.

For transparent, quick and effective dissemination of material information, the Company's website has incorporated an "Investor Relations" section which provides all relevant information on the Company and is accessible by the public via www.solidautomotive.com. This Investor Relations section includes links to announcements made by the company and the quarterly results and annual reports for the public to access. Further, an email address is provided in "Investor Relations" section of Company's website to which request of any investor can be forwarded to.

5) SHAREHOLDERS

Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with shareholders. The shareholders are given the opportunity and are encouraged to participate in general meetings of the Company. Notice of the Annual General Meeting and Annual Reports are sent out to shareholders at least 28 days before the date of the meeting.

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

Adequate time is reserved during the Annual and Extraordinary General Meetings to encourage and allow the shareholders to seek clarifications or ask questions on pertinent and relevant matters.

Poll Voting

In compliance with the MMLR, all resolutions put forth for shareholders' approval at the 5th Annual General Meeting held on 24 October 2017 were voted by way of poll voting to promote exercise by shareholders of their rights under the Constitution and to enhance shareholders' participation.

5) SHAREHOLDERS (CONT'D)

Additional Compliance Information

- Utilisation of Proceeds

  Rights Issue of Warrants

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

Proposed	Purpose of Utilisation RM'000	Actual Utilisation up to 30 April 2018 RM'000	Deviation RM'000	Balance RM'000
i) Working Capital	15,915	(16,090)	175	–
ii) Estimated Expenses	585	(410)	(175)	–
Total Gross Proceeds	16,500	(16,500)	–	–

- Material Contracts involving Directors and Major Shareholders' Interests

  There were no material contracts entered into by the Company and its subsidiaries involving directors and major shareholders' interests still subsisting at the end of the financial year ended 30 April 2018.

- Sanctions and/or Penalties imposed

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

- Share buy-backs

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

- Options, Warrants or Convertible Securities Exercised

  Other than disclosed elsewhere in this Annual Report, there were no outstanding convertible securities pending exercise during the financial year ended 30 April 2018.

- American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme

  The Company has not sponsored any ADR or GDR programme for the financial year ended 30 April 2018.

- Non-audit fees

  During the financial year ended 30 April 2018, the non-audit fee incurred for services rendered by external auditors to the Group amounted to RM20,800 for work performed in relation to the review of the Statement on Risk Management and Internal Control and the review engagement on the Share Split, Bonus Issue and Computation of Warrants adjustment.

5) SHAREHOLDERS (CONT'D)

Additional Compliance Information (Cont'd)

- Variation of Results

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

  The audited financial results for the financial year ended 30 April 2018 did not differ by 10% or more from the unaudited full year's results previously announced on 27 June 2018 to Bursa Securities.

- Profit Guarantee

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

- Recurrent Related Party Transactions ("RRPT")

  The nature of transactions with the Related Parties which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that are not more favourable to its related parties than those generally available to the public, involving the interest of the Major Shareholders and Directors of the Company, namely Mr. Ker Min Choo ("KMC"), Mr. Ker Mong Keng ("KMK") and Mr. Ker Meng Oi ("KMO") and the following person connected to them are as follows:

  1) Mr. Ker Boon Kee ("KBK"), a substantial shareholder of the Company and the sibling of KMC, KMK and KMO.

	Transacting Parties	Nature of Relationship	Nature of Recurrent Transactions	Transacted Value RM'000
a)	KBK, KMC and KMK	KMK and KMC are the directors and substantial shareholders of Solid. KMO is the director and shareholder of Solid. KBK is a substantial shareholder of Solid and the brother of KMK, KMC and KMO.	Rental of warehouse and office owned by KBK, KMK and KMC to a subsidiary, Auto Empire Impex Pte. Ltd.: • 10 Admiralty Street #01-64, North Link Building, Singapore 757695	209

5) SHAREHOLDERS (CONT'D)

Additional Compliance Information (Cont'd)

- Recurrent Related Party Transactions ("RRPT") (Cont'd)

	Transacting Parties	Nature of Relationship	Nature of Recurrent Transactions	Transacted Value RM'000
b)	KBK	KBK is the brother of KMK, KMC and KMO who are directors and shareholders of Solid.	Rental of warehouse and office owned by KBK to a subsidiary, Auto Empire Impex Pte. Ltd.: • 10 Admiralty Street #01-86, North Link Building , Singapore 757695 The above property was bought over by the subsidiary, Auto Empire Impex Pte. Ltd. on 5 May 2017 with a consideration of SGD1,230,000. The transaction was completed in July 2017.	63
c)	Tampoi Enterprise Sdn. Bhd. ("TE")	KBK is a major shareholder and director of TE. KBK is the brother of KMK, KMC and KMO who are directors and shareholders of Solid.	Rental of warehouse and office owned by TE to a subsidiary, Twinco Far East Sdn. Bhd.: • No. 53, Jalan 2/57B, Segambut Light Industries, 51200 Segambut, Kuala Lumpur	46
			Sale of automotive spare parts to TE by a subsidiary, JBS Auto-Tech Sdn. Bhd.	250
d)	Tampoi Auto Supply Sdn. Bhd. ("TAS")	KMC, KMK and KBK are substantial shareholders and directors of TAS. KMO is a shareholder of TAS. KMK, KMC and KMO are directors and shareholders of Solid.	Rental of shop lot and office owned by TAS to a subsidiary, Auto Electrical System Sdn. Bhd.: • No. 77, Jalan Glasir , Taman Tasek, 80200 Johor Bahru, Johor, Malaysia	94

AUDIT **COMMITTEE REPORT**

ESTABLISHMENT AND COMPOSITION

The Audit Committee comprises the following members:-

Chairman	:	En. Azahar Bin Baharudin (Independent Non-Executive Director)
Members	:	Mr. Kek Kok Swee (Independent Non-Executive Director)
		Ms. Tan Lay Beng (Independent Non-Executive Director)

The composition of the Audit Committee is in compliance with paragraph 15.09 of the Main Market Listing Requirements ("MMLR") where the Audit Committee consists of three (3) Independent Non-Executive Directors and two (2) of the members of the Audit Committee, namely Mr. Kek Kok Swee and Ms. Tan Lay Beng, are members of the Malaysian Institute of Accountants which fulfils the requirements under paragraph 15.09 (c) and paragraph 7.1 of Practice Note 13 of MMLR.

TERMS OF REFERENCE

The terms of reference of the Committee is available for viewing on the Company's website at the "Investors Relations" section of www.solidautomotive.com.

MEETINGS

During the financial year ended 30 April 2018, the Audit Committee held four (4) meetings. Details of each member's meeting attendances are as follows:-

Name of Members	No. of Meetings Attended
En. Azahar Bin Baharudin	4/4
Mr. Kek Kok Swee	4/4
Ms. Tan Lay Beng	4/4

The meetings were conducted with sufficient quorum under the Audit Committee's term of reference.

The meetings were appropriately structured through the use of agendas, which were distributed to the members, together with the minutes of meetings and relevant papers and reports at least seven (7) days before the meeting, prior to the meetings with sufficient notification and time to allow for review by the members for the proper discharge of their duties and responsibilities. The secretary of the Company, the appointed secretary of the Committee attended all the meetings during the financial year under review.

The executive directors, chief financial officer ("CFO"), chief operating officer, representatives of the external auditors and internal auditors, and key management, at the invitation of the Committee, may attend the Committee meetings to present their reports and/or findings or required information and explanations for the proper deliberation of the matters on hand.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

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

1) *Reviewed the quarterly financial results announcement*

During the financial year under review, the CFO presented the draft unaudited quarterly results for the Audit Committee's review and briefed the Committee on the contents of the results announcement and notes therein, answered all queries raised and clarifications sought by the Audit Committee. The review focused mainly on key financial results and comparison to the immediate preceding quarter and corresponding quarter of the preceding financial year with reasons for major variances explained by the CFO. In addition, the business prospects of the Group for the remainder of the financial year was presented by the Management to the Audit Committee for discussion.

The review of the quarterly financial results performed by the Audit Committee was done in conjunction with a review of the key financial information (such as trade receivables aging analysis, inventory aging analysis and write-down provision for inventories, trade payables aging analysis and major expenses) as well as comparison of actual results with budgeted financial results. The Audit Committee further assessed the reasonableness of the assumptions and estimates made in the draft quarterly financial statements based on the updates by management on the operations and proposed business strategies and business expansions.

The unaudited quarterly results reviewed by the Audit Committee were then recommended to the Board for approval prior to announcement to Bursa Malaysia Securities Berhad ("Bursa Securities").

2) *Review the Company's compliance with Regulatory, Statutory and Accounting Standards*

During the quarterly Audit Committee meeting, with respect of the quarterly and annual financial statements, the Audit Committee reviewed the Company's compliance with the MMLR, accounting standards promulgated by Malaysian Accounting Standards Board and other legal and regulatory requirements.

3) *Reviewed the latest changes of pronouncements issued by accountancy, statutory and regulatory bodies*

At such quarterly meetings, the Audit Committee sought clarification of the application and impact of new and revised accounting standards with the external auditors as necessary. The Audit Committee members also underwent training conducted by external trainers on Companies Act 2016,updates and changes in accounting standards and tax regime. during the financial year under review to keep themselves updated on the latest developments and to assess the impact on the financial reporting and corporate governance compliance requirements.

The Board was briefed by the Chairman of the Audit Committee on matters arising and discussed and recommendations made to the Board, where appropriate, during the Audit Committee meetings The minutes of the Committee's meetings were made available to all Board Members to review and to seek clarification and confirmation from the Audit Committee Chairman where necessary.

4) *Reviewed the External Auditors' Audit Plan, Scope of Work and Audit Fee*

During the financial year, the external auditors presented their Audit Planning Memorandum to the Audit Committee for review and comment prior to the commencement of the audit to ensure that the audit scope is adequate and reasonable time was allowed to ensure the audit was carried out effectively and not under undue time pressure. The audit plan for the financial year was discussed and clarifications sought from the external auditors prior to approval of the said plan by the Audit Committee. During the same meeting, the audit fees and non-audit fees as disclosed in Note 27 to the financial statements were presented by the external auditors for review by the Audit Committee, where were then recommended to the Board for approval.

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

5) Reviewed the Audited Financial Statements and Audit Results with External Auditors

Prior to announcement of the final quarterly financial statements, the external auditors presented their Audit Review Memorandum and briefed the Audit Committee on the audit findings for the current financial year under review.

During the meeting, the audit findings on the significant risk areas, deficiencies in internal control and status of the audit were presented to the Audit Committee for deliberations and approval. The audit findings were then presented to the Board by the Chairman of the Audit Committee.

The Audit Committee reviewed the audited financial statements of the Company and the Group for the financial year ended 30 April 2018 and satisfied themselves that the audit had been adequately carried out in accordance with the approved audit plan and approved auditing standards and that the presentation of the financial statements was in compliance with statutory requirements and applicable accounting standards. The Audit Committee then recommended the audited financial statements for the Board's approval and adoption.

6) Private Sessions with External Auditors

For the financial year ended 30 April 2018, the Audit Committee has met with the External Auditors for a total of two (2) times without the presence of the executive directors and management in order for the Audit Committee and the external auditors to freely exchange views and opinions between both parties.

7) Reviewed the Independence and Objectivity of the External Auditors

During the financial year, confirmation on the independence of the external auditor was obtained by the Audit Committee. In addition, the Audit Committee reviewed the independence and objectivity of the external auditors and the services provided, including non-audit services and noted that the non-audit fee is immaterial, justifiable and does not impair the independence and objectivity of the external auditors.

8) Reviewed the Internal Audit Function

During the financial year, the Audit Committee received internal audit reports presented by the outsourced internal auditor that contain the findings, recommendations and agreed management action plans for the internal audits conducted based on approved internal audit plan. Aside from reporting on the audit findings, the status of agreed management action plans for previous internal audit findings and the status of the approved internal audit plan was also presented to the Audit Committee. Additionally, the Audit Committee had assessed the adequacy and effectiveness of the outsourced internal audit function through the review of the resources, experience and continuous professional development of the outsourced internal auditor.

During the financial year, the internal audit plan and subsequent changes were presented by the outsourced internal auditor for the review and approval by the Audit Committee.

The oversight role of Audit Committee on the internal audit function is contained in the Statement on Risk Management and Internal Control set out on pages 38 to 44 of this Annual Report.

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

9) *Reviewed Related Party Transactions*

During the scheduled quarterly meetings, the Audit Committee conducted review of related party transactions (including recurring related party transactions) entered into by the Group with related parties to ensure that all transactions are conducted at arms length's basis on normal commercial terms and are not prejudicial to the interest of the Company or its minority shareholders.

The Audit Committee also reviewed the Circular to Shareholders dated 9 October 2017 in relation to the proposed renewal of shareholders mandate for recurrent related party transactions of a revenue or trading nature and recommended to the Board for approval.

10) *Reviewed the Annual Report*

For the financial year under review, the Audit Committee reviewed the Annual Report (which includes the Management Discussion and Analysis, Corporate Governance Overview Statement, Sustainability Statement, Audit Committee Report, Statement on Risk Management and Internal Control and Audited Financial Statements of the Group) and recommended to the Board for approval.

11) *Reviewed the Circular to Shareholders dated 9 October 2017*

For the financial year under review, the Audit Committee reviewed the Circular to Shareholders dated 9 October 2017 in relation to the

I. Proposed share split involving the subdivision of every 1 exisitng ordinary shares in SOLID into 2 ordianry shares in SOLID held on an entitlement date to be determined later;
II. Proposed Bonus Issue fo up to 82,500,000 new split shares to be credited as fully paid-up on the basis of 1 bonus share or every 6 split shares held on the same entitlement date as the proposed shaee split; and
III. Proposed establishment of an Employee ' Share Option Scheme of up to 15% of the total number of issued shares of SOLID at any point in time.

and recommended to the Board for approval.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to a professional consulting firm to undertake independent, objective, regular and systematic reviews of the internal controls system of the Group. The outsourced internal auditors report directly to the Audit Committee.

The Audit Committee reviews the internal audit plan tabled to ensure the adequacy of the audit scope and coverage in relation to the risk management framework, key business risk exposure and risk appetite of the Group prior to its approval for execution. The internal audit plan is duly executed by the internal audit function with any subsequent changes to the plan reviewed and approved by the Audit Committee. Further, the Committee regularly reviewed the internal audit plans during the financial year to take into account any changes in the prevailing business environment, business structure and composition and its associated risks to ensure the continuing relevance of the approved internal audit plans, adequacy of the scope and resources being allocated to the outsourced internal audit function and any changes are approved by the Committee prior to execution.

INTERNAL AUDIT FUNCTION (CONT'D)

The outsourced internal auditor tables the results of their review to the Audit Committee at their scheduled meetings highlighting their findings, recommendations, areas of improvement opportunities, management response and action plan. In addition, the outsourced internal audit function performed follow up reviews to ascertain the status of implementation of agreed management action plans. The results of the follow up reviews were reported to the Audit Committee for their review and deliberation.

The area of review conducted by the outsourced internal auditor are disclosed in the Statement on Risk Management and Internal Control set out on pages 38 to 44 of the Annual Report.

The Audit Committee ensures the effectiveness and adequacy of the outsourced internal audit function, its competency and resources allocated to the internal audit function through the review of the outsourced internal auditor's resources and the qualifications, working experience and continuous professional development of the personnel of the outsourced internal audit function which was tabled by the outsourced internal audit function at the Audit Committee meetings during the financial year under review.

The cost incurred in connection with the internal audit function during the financial year amounted to RM52,000.

STATEMENT OF RISK MANAGEMENT **AND INTERNAL CONTROL**

INTRODUCTION

The Board of Directors ("the Board") of Solid Automotive Berhad ("the Company") (collectively with its subsidiaries, "the Group") is pleased to present the statement on the risk management and internal control of the Group for the financial year ended 30 April 2018, pursuant to paragraph 15.26(b) and Practice Note 9 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

BOARD RESPONSIBILITY

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

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

KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

RISK MANAGEMENT

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

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

The Board has a formal risk management reporting structure of the Board, the Audit Committee and management to ensure effective risk management as set out below:

The Risk Management of the Group is delegated to the Risk Management Committee comprising an Executive Director and Senior Management to assess and monitor the Group's risk as well as to discuss, evaluate and address matters associated with strategic, financial, operational and governance aspects of the Group.

KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

RISK MANAGEMENT (CONT'D)

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

The roles and responsibilities of the Executive Directors includes the following:

(a) Implementation of risk management framework as approved by the Board;
(b) Develop and implement the risk management process;
(c) Ensure that risk management exercise are aligned with the Group's strategies (e.g. vision/mission, corporate strategies and goals);
(d) Periodic review and update of Key Risks Register;
(e) Update the Audit Committee on changes to the Key Risk Registers on periodical basis.

The roles and responsibilities of operational management as defined in the Risk Management Policy are as follow:

(a) Manage the risk under his/her control;
(b) Assess risk and evaluate existing control to identify areas with controls that were ineffective, inadequate or non-existent and report and to assist the Executive Directors in the development of the management action plans and implementation of the action plans formulated;
(c) Assist the Executive Directors with the periodic update on the changes in the Key Risks Registers.

The systematic risk management process as defined in the Risk Management Policy is employed by the Executive Directors and the Management for risk identification, risk assessment, control identification, risk treatment and control activities.

As an important risk monitoring mechanism, the Executive Directors and the Management reviews the key risk registers of key operating subsidiaries and assessment of emerging risks identified at strategic and operational level on an annual basis or on more frequent basis (if circumstances required) and report (if circumstances required) to the Audit Committee on the results of the review and assessment.

During the financial year under review, the Executive Directors and the Management followed-up on the existing strategic, governance and key operational risks of key subsidiaries that were reviewed with emerging risks identified assessed and incorporated into the key risk registers for on-going risk monitoring and assessment, after taking into consideration the internal audit findings. The key risk profile, which consists of strategic risks and key operational risks, was compiled from the key risk registers and tabled to the Audit Committee for review and deliberation and for its reporting to the Board, which assumes the primary responsibility of the risk management of the Group.

At the strategic level, business plans, strategies and investment proposals with risks consideration are formulated by the Managing Director and Senior Management and presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite. In addition, specific strategic and key operational risks are highlighted and deliberated by the Audit Committee and the Board during the review of the financial performance of the Group in the scheduled meetings.

KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

RISK MANAGEMENT (CONT'D)

At the operational level, the respective head of departments/divisions are responsible for managing the risks under their responsibilities. The respective heads of departments are responsible for adequate and effective operational monitoring and management by way of maintaining adequate and effective internal controls and executing control procedures on a day-to-day basis. Changes in the key operational risks or emergence of new key business risks are identified through daily operational management and controls as well as review of financial and operational reports by respective level of Management. The respective heads of departments/divisions are responsible to assess the changes to the existing operational risks and emerging new risks and to determine the risk treatment and implement effective controls to manage the risks, if applicable. Critical and material risks are highlighted to the Executive Directors for final decision on the risk treatment and implementation as well as its reporting to the Audit Committee and the Board.

The monitoring of the risk management process by the Group is enhanced by the internal audits carried out by the outsourced internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal audit plan approved by the Audit Committee.

The above process has been practiced by the Group for the financial year under review and up to the date of approval of this statement.

INTERNAL AUDIT FUNCTION

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

The Group's internal audit function is outsourced to an independent professional firm, Messr. NeedsBridge Advisory Sdn. Bhd. The engagement director of the outsourced internal audit function, Mr. Pang Nam Ming, is a Certified Internal Auditor accredited by the Institute of Internal Auditors Global. The internal audit function reports to the Audit Committee directly and is governed by the engagement letter detailing the scope of works, accountability/ responsibility, authority, independence and confidentiality.

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

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

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

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

KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

INTERNAL AUDIT FUNCTION (CONT'D)

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

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 30 April 2018 amount to RM52,000.

OTHER KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM

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

- *Board of Directors/Board Committees*

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

  Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the business plans, business strategies and performance of the Group, from financial and operational perspectives. Business plans and business strategies are proposed by the Managing Director to the Board for their review and approval after taking into account risk consideration and responses.

- *Integrity and Ethical Value*

  The tone from the top on integrity and ethical value are enshrined in the formal Code of Conduct established and approved by the Board. The Code forms the foundation of the integrity and ethical value of the Group.

  Integrity and ethical value expected from the employees are incorporated in the Human Resource Policy whereby the ethical behaviours expected with customers, suppliers, employees to carry out their duties and responsibilities assigned are also established and formalised in the Human Resource Policy.

- *Organisation Structure and Authorisation Procedures*

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

OTHER KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM (CONT'D)

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

- *Policies and Procedures*

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

  The Group has a whistle blowing policy to provide employees with a transparent and confidential process to report instances of corruption, fraud, misconduct, abuse of rules and regulations, misuse of company assets or resources within the Group.

- *Annual Budget*

  The Annual Budget for the Group is presented and approved by the Board on an annual basis and form one of the basis to monitor the actual performance and to identify significant variances for prompt action to be taken.

- *Human Resource Management*

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

  Performance evaluations are carried out for all levels of staff to identify performance gaps, for training needs identification and talent management.

- *Information and Communication*

  At operational levels, clear reporting lines are established across the Group. Management reports are prepared for dissemination to relevant personnel throughout the Group for effective and timely decision making and execution in pursuit of the business objectives. Matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

  The Group has in place effective and efficient information and communication infrastructures and channels, i.e. computerised enterprise resources planning systems, secured intranet, electronic mail system and modern telecommunication, so that operational data and management information can be communicated with relevant external stakeholders. Relevant financial, operational and management reports are generated to cater to the varying requirements of the different level of management within the Group for information and decision making. The management and board meetings are regularly held for effective two-way communication of information at the different level of management and the Board.

OTHER KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM (CONT'D)

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

- *Monitoring and Review*

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

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

  The internal audit functions assess the adequacy and effectiveness of internal controls in relation to specific governance, risk and control processes and highlights potential risks and implications of its observations that may impact the Group as well as recommend improvements on the observations made to minimise the risks. The results and recommendations of the internal audits are reported to the Audit Committee.

ASSURANCE PROVIDED BY THE MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

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

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

The external auditors have reviewed the Statement on Risk Management and Internal Control pursuant to Paragraph 15.23 of the Listing Requirements and in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 30 April 2018 and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) Has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or

(b) Is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact remedy the problems.

OPINION AND CONCLUSION

The Board believes that the Group's risk management and internal control systems provide reasonable, but not absolute, assurance that weaknesses or deficiencies are identified on a timely basis and dealt with appropriately. Based on the review of risk management process and internal control system as well as the monitoring and review mechanism stipulated above coupled with the assurance provided by the Managing Director and the Chief Financial Officer, the Board is of the view that the risk management and internal control systems are operating satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. The Board continues to take measures to review and, where necessary, enhance the Group's risk management and internal control systems to meet the Group's strategic objectives.

The Board is committed towards maintaining a sound system of internal control and an effective risk management throughout the Group and reaffirms its commitment to continuously review and where necessary, enhance further the risk management and internal control systems.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 3 August 2018.

STATEMENT ON **MANAGEMENT DISCUSSION AND ANALYSIS**

OVERVIEW

Solid Automotive Berhad ("Solid" or "The Group") was incorporated on 12 September 2012 and is principally an investment holding company. The business activities of the Group consist of mainly trading and distribution of automotive spare parts and components in the following segments:

a) Automotive Electrical parts and components ("AE") for passenger and commercial vehicles; and

b) Automotive Engine and Mechanical parts and components ("AEM") for commercial vehicles.

REVIEW OF OPERATING ACTIVITIES

As at the end of the financial year under review, the Group has a total of eighteen (18) branches/outlets throughout Malaysia and one subsidiary in Singapore. During the Financial Year Ended 30 April 2018 ("FYE 2018") the Group opened three (3) branches/outlets in Pandan Indah (Wilayah Persekutuan), Alor Setar (Kedah) and Kuching (Sarawak). With the increased presence in these locations coupled with the earlier opening of three (3) branches/outlets in the preceding year, the Group has achieved improved performance for our domestic sales. Furthermore, during the financial year under review, the Group commenced the construction of the new three storey warehouse cum office situated at Segambut (Wilayah Persekutuan) which is scheduled to be completed next year and will serve as our central region distribution centre and will greatly enhance our logistics operations and customer support.

As for our international sales division, the contribution from Middle East and Africa segment remains weak due to political changes and volatile oil prices and uncertainty in the global economic environment. To mitigate these impacts, the Group has been focusing part of its international sales effort on ASEAN countries with the result that our revenue derived from ASEAN countries has improved from 5.82% of total revenue for FYE 2017 to 6.40% in FYE 2018.

In FYE 2018, the AE segment remains our main contributor of revenue source, which accounted for approximately 75% of the total revenue, while the AEM segment accounted for approximately 25% of the total revenue. At the date of this report, the Group owns 19 trademarks including Hansa Parts, KIS, Mandy for automotive products across several trademark classes

FINANCIAL RESULTS AND CONDITIONS

Revenue

The Group's revenue for FYE 2018 has increased to RM129.242 million or an increase of 3.0% as compared to RM125.447 million for the Financial Year Ended 30 April 2017 ("FYE 2017"). The increase in revenue was mainly contributed by domestic sales which showed an increase by approximately RM10.611 million to RM89.912 million for FYE 2018 or an increase of 13.38% as compared to the revenue of RM79.301 million for FYE 2017. This increase in domestic revenue can be attributed to our continuing sales and marketing initiatives and opening of new branches/outlets to enhance our market presence and improved sales service lead time to our customers. However, this increase was offset by lower export sales which decreased to RM39.330 million for FYE 2018 compared to RM46.146 million in FYE 2017 due to unstable political and economic environment in the Middle East and unfavourable USD exchange rate in the 2nd half of the FYE 2018.

The revenue from AEM segment has increased from RM27.972 million in FYE 2017 to RM31.729 million in FYE 2018. The increase is due to the results of our sales and marketing initiatives implemented and better market penetration. Revenue from AE segment has remained constant.

FINANCIAL RESULTS AND CONDITIONS (CONT'D)

Profit Before Tax ("PBT")

The PBT of the Group for FYE 2018 of RM4.486 million showed a decrease of RM3.636 million compared to RM8.122 million for FYE 2017 despite higher revenue achieved in FYE 2018. This was mainly due to lower other income in FYE 2018 and higher operating and administrative expenses which included a fair value loss in derivative on foreign currency denominated loans due to the weakening of United States Dollar amounting to RM0.563 million and one off write-off expense from properties, plant and equipment of approximately RM0.907 million following the demolition of the old structures situated at the current construction site of our new Segambut warehouse and office.

Financial Position

The inventories of the Group have increased by RM1.585 million to RM51.727 million as at FYE 2018 due mainly to the stocking of products for new branches/stores. The inventory turnover days have remained constant at approximately 200 days.

As at the end of FYE 2018, the cash and cash equivalents of the Group stands at RM10.436 million, with RM1.501 million in fixed deposits and RM8.935 million in cash and bank balances. The Group also invested RM5.973 million in money market unit trust investments to earn recurring interest income. During FYE 2018, the total amount of proceeds from the issuance of new shares pursuant to the exercise of warrants was RM0.486 million.

The borrowings from financial institutions of the Group has also increased by RM7.367 million to RM14.86 million as at FYE 2018 due to repayments to trade payables and acquisition of property, plant and equipment. The Group's debt-to-equity ratio stands at 0.0315 times as at the end of FYE 2018. The Group continues to exercise prudence in its financial management as part of its strategic objectives of building and maintaining a strong financial position.

Capital Structure

During FYE 2018, the Company subdivided 167,430,600 ordinary shares into 334,861,200 ("share split") and issued 55,809,728 new ordinary shares on the basis of one (1) bonus share for every six (6) existing shares held after share split.

Further, the Company also implemented the Employee Shares Option Scheme ("ESOS") on 12 February 2018. However, no share options under the ESOS was granted by the Company.

ANTICIPATED OR KNOWN RISKS

1) Competition Risks

The automotive aftermarket for parts and components in Malaysia (which includes the automotive aftermarket for electrical and non-electrical parts and components) is large and growing and provides market opportunities to a large and wide range of participants. The Group faces competition from existing players as well as new entrants to the industry that may offer similar products of varying quality and price range. High product availability, wide range of reliable and quality products offering excellent value to our customers and branding are key factors to our continued profitability and growth.

With the above key factors, the Group has implemented strategic sales and marketing initiatives as well as enhancing our supply chain management to create a sustainable competitive advantage in the automotive aftermarket.

ANTICIPATED OR KNOWN RISKS (CONT'D)

2) Technological risks

Existing automotive parts and components are constantly being improved or innovated from the advancement in automotive technologies while new materials are also being explored for their potential usages in the manufacture of automotive parts and components that can offer cost savings and better performance.

As such, the automotive aftermarket parts and components industry that our Group participates in requires us to keep abreast with the latest models of automotive parts and components introduced to the market. This is important to our efforts in staying competitive by enabling us to expand out products range, increase our market share and penetrate into new markets.

Our Group strives to keep abreast with the latest development in the industry. In addition, we have been participating in various international trade fairs and exhibitions to get the necessary industry exposures. We also actively seek feedback from our customers in respect of their new product requirements.

3) Foreign Exchange Risks

We are exposed to the foreign currency risks as a significant portion of our sales and purchases are transacted in foreign currencies, namely the United States Dollar ("USD"), Euro ("EUR") and Japanese Yen ("JPY").

To mitigate this risk, we maintain foreign currency accounts for the purpose of holding foreign currencies for future payments on purchases to be transacted in foreign currencies and/or for future receipts from export sales. We use the foreign currency denominated proceeds from our export sales to pay our imports when possible. We constantly monitor our foreign exchange exposure and will continue to evaluate the requirement for hedging our foreign currency exposure taking into account the foreign currency, transaction cost and period amongst other factors.

However, there can be no assurance that any future fluctuations in the foreign exchange will not adversely impact our Group's operating and financial performance.

4) Political, Economic and Regulatory Risks

Given that the Group purchases and sells our products in both local and oversea markets, any adverse development in the political, economic and regulatory environment in the countries involved may adversely affect the financial and operational conditions as well as the overall profitability of the Group.

Political, economic and regulatory uncertainties include but are not limited to changes in general economic and business conditions, government legislations and policies affecting our industry, inflation, fluctuations in foreign exchange rates and interest rates, political and social development, risks of war, expropriation, nationalisation, renegotiation or nullification of existing contracts, methods of taxation and currency exchange controls.

The Group will continue to adopt a prudent management and precautionary measures but there can be no assurance that these measures are sufficient to address any future changes in the political, economic and regulatory environment in the countries involved.

ANTICIPATED OR KNOWN RISKS (CONT'D)

5) Dependence on Key Management Personnel

The Group's continued success depends, to a significant extent, upon the capabilities, skill, knowledge and continued efforts of its key management personnel to lead the Group to achieve its business and corporate objectives. The loss of key management personnel may adversely affect the Group performance.

The Group recognises the importance of attracting and retaining key management personnel and have in place competitive compensation packages and reward schemes. Further, the Group has a formal Succession Policy in place to ensure that a systematic sucession planning process in place to identify, recruit and groom candidates for our management team to meet the Group's plans for the future.

Nevertheless, there can be no assurance that the above measures will always be successful in retaining key management or ensuring smooth succession should changes occur.

FORWARD LOOKING STATEMENT

From the current market and economic outlook, the Group is anticipating a challenging economic environment in both Malaysian and overseas market. Uncertainties from the unstable global political and economic environment has risen over the past few years with events that is creating a spill over effect to the Group. This is evidenced via the decrease in our revenue from the Middle East and Africa market. Nevertheless, despite the uncertain economic conditions, there are still available opportunities and markets that the Group can act on. Hence, the following measures are being currently taken to improve on overall profitability and market presence:

Domestic market

The Group will expand its business through the use of its sales and marketing activities on increasing our market presence promoting our established in-house brands and leverage on their reputation to achieve improved market penetration.

The Group will also expand by opening additional new stores/outlets in strategic locations via larger cities and towns in Malaysia. Although the Group believes that this will strengthen our supply chain management and increase operational efficiencies when delivering our products to our valued local customers, in these uncertain economic environments, the Group will still perform assessments, such as cost and benefit analysis before the opening of these new branches/stores are being carried out to ensure the Group's profitability is maintained.

The Group is currently constructing a three-storey warehouse cum office in Segambut to serve as a central region distribution hub. The estimated completion of the building under construction will be in the first quarter of financial year ending 30 April 2020. The Group believes that upon the completion of the warehouse cum office, Solid is able to enhance its supply chain management and increase productivity and efficiency.

International market

The Group continuously monitors developments in our key overseas markets on the political, economic and regulatory front. We are actively participating at international automotive exhibitions to promote our products and brand names with a focus on ASEAN region.

Others

The Group will continue to actively seek to expand its product range to provide our customers with the widest range of automotive aftermarket parts and increase efforts to enhance its supply chain management, productivity and cost management.

DIVIDEND POLICY

On 22 November 2017, the Company paid a final single tier dividend of 0.5 sen per ordinary share amounted to RM0.837 million for FYE 2017. The Board recommended a first and final single tier dividend of 0.2 sen per ordinary share amounting to approximately RM0.783 million for FYE 2018, subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on 27 September 2018. The total dividends for FYE 2018 would be 0.2 sen per ordinary share amounting to RM0.783 million and representing a dividend pay-out ratio of approximately 29.3%.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to convey our appreciation to our shareholders as well as other stakeholders for their continuous trust and support. I would like to thank the Board of Directors, the management and employees of Solid Group for their continuous commitment and dedication without which we would not be where we are today.

MR. KER MIN CHOO
MANAGING DIRECTOR

SUSTAINABILITY **STATEMENT**

INTRODUCTION

The Board of Directors ("the Board") of Solid Automotive Berhad ("the Company") (collectively with its subsidiaries, "the Group") recognises the importance of sustainable practices in the Group's business operations and is committed to promote such initiatives to the stakeholders of the Group through transparent sustainability reporting.

To create long term value for our stakeholders, the Board acknowledges that sustainability forms an integral part of the Group's businesses operations and are judged on the conduct of financial performance, governance, economic, environment and social aspect.

The disclosures of the corporate governance practices and compliance with relevant provisions and requirements per the MMLR and Malaysia Code on Corporate Governance are made in the Corporate Governance Overview Statement in the Annual Report and the Corporate Governance Report which is available for download from the Company's website at www.solidautomotive.com.

The Group adopted a holistic approach and formalised strategies in managing the business while taking into consideration the Economic, Environmental and Social ("EES") risks and opportunities which are in line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guidelines.

ECONOMIC, ENVIRONMENT AND SOCIAL SUSTAINABLE PRACTICES

A. Economic

The Group seeks to ensure that sustainable Supply Chain Management and Procurement Practices are practiced and embedded into the Group's culture. This would be achieved through the guidance of the principles and standards set out in the Group's Code of Conduct and Whistle Blowing Policy. Our policies define how we conduct business with our customers and suppliers and how we deal with other stakeholders.

The Group supports responsible branding, marketing and promotion with suppliers and customers while maintaining an ethical professional relationship. The Group believes that this will create sustainable value between these stakeholders.

Each employee of the Group is required to comply local laws and regulations and maintain a high standard of personal conduct while dealing with various stakeholders. Proper channel is established for communication to all employees on whistleblowing. Confidentiality of the identification of the whistle-blowers is to be strictly maintained, unless prohibited by law.

B. Environment

The Group is committed to comply with legal and regulatory requirements of the relevant authorities, such as Malaysian Department of Environment, in order to minimise the impact of human footprint to the environment and ensure our business are operating in an environmentally responsible manner.

The Group has consistently strived to improve its waste management, energy conservation and water consumption through the practice of the 3R's (Reduce, Reuse and Recycle) in all aspects of the business. Usage of sustainable materials and packaging are encouraged to minimise the impact to our environment.

ECONOMIC, ENVIRONMENT AND SOCIAL SUSTAINABLE PRACTICES (CONT'D)

C. Social

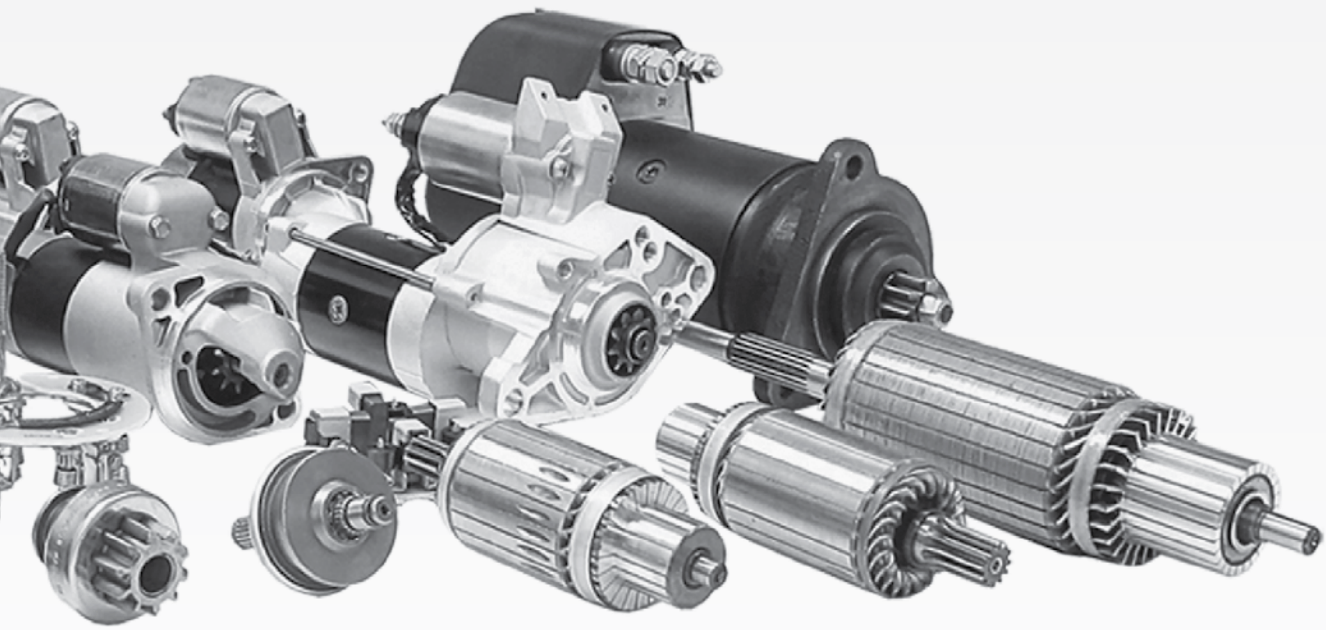
The Group has set out high standards for recruiting, developing, retaining and motivating our employees. Continuous improvements are embedded in the corporate culture of the Group. Through various programmes and strategies, such as Key Performance Indicators ("KPI") and open communication, so that the Group can engage openly with the employees to nurture their skills and potentials. The results produced would be beneficial on both personal and professional level.

We stress good health and safety at work, treating all fairly and without discrimination regardless of race, religion or creed. Meritocracy inclusiveness as well as diversity in the form of the right mix of gender, ethnic and age group at all levels of the Group is encouraged to ensure a well-balanced workforce whose peformance is aligned with the Group's strategic corporate objectives.

The Group supports charitable causes and local cultural activities that seek to improve the well-being of our community, promote cultural diversities and contribute in enhancing quality of life.

During the year under review, the Group conducted a visit to an orphanage and organised donation collections among the employees in the Group and made contributions in kind as well. In addition, the Group also contributed to the sponsorship of T- shirts for participants at the annual Chingay celebration in Johor Bahru.

FINANCIAL **STATEMENTS**



DIRECTORS' **REPORT**

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 April 2018.

PRINCIPAL ACTIVITIES

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

RESULTS

	The Group RM	The Company RM
Profit after tax for the financial year	2,671,895	395,201
Attributable to:-		
Owners of the Company	2,661,011	395,201
Non-controlling interests	10,884	–
	2,671,895	395,201

DIVIDENDS

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

A final dividend of 0.5 sen per ordinary share, amounting to RM837,153 for the financial year ended 30 April 2017 was approved by the shareholders of the Annual General Meeting held on 24 October 2017 and paid on 22 November 2017.

At the forthcoming Annual General Meeting, a final dividend of 0.2 sen per ordinary share amounting to approximately RM783,000 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 30 April 2019.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company increased its issued and paid-up share capital from RM97,503,167 to RM98,183,242 by way of:-

  (i) an issuance of 1,358,000 new ordinary shares from the exercise of Warrants 2015/2020 at the exercise price as disclosed in Note 18.4 to the financial statements which amounted to RM680,075. The new shares were issued for cash consideration.

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

(b) the Company:-

  (i) subdivided 167,430,600 ordinary shares into 334,861,200 ordinary shares ("share split");

  (ii) issued 55,809,728 new ordinary shares on the basis of one (1) bonus share for every six (6) existing shares held ("bonus issue") after share split; and

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

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the issue of additional free Warrants pursuant to the share split and bonus issue.

WARRANTS

On 17 December 2015, 82,500,000 Warrants were issued pursuant to the Rights Issue of Warrants on the basis of one Warrant for every two existing ordinary shares subscribed by entitled shareholders at an issue price of RM0.20 per Warrant of which had been adjusted to RM0.0835 upon the completion of share split and bonus issue.

The exercise price had been adjusted from RM0.50 per Warrant to RM0.21 per Warrant upon the completion of share split and bonus issue.

The salient terms of the Warrants 2015/2020 are disclosed in Note 18.4 to the financial statements. The movements of the Warrants since the listing and quotation thereof are as follows:-

	<------------------ Entitlement for Ordinary Shares ------------------>				
	At 1.5.2017	**Share Split**	**Bonus Issue**	**Exercised**	**At 30.4.2018**
Number of unexercised Warrants	80,761,900	80,069,400	26,689,587	(1,358,000)	186,162,887

EMPLOYEE SHARE OPTION SCHEME

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 24 October 2017. The ESOS is to be in force for a period of 5 years effective from 12 February 2018.

The main features of the ESOS are as follows:-

(a) Eligible persons are employees and/or directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group and have served for at least 6 months before the date of the offer;

(b) The maximum number of new ordinary shares of the Company, which may be available under the scheme (excluding treasury shares), shall not exceed in aggregate 15%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESOS;

(c) The option price shall be determined by the ESOS Committee based on the 5-day weighted average market price of ordinary shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10% of the market price of ordinary shares of the Company, or such other percentage of discount as may be permitted by the relevant authorities;

(d) The option may be exercised by the grantee by notice in writing to the Company within a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee on a case-to-case basis at its discretion in the prescribed form, accompanied with a payment to the Company of a nominal non-refundable sum of RM1.00 as consideration for the grant of the option during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS; and

(e) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

During the financial year, no share options under the ESOS was granted by the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

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

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Ker Hong	
Ker Kai Xiang	
Ker Keddy	
Ker Shiloong	
Lee Kok Ping	
Liew Cheong Seng	
Lim Boon Siong	
Chang San Hor	(Resigned on 28.9.2017)
Eng Choon Kwang	(Resigned on 28.9.2017)
Ker Soo Ha	(Resigned on 28.9.2017)
Ker Verena	(Resigned on 28.9.2017)
Ker Young	(Resigned on 28.9.2017)
Ker Yun	(Resigned on 28.9.2017)
Lee Heng Haw	(Resigned on 28.9.2017)
Loh Sai Kiang	(Resigned on 28.9.2017)
Tan Meng Huat	(Resigned on 28.9.2017)
Yee Sui Meng	(Resigned on 28.9.2017)
Yong Kok Jin	(Resigned on 28.9.2017)

DIRECTORS' INTERESTS

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

	<------------ Number of Ordinary Shares					------------>
	At 1.5.2017	Share Split	Bonus Issue	Transfer	Bought	Sold	At 30.4.2018
Direct Interests in the Company							
Ker Min Choo	40,450,113	40,450,659	13,483,552	546	480,000	–	94,864,870
Ong Kheng Swee	2,064,486	2,064,486	688,162	–	–	–	4,817,134
Kek Kok Swee	1,500,000	1,500,000	500,000	–	72,800	–	3,572,800
Ker Meng Oi	5,530,541	5,530,541	1,843,513	–	–	–	12,904,595
Ker Mong Keng	36,725,075	36,725,075	12,241,691	–	–	–	85,691,841
Indirect Interests in the Company *							
Ker Min Choo	1,228,046	4,169,100	1,389,697	(546)	3,687,000	–	10,473,297
Ong Kheng Swee	1,050,000	1,250,000	416,666	–	200,000	–	2,916,666
Kek Kok Swee	4,500,000	4,500,000	1,500,000	–	–	–	10,500,000
Ker Mong Keng	24,000	24,000	8,000	–	–	–	56,000
Direct Interests in the Subsidiary							
Autoworld Parts Services Sdn. Bhd.							
Lee Kok Ping	80,000	–	–	–	–	–	80,000
Lim Boon Siong	40,000	–	–	–	–	–	40,000

DIRECTORS' INTERESTS (CONT'D)

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

	Number of Warrant 2015/2020 issued pursuant to the Deed Poll dated 11 November 2015 <----------- exercisable of any time from 17 December 2015 to 16 December 2020 ---------->					
	At 1.5.2017	**Share Split**	**Bonus Issue**	**Transfer**	**Bought**	**Sold**	**At 30.4.2018**
Direct Interests in the Company							
Ker Min Choo	20,225,056	20,225,329	6,741,775	273	–	–	47,192,433
Ong Kheng Swee	1,079,600	1,079,600	359,866	–	–	–	2,519,066
Kek Kok Swee	750,000	750,000	250,000	–	–	–	1,750,000
Ker Meng Oi	2,765,270	2,765,270	921,756	–	–	–	6,452,296
Ker Mong Keng	18,362,537	18,362,537	6,120,845	–	–	–	42,845,919
*Indirect Interests in the Company **							
Ker Min Choo	1,623,123	1,886,850	628,948	(273)	264,000	(1,600,000)	2,802,648
Ong Kheng Swee	549,000	349,000	116,333	–	–	(200,000)	814,333
Kek Kok Swee	2,353,200	2,353,200	784,400	–	–	–	5,490,800
Ker Mong Keng	12,500	12,500	4,166	–	–	–	29,166

* Held through spouse or children

By virtue of their shareholdings in the Company, Ker Min Choo and Ker Mong Keng are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34(b) to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 33 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Malaysia (formerly known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 27 to the financial statements.

Signed in accordance with a resolution of the directors dated 3 August 2018.

Ker Min Choo **Ong Kheng Swee**

STATEMENT **BY DIRECTORS**

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Ker Min Choo and Ong Kheng Swee, being two of the directors of Solid Automotive Berhad, state that, in the opinion of the directors, the financial statements set out on pages 67 to 143 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 April 2018 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 3 August 2018.

Ker Min Choo **Ong Kheng Swee**

STATUTORY **DECLARATION**

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Ong Kheng Swee, MIA Membership Number: 7786, being the director primarily responsible for the financial management of Solid Automotive Berhad, do solemnly and sincerely declare that the financial statements set out on pages 67 to 143 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Ong Kheng Swee,
at Johor Bahru
in the State of Johor
on this 3 August 2018.

Ong Kheng Swee

Before me

Nur Amreeta Kaur Gubachen Singh
Commisioner for Oaths
No.J276

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF SOLID AUTOMOTIVE BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Solid Automotive Berhad, which comprise the statements of financial position as at 30 April 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 143.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Cont'd)

Slow-Moving And Obsolete Inventories Refer to Note 10 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group is in the business of trading and distribution of automotive parts and components. The balance of inventories as at 30 April 2018 was RM51,727,168 upon netting off allowance for impairment losses on slow-moving and obsolescence inventories of RM8,700,528. The Directors determine the amount of allowance for impairment for slow-moving inventories based upon the age of the inventories as well as the estimated future sales projections against the inventories level held as at the financial year end. The determination of the amount involves subjective estimates based on detailed analysis on the age of the inventories and is influenced by assumptions concerning the level of sales activity derived from historical sales data. We have identified this as a risk area in view of the current more challenging economic environment which resulted in the decrease in demand and the significant judgements required in making provisions by the Directors.	Our procedures included, amongst others:- • Performing aging test on inventories aging report by selecting samples and checking to the date of stock-in (purchase date) to the appropriate age band; • Testing the mathematical accuracy of management's method by re-performing the calculations, using the inventories aging report; • Assessing the reasonableness of the assumptions used to derive the level of future sales activity. • Assessing if the Group's stock write-down policy is consistently and correctly adopted and applied by the subsidiaries; and • Selecting samples of inventories and test the selling price of inventories sold subsequent to the financial year end against its carrying value to assess whether inventories are held at the lower of cost or net realisable value.

Recoverability of trade receivables Refer to Note 11 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group has material credit exposure in its trade receivables. The carrying amount of trade receivables as at 30 April 2018 amounted to RM34,848,372. The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the followings:- • specific known facts or circumstances on customers' ability to pay; or • by reference to the past due days or past default experience. The impairment assessment involves significant judgement and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance. We determined this to be a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to credit risk exposures to assess the recoverability of trade receivables.	Our procedures included, amongst others:- • Reviewing the Group credit risk policies on impairment losses for trade receivables; • Testing the reliability and accuracy of ageing report; • Performing recoverability test of trade receivables; • Evaluating the reasonableness on the impairment losses provided or reversed in accordance with the Group credit risk policies; and • Assessing the adequacy of disclosures in the notes to the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 5 to the financial statements.

OTHER MATTERS

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

Crowe Malaysia
Firm No: AF 1018
Chartered Accountants

Fong Kiat Keong
Approval No: 03048/06/2019 J
Chartered Accountant

Johor Bahru

3 August 2018

STATEMENTS OF **FINANCIAL POSITION**
AT 30 APRIL 2018

	Note	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	76,754,365	76,754,365
Property, plant and equipment	6	47,083,667	40,864,347	–	–
Investment properties	7	11,404,053	11,215,793	–	–
Other investments	8	102,610	102,610	–	–
Deferred tax assets	9	1,050,576	558,511	–	–
		59,640,906	52,741,261	76,754,365	76,754,365
CURRENT ASSETS					
Inventories	10	51,727,168	50,142,060	–	–
Trade receivables	11	34,848,372	34,462,110	–	–
Other receivables, deposits and prepayments	12	3,300,305	3,470,300	62,815	5,000
Amounts owing by subsidiaries	13	–	–	30,247,784	30,595,866
Short-term investment	14	5,973,118	3,172,550	5,973,118	3,172,550
Current tax assets		1,216,675	785,012	75,350	–
Derivative assets	15	193,190	756,274	–	–
Fixed deposits with licensed bank	16	1,501,136	4,067,446	1,501,136	4,067,446
Cash and bank balances		8,934,994	10,759,922	743,440	715,992
		107,694,958	107,615,674	38,603,643	38,556,854
TOTAL ASSETS		167,335,864	160,356,935	115,358,008	115,311,219

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

STATEMENTS OF FINANCIAL POSITION
AT 30 APRIL 2018
(CONT'D)

	Note	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	98,183,242	97,503,167	98,183,242	97,503,167
Reserves	18	42,018,672	40,980,251	16,820,637	17,456,658
Equity attributable to owners of the Company		140,201,914	138,483,418	115,003,879	114,959,825
Non-controlling interests	5	110,917	100,033	–	–
TOTAL EQUITY		140,312,831	138,583,451	115,003,879	114,959,825
NON-CURRENT LIABILITY					
Long-term borrowings	19	2,256,211	2,570,080	–	–
CURRENT LIABILITIES					
Trade payables	22	8,581,344	9,473,445	–	–
Other payables and accruals	23	3,177,203	4,649,397	354,129	351,394
Short-term borrowings	24	12,603,829	4,922,785	–	–
Current tax liabilities		152,246	15,577	–	–
Provision for warranties	25	252,200	142,200	–	–
		24,766,822	19,203,404	354,129	351,394
TOTAL LIABILITIES		27,023,033	21,773,484	354,129	351,394
TOTAL EQUITY AND LIABILITIES		167,335,864	160,356,935	115,358,008	115,311,219

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

		The Group		The Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
REVENUE	26	129,241,559	125,446,543	–	–
COST OF SALES		(94,385,227)	(90,639,561)	–	–
GROSS PROFIT		34,856,332	34,806,982	–	–
OTHER INCOME		2,593,777	3,173,392	1,379,459	1,356,434
ADMINISTRATIVE EXPENSES		(17,231,288)	(13,950,148)	(764,016)	(615,109)
SELLING AND DISTRIBUTION EXPENSES		(15,219,620)	(15,240,175)	–	–
FINANCE COSTS		(512,971)	(668,066)	(1,188)	(1,440)
PROFIT BEFORE TAX	27	4,486,230	8,121,985	614,255	739,885
INCOME TAX EXPENSE	28	(1,814,335)	(3,028,958)	(219,054)	(302,004)
PROFIT AFTER TAX		2,671,895	5,093,027	395,201	437,881
OTHER COMPREHENSIVE (EXPENSE)/INCOME	29				
Items that May be Reclassified Subsequently to Profit or Loss					
Foreign currency translation differences		(591,368)	858,492	–	–
TOTAL OTHER COMPREHENSIVE (EXPENSE)/INCOME		(591,368)	858,492	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		2,080,527	5,951,519	395,201	437,881

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONT'D)

		The Group		The Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM**	**RM**	**RM**	**RM**
PROFIT AFTER TAX ATTRIBUTABLE TO:-					
Owners of the Company		2,661,011	5,112,994	395,201	437,881
Non-controlling interests		10,884	(19,967)	–	–
		2,671,895	5,093,027	395,201	437,881
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		2,069,643	5,971,486	395,201	437,881
Non-controlling interests		10,884	(19,967)	–	–
		2,080,527	5,951,519	395,201	437,881
EARNINGS PER SHARE (SEN)	30				
Basic		0.68	1.32		
Diluted		0.55	1.01		

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

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

The Group	Note	Share Capital RM	Share Premium RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Warrants Reserve RM	Hedging Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance at 1.5.2016		82,803,400	13,907,857	(43,360,988)	1,983,789	15,968,277	(266,017)	63,070,522	134,106,840	–	134,106,840
Profit after tax for the financial year		–	–	–	–	–	–	5,112,994	5,112,994	(19,967)	5,093,027
Other comprehensive income for the financial year - Foreign currency translation differences		–	–	–	858,492	–	–	–	858,492	–	858,492
Total comprehensive income/(expense) for the financial year		–	–	–	858,492	–	–	5,112,994	5,971,486	(19,967)	5,951,519
Balance carried forward		82,803,400	13,907,857	(43,360,988)	2,842,281	15,968,277	(266,017)	68,183,516	140,078,326	(19,967)	140,058,359

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONT'D)

The Group	Note	Share Capital RM	Share Premium RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Warrants Reserve RM	Hedging Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance brought forward		82,803,400	13,907,857	(43,360,988)	2,842,281	15,968,277	(266,017)	68,183,516	140,078,326	(19,967)	140,058,359
Contributions by and distributions to owners of the Company:											
- Issuance of shares: - Exercise of Warrants	17 & 18	565,650	226,260	–	–	(226,260)	–	–	565,650	–	565,650
- Contribution from non-controlling interests in a newly incorporated subsidiary		–	–	–	–	–	–	–	–	120,000	120,000
- Dividends: - by the Company	31	–	–	–	–	–	–	(2,160,558)	(2,160,558)	–	(2,160,558)
Sub-total of transactions with owners carried forward		565,650	226,260	–	–	(226,260)	–	(2,160,558)	(1,594,908)	120,000	(1,474,908)

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

The Group	Note	Share Capital RM	Share Premium RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Warrants Reserve RM	Hedging Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance brought forward		82,803,400	13,907,857	(43,360,988)	2,842,281	15,968,277	(266,017)	68,183,516	140,078,326	(19,967)	140,058,359
Contributions by and distributions to owners of the Company (Cont'd):											
Sub-total of transactions with owners brought forward		565,650	226,260	–	–	(226,260)	–	(2,160,558)	(1,594,908)	120,000	(1,474,908)
- Transfer to share capital upon implementation of the Companies Act 2016	17	14,134,117	(14,134,117)	–	–	–	–	–	–	—	
Total transactions with owners		14,699,767	(13,907,857)	–	–	(226,260)	–	(2,160,558)	(1,594,908)	120,000	(1,474,908)
Balance at 30.4.2017		97,503,167	–	(43,360,988)	2,842,281	15,742,017	(266,017)	66,022,958	138,483,418	100,033	138,583,451

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONT'D)

The Group	Note	Share Capital RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Warrants Reserve RM	Hedging Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance at 30.4.2017/1.5.2017		97,503,167	(43,360,988)	2,842,281	15,742,017	(266,017)	66,022,958	138,483,418	100,033	138,583,451
Profit after tax for the financial year		–	–	–	–	–	2,661,011	2,661,011	10,884	2,671,895
Other comprehensive expense for the financial year - Foreign currency translation differences		–	–	(591,368)	–	–	–	(591,368)	–	(591,368)
Total comprehensive (expense)/ income for the financial year		–	–	(591,368)	–	–	2,661,011	2,069,643	10,884	2,080,527
Contributions by and distributions to owners of the Company:										
- Issuance of shares: - Exercise of Warrants	17 & 18	680,075	–	–	(194,069)	–	–	486,006	–	486,006
- Dividends: - by the Company	31	–	–	–	–	–	(837,153)	(837,153)	–	(837,153)
Total transactions with owners		680,075	–	–	(194,069)	–	(837,153)	(351,147)	–	(351,147)
Balance at 30.4.2018		98,183,242	(43,360,988)	2,250,913	15,547,948	(266,017)	67,846,816	140,201,914	110,917	140,312,831

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

The Company	Note	Share Capital RM	Share Premium RM	Warrants Reserve RM	Retained Profits RM	Total Equity RM
Balance at 1.5.2016		82,803,400	13,907,857	15,968,277	3,437,318	116,116,852
Profit after tax/Total comprehensive income for the financial year		–	–	–	437,881	437,881
Contributions by and distribution to owners of the Company:						
- Issuance of shares:						
- Exercise of Warrants	17 & 18	565,650	226,260	(226,260)	–	565,650
- Dividends	31	–	–	–	(2,160,558)	(2,160,558)
Total transactions with owners		565,650	226,260	(226,260)	(2,160,558)	(1,594,908)
Transfer to share capital upon implementation of the Companies Act 2016	17	14,134,117	(14,134,117)	–	–	–
Balance at 30.4.2017		97,503,167	–	15,742,017	1,714,641	114,959,825

The Company	Note	Share Capital RM	Warrants Reserve RM	Retained Profits RM	Total Equity RM
Balance at 30.4.2017/1.5.2017		97,503,167	15,742,017	1,714,641	114,959,825
Profit after tax/Total comprehensive income for the financial year		–	–	395,201	395,201
Contributions by and distribution to owners of the Company:					
- Issuance of shares:					
- Exercise of Warrants	17 & 18	680,075	(194,069)	–	486,006
- Dividends	31	–	–	(837,153)	(837,153)
Total transactions with owners		680,075	(194,069)	(837,153)	(351,147)
Balance at 30.4.2018		98,183,242	15,547,948	1,272,689	115,003,879

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

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

	Note	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before tax		4,486,230	8,121,985	614,255	739,885
Adjustments for:-					
Depreciation of:					
- investment properties	7	256,049	233,313	–	–
- property, plant and equipment	6	2,435,252	2,014,226	–	–
Fair value loss/(gain) on derivative		563,084	(437,331)	–	–
Fair value loss on short-term investments		5,300	29,208	5,300	29,208
Impairment losses on trade receivables	11	423,753	416,898	–	–
Interest expenses		352,618	498,595	–	–
Inventories written down	10	1,973,336	3,249,478	–	–
Property, plant and equipment written off	6	912,471	119,350	–	–
Provision of warranties	25	2,123,290	904,960	–	–
Gain on disposal of property, plant and equipment		(160,700)	(221,969)	–	–
Gain on foreign exchange - unrealised		(122,887)	(6,108)	–	–
Interest income		(642,219)	(867,073)	(1,379,459)	(1,356,434)
Reversal of impairment losses on trade receivables	11	(359,773)	(199,285)	–	–
Operating profit/(loss) before working capital changes		12,245,804	13,856,247	(759,904)	(587,341)
Increase in inventories		(3,405,404)	(10,172,349)	–	–
Increase in trade and other receivables		(152,488)	(4,320,942)	(57,815)	–
(Decrease)/Increase in trade and other payables		(2,424,485)	1,370,352	2,735	(175,107)
Warranty claimed	25	(2,013,290)	(1,028,960)	–	–
CASH FROM/(FOR) OPERATIONS/ BALANCE CARRIED FORWARD		4,250,137	(295,652)	(814,984)	(762,448)

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

	Note	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
CASH FROM/(FOR) OPERATING ACTIVITIES (CONT'D)					
BALANCE BROUGHT FORWARD		4,250,137	(295,652)	(814,984)	(762,448)
Income tax paid		(2,682,548)	(3,942,429)	(294,404)	(302,004)
Income tax refunded		81,400	111,811	–	–
Interest paid		–	(3,110)	–	–
Interest received		434,262	289,099	2,192	18,274
NET CASH FROM/(FOR) OPERATING ACTIVITIES		2,083,251	(3,840,281)	(1,107,196)	(1,046,178)
CASH FLOWS FOR INVESTING ACTIVITIES					
Interest income received		207,957	577,974	1,377,267	568,794
Proceeds from disposal of property, plant and equipment		170,789	567,370	–	–
Purchase of property, plant and equipment	32(a)	(9,395,799)	(5,212,368)	–	–
Purchase of short-term investment		(2,805,868)	(1,015,918)	(2,805,868)	(1,015,918)
Repayment from/ (Advances to) subsidiaries		–	–	348,082	(7,880,925)
Subsequent expenditure on investment properties	7	(444,309)	(204,791)	–	–
Withrawal of fixed deposits with maturity period more than 90 days		–	5,000,000	–	5,000,000
NET CASH FOR INVESTING ACTIVITIES		(12,267,230)	(287,733)	(1,080,519)	(3,328,049)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONT'D)

	Note	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Contribution from non-controlling interests in a newly incorporated subsidiary		–	120,000	–	–
Dividends paid	31	(837,153)	(2,160,558)	(837,153)	(2,160,558)
Drawdown of bankers' acceptance	32(b)	4,260,000	2,234,000	–	–
Drawdown of trust receipts	32(b)	245,250	–	–	–
Drawdown of foreign currency loans	32(b)	26,161,017	16,384,120	–	–
Drawdown of term loans	32(b)	2,262,856	–	–	–
Interest paid		(352,618)	(495,485)	–	–
Net proceeds from exercise of warrants		486,006	565,650	486,006	565,650
Repayment of bankers' acceptance	32(b)	(2,799,000)	(2,234,000)	–	–
Repayment of trust receipt	32(b)	(245,250)	–	–	–
Repayment of foreign currency loans	32(b)	(20,021,419)	(14,463,707)	–	–
Repayment of term loans	32(b)	(2,626,843)	(3,997,650)	–	–
Repayment of hire purchase obligations	32(b)	(71,581)	(131,386)	–	–
NET CASH FROM/(FOR) FINANCING ACTIVITIES		6,461,265	(4,179,016)	(351,147)	(1,594,908)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,722,714)	(8,307,030)	(2,538,862)	(5,969,135)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(668,524)	832,118	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		14,827,368	22,302,280	4,783,438	10,752,573
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32(c)	10,436,130	14,827,368	2,244,576	4,783,438

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

1. GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Suite 7E, Level 7, Menara Ansar 65, Jalan Trus 80000 Johor Bahru Johor
Principal place of business	:	PLO 436, Jalan Gangsa Kawasan Perindustrian Pasir Gudang 81700 Pasir Gudang Johor

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 3 August 2018.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

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

MFRSs (Including The Consequential Amendments)

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

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

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or for IC interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 as issued by IASB in July 2014) replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting.

The initial application of MFRS 9 is not expected to have any material impact to the financial statements of the Group for the current financial year and prior periods as the Group will apply the standard retrospectively from 1 May 2018 with the practical expedients permitted under the standard, and that the comparatives (i.e. current period financial information) will not be restated.

Based on the assessments undertaken to date, the Group has determined the impact of its initial application of MFRS 9 as follows:-

Classification and Measurement

The Group does not expect a significant impact on its statements of financial position on applying the classification and measurement requirements of MFRS 9.

3. BASIS OF PREPARATION (CONT'D)

3.2 The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows (cont'd):-

MFRS 9 Financial Instruments (Cont'd)

Classification and Measurement (Cont'd)

Loans and receivables financial assets are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria to be measured at amortised cost under MFRS 9. Therefore, the Group does not expect the standard to affect the measurement of its debt financial assets.

In additional, the Group expects to continue measuring at fair value all financial assets currently held at fair value.

Impairment of Financial Assets

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. In view of strong creditworthiness of the Group's receivables, the Group has concluded that the expected impacts of ECL on trade and other receivables (including related party balances) are insignificant upon the initial application of MFRS 9.

The analysis above are based on the assessments undertaken to date and maybe subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

Based on the assessments undertaken to date, the Group has determined that the impact on its financial statements upon the initial application of MFRS 15 is insignificant as the timing and amount of revenue to be recognised for the sale of automotive electrical, engine and mechanical parts and components under the new standard are unlikely to be materially different from its current practice. However, the Group is required to disclose additional information about its contracts with customers in the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made. The carrying amount of current tax asset and liabilities as at the reporting date are RM1,216,675 (2017 – RM785,012) and RM152,246 (2017 – RM15,577) respectively.

(c) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences , unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 9 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Impairment of Non-financial Assets

The Group determines whether its property, plant and equipment, investment properties and investments in subsidiaries are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment, investment properties and investments in subsidiaries as at the reporting date is disclosed in Note 5, 6, 7 and to the financial statements.

(e) Write-down of Inventories

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

In general, such as evaluation process requires significant judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at reporting date is disclosed in Note 10 to the financial statements.

(f) Impairment of Trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses their aging profiles, historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The carrying amount of trade receivables as at reporting date is disclosed in Note 11 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

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

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant' or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. The carrying amount of short-term investment as at reporting date is disclosed in Note 14 to the financial statements.

(h) Provision for warranties

Judgement has been applied in determining the provision for warranties for products sold under the warranty terms of one year from the date of sale. The provision is derived based on the past return percentage of those products sold with defect quality. Based on the past experience, it is probable that certain claims will be made within the given warranty period. The carrying amount of provision for warranties as at reporting date is disclosed in Note 25 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies (Cont'd)

(b) Classification of Leasehold Land

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

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

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

(d) Held-to-maturity Financial Assets

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

4.2 BASIS OF CONSOLIDATION

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations

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

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

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

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

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

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

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

(b) Non-controlling Interests

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

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

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

(d) Loss of Control

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

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

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

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

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

(b) Foreign Currency Transactions and Balances

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

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

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

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

4.4 FINANCIAL INSTRUMENTS

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

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

(a) Financial Assets

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

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

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

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

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

(ii) Held-to-maturity Investments

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

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

(iii) Loans and Receivables Financial Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iii) Loans and Receivables Financial Assets (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

(iv) Available-for-sale Financial Assets

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

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

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

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

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

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities (Cont'd)

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently. Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

An 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 categorised as 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 host contract.

(e) Derecognition

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(e) Derecognition (Cont'd)

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

(f) Financial Guarantee Contracts

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

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

(g) Hedge Activities

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

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

Cash Flow Hedges

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 INVESTMENTS IN SUBSIDIARIES

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

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

4.6 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use, and the costs dismantling and removing the items and restoring that site on which they are located.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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

Leasehold land	Over the lease period of 50 to 99 years
Buildings	2%
Furniture, fixture and equipment	10% to 25%
Motor vehicles	20%
Plant and machinery	10% to 15%
Renovation and electrical installation	10%

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

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

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

4.7 INVESTMENT PROPERTIES

Investment properties are properties 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. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. Freehold land is not depreciated. The estimated useful lives of the investment properties are within 7 years to 50 years.

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

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

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

4.8 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

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

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

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(b) Impairment of Non-financial Assets

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

An impairment loss is recognised in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LEASED ASSETS

(a) Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statements of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or investment properties.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statements of financial position of the Group and of the Company.

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

4.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

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

4.11 CASH AND CASH EQUIVALENTS

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 PROVISIONS

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

Warranties

A provision for warranties is recognised based on the best estimated liabilities to repair or replace products when the underlying products or services are sold. The estimated liabilities are based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

4.13 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

4.14 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 INCOME TAXES (CONT'D)

(b) Deferred Tax (Cont'd)

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

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

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

4.15 CONTINGENT LIABILITIES

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 OPERATING SEGMENTS

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

4.17 EARNINGS PER ORDINARY SHARE

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

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

4.18 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(a) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

(b) Interest Income

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

(c) Dividend Income

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

(d) Rental Income

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

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2018 RM	2017 RM
Unquoted shares, at cost	76,754,365	76,754,365

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2018 %	2017 %	Principal Activities
Subsidiaries of the Company				
Solid Corporation Sdn. Bhd. ("Solid Corporation")	Malaysia	100	100	Trading and distribution of automotive electrical parts and components
Twinco Far East Sdn. Bhd.	Malaysia	100	100	Trading and distribution of automotive engine and mechanical parts and components

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2018 %	2017 %	Principal Activities
Solid Autotech Sdn. Bhd. ^	Malaysia	100	100	Property and investment holding
Auto Empire Impex Pte. Ltd. *	Singapore	100	100	Trading and distribution of automotive engine and mechanical parts and components
Subsidiaries of Solid Corporation				
JBS Auto-Tech Sdn. Bhd. ^	Malaysia	100	100	Trading and distribution of automotive spare parts
Auto Electrical Systems Sdn. Bhd. (formerly known as Lukas Marketing Sdn. Bhd.)	Malaysia	100	100	Trading and distribution of automotive electrical parts and components
HKT Auto Electrical Parts Sdn. Bhd. ^	Malaysia	100	100	Trading and distribution of automotive spare parts, lubricants and batteries
Autoworld Parts Services Sdn. Bhd. ("Autoworld")	Malaysia	70	70	Trading, repairing and servicing of automotive electrical parts and components

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

^ The auditors' report on the financial statements of the subsidiaries includes a "Material Uncertainty Related to Going Concern" regarding the ability of the subsidiaries to continue as a going concern in view of its capital deficiency position as at the end of the current reporting period. The financial statements of the subsidiaries were prepared on a going concern basis as the Company has undertaken to provide continued financial support to the subsidiaries.

(a) In previous financial year, Solid Corporation incorporated a subsidiary under the name of "Autoworld Parts Services Sdn. Bhd." ("Autoworld") with an issued and paid-up capital of RM1,000 divided into 1,000 ordinary shares. Solid Corporation subscribed 999 ordinary shares for a cash consideration of RM999. Solid Corporation further subscribed 279,001 ordinary shares for a cash consideration amounting to RM279,001.

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

	Effective Equity Interest 2018 %	2017 %	The Group 2018 RM	2017 RM
Autoworld	30	30	110,917	100,033

(c) Summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiary is not material to the Group.

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.5.2017 RM	Additions (Note 32(a)) RM	Disposals RM	Write Off RM	Translation Differences RM	Depreciation Charges RM	At 30.4.2018 RM
2018							
Carrying amount							
Freehold land	6,006,328	–	–	–	–	–	6,006,328
Leasehold land	13,980,196	–	–	–	–	(207,742)	13,772,454
Buildings	13,723,284	3,868,011	–	(907,875)	(130,449)	(435,339)	16,117,632
Building under construction	309,968	2,789,210	–	–	–	–	3,099,178
Furniture, fixtures and equipment	3,523,349	1,560,671	(5,505)	(4,596)	(9,619)	(700,959)	4,363,341
Motor vehicles	3,034,214	1,465,361	(4,584)	–	(20,373)	(1,056,130)	3,418,488
Plant and machinery	13,732	–	–	–	–	(2,289)	11,443
Renovation and electrical installation	273,276	54,320	–	–	–	(32,793)	294,803
	40,864,347	9,737,573	(10,089)	(912,471)	(160,441)	(2,435,252)	47,083,667

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

The Group	At 1.5.2016 RM	Additions (Note 32(a)) RM	Disposals RM	Write Off RM	Transfer to Investment Properties (Note 7) RM	Translation Differences RM	Depreciation Charges RM	Reclassi-fication RM	At 30.4.2017 RM
2017									
Carrying amount									
Freehold land	6,006,328	–	–	–	–	–	–	–	6,006,328
Leasehold land	14,187,938	–	–	–	–	–	(207,742)	–	13,980,196
Buildings	12,433,677	–	–	–	(115,770)	–	(333,424)	1,738,801	13,723,284
Building under construction	922,000	1,126,769	–	–	–	–	–	(1,738,801)	309,968
Furniture, fixtures and equipment	1,970,171	2,247,090	(32,597)	(112,161)	–	12,836	(561,993)	3	3,523,349
Motor vehicles	2,214,835	1,715,385	(40,343)	–	–	25,897	(881,557)	(3)	3,034,214
Plant and machinery	297,698	–	(272,461)	(7,189)	–	–	(4,316)	–	13,732
Renovation and electrical installation	175,346	123,124	–	–	–	–	(25,194)	–	273,276
	38,207,993	5,212,368	(345,401)	(119,350)	(115,770)	38,733	(2,014,226)	–	40,864,347

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

The Group	At Cost RM	Accumulated Impairment Losses RM	Accumulated Depreciation RM	Carrying Amount RM
2018				
Freehold land	6,006,328	–	–	6,006,328
Leasehold land	15,453,979	–	(1,681,525)	13,772,454
Buildings	52,864,222	(19,077,919)	(17,668,671)	16,117,632
Building under construction	3,099,178	–	–	3,099,178
Furniture, fixtures and equipment	21,554,700	(1,105,232)	(16,086,127)	4,363,341
Motor vehicles	9,182,550	(77,558)	(5,686,504)	3,418,488
Plant and machinery	41,000	–	(29,557)	11,443
Renovation and electrical installation	363,652	–	(68,849)	294,803
	108,565,609	(20,260,709)	(41,221,233)	47,083,667
2017				
Freehold land	6,006,328	–	–	6,006,328
Leasehold land	15,453,979	–	(1,473,783)	13,980,196
Buildings	50,449,963	(19,077,919)	(17,648,760)	13,723,284
Building under construction	309,968	–	–	309,968
Furniture, fixtures and equipment	20,102,526	(1,105,232)	(15,473,945)	3,523,349
Motor vehicles	9,954,701	(77,558)	(6,842,929)	3,034,214
Plant and machinery	41,000	–	(27,268)	13,732
Renovation and electrical installation	309,332	–	(36,056)	273,276
	102,627,797	(20,260,709)	(41,502,741)	40,864,347

Included in the carrying amount of the property, plant and equipment of the Group are the following assets acquired under hire purchase terms:-

	The Group	
	2018 RM	2017 RM
Motor vehicles	554,778	451,291

These leased assets have been pledge as security for the related finance lease liabilities of the Group as disclosed in Note 20 to the financial statements.

7. INVESTMENT PROPERTIES

	The Group	
	2018	**2017**
	RM	**RM**
Cost:-		
At 1 May 2017/2016	55,689,517	55,108,726
Additions	444,309	204,791
Transfer from property, plant and equipment (Note 6)	–	376,000
At 30 April 2018/2017	56,133,826	55,689,517
Accumulated depreciation:-		
At 1 May 2017/2016	(21,524,290)	(21,030,747)
Depreciation during the financial year	(256,049)	(233,313)
Transfer from property, plant and equipment (Note 6)	–	(260,230)
At 30 April 2018/2017	(21,780,339)	(21,524,290)
Accumulated impairment loss:-		
At 30 April 2018/2017	(22,949,434)	(22,949,434)
	11,404,053	11,215,793
Represented by:-		
Freehold land	587,365	587,365
Leasehold land	4,926,686	4,954,930
Buildings	5,890,002	5,673,498
	11,404,053	11,215,793
Fair value:-		
Freehold land	720,000	720,000
Leasehold land	6,446,588	6,446,588
Buildings	6,627,025	6,627,025
	13,793,613	13,793,613
Recognised in profit or loss:-		
Rental income	300,200	250,600
Direct operating expenses:		
- income generating investment properties	586,626	581,697
- non-income generating investment properties	10,926	–

The fair values of the investment properties are within level 2 of the fair value hierarchy and are by reference to market evidence of transaction prices for similar properties at the same or nearby vicinity estimated by the directors of the Group. The most significant input into this valuation approach is the price per square foot of comparable properties.

8. OTHER INVESTMENTS

	The Group 2018 RM	The Group 2017 RM
Transferable golf club memberships, at cost	238,200	238,200
Less: Impairment losses	(135,590)	(135,590)
	102,610	102,610

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

9. DEFERRED TAX ASSETS

The Group	At 1.5.2017 RM	Recognised in Profit or Loss (Note 28) RM	At 30.4.2018 RM
2018			
Deferred Tax Liabilities			
Accerelated capital allowances	(403,400)	(160,300)	(563,700)
Fair value gain on derivative	(105,000)	105,000	–
Unrealised foreign exchange gain	(6,000)	(23,500)	(29,500)
	(514,400)	(78,800)	(593,200)
Deferred Tax Assets			
Fair value loss on derivative	–	30,200	30,200
Impairment losses on trade receivables	200,500	42,200	242,700
Inventories written down	713,300	471,900	1,185,200
Provision for warranties	34,100	25,200	59,300
Other	125,011	1,365	126,376
	1,072,911	570,865	1,643,776
	558,511	492,065	1,050,576

9. DEFERRED TAX ASSETS (CONT'D)

The Group	At 1.5.2016 RM	Recognised in Profit or Loss (Note 28) RM	At 30.4.2017 RM
2017			
Deferred Tax Liabilities			
Accerelated capital allowances	(277,900)	(125,500)	(403,400)
Fair value gain on derivative	–	(105,000)	(105,000)
Unrealised foreign exchange gain	(8,400)	2,400	(6,000)
	(286,300)	(228,100)	(514,400)
Deferred Tax Assets			
Impairment losses on trade receivables	137,500	63,000	200,500
Inventories written down	452,700	260,600	713,300
Provision for warranty	63,900	(29,800)	34,100
Unrealised foreign exchange loss	29,400	(29,400)	–
Other	109,644	15,367	125,011
	793,144	279,767	1,072,911
	506,844	51,667	558,511

At the end of the reporting period, the Group has unused tax losses and unabsorbed capital allowances (stated at gross) of approximately RM2,200,000 (2017 – RM2,739,000) and RM119,000 (2017 – RM142,000) respectively that are available for offset against future taxable profits of the subsidiaries in which the losses arose. No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised. The unused tax losses and unabsorbed capital allowances do not expire under current tax legislation. However, the availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

10. INVENTORIES

	The Group 2018 RM	The Group 2017 RM
Raw materials	–	280,627
Goods-in-transit	4,017,998	4,356,115
Trading goods	47,709,170	45,505,318
	51,727,168	50,142,060
Recognised in profit or loss:-		
Inventories recognised as cost of sales	94,385,227	90,462,311
Amount written down to net realisable value (Note 27)	1,973,336	3,249,478

11. TRADE RECEIVABLES

	The Group 2018 RM	The Group 2017 RM
Trade receivables	36,503,944	36,057,562
Allowance for impairment losses	(1,655,572)	(1,595,452)
	34,848,372	34,462,110
Allowance for impairment losses:-		
At 1 May 2017/2016	1,595,452	1,375,687
Addition during the financial year (Note 27)	423,753	416,898
Reversal during the financial year (Note 27)	(359,773)	(199,285)
Foreign exchange translation differences	(3,860)	2,152
At 30 April 2018/2017	1,655,572	1,595,452

The Group's normal trade credit terms ranging from 7 to 150 (2017 – 30 to 150) days. Late interest is charged at 1.50% (2017 – 1.50%) per annum on the overdue balance.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables:-				
Goods and services tax recoverable	909,534	563,606	–	–
Third parties	457,637	744,842	55,548	–
	1,367,171	1,308,448	55,548	–
Deposits	1,471,216	1,468,896	5,000	5,000
Prepayments	461,918	692,956	2,267	–
	3,300,305	3,470,300	62,815	5,000

13. AMOUNTS OWING BY SUBSIDIARIES

	The Company	
	2018 RM	2017 RM
Current		
Non-trade balances	30,247,784	30,595,866

The non-trade balances represent unsecured advances and payments made on behalf. Late interest is charged at 3.72% to 4.08% (2017 – 3.72%) per annum on the outstanding balance. The amounts owing are repayable on demand and are to be settled in cash.

14. SHORT-TERM INVESTMENT

	The Group/The Company			
	2018		2017	
	Carrying Amount RM	Market Value RM	Carrying Amount RM	Market Value RM
Equity fund unit trusts at fair value	5,973,118	5,973,118	3,172,550	3,172,550

15. DERIVATIVE ASSETS

	Contract/Notional Amount		The Group	
	2018 RM	2017 RM	2018 RM	2017 RM
Cross currency interest rate swap	1,866,900	4,380,600	193,190	756,274

15. DERIVATIVE ASSETS (CONT'D)

(a) The cross currency interest rate swap is used to hedge cash flow interest rate risk arising from the floating rate term loans amounting to RM1,866,900 (2017 – RM4,386,000). This cross currency interest rate swap receives United States Dollar at a floating interest equal to 3 months LIBOR + 1.75%, pays Ringgit Malaysia at a fixed rate interest of 5.30% plus the differential between LIBOR + 1.75% and Cost of Funds + 1.75% and has the same maturity terms with the term loans as disclosed in Note 21 to the financial statements.

(b) The Group has recognised a (loss)/gain of RM(563,084) (2017 – RM437,331) arising from fair value changes of derivative during the financial year. The fair value changes were attributed to changes in the foreign exchange spot and forward rates. The method and assumptions applied in determining the fair value of derivative are disclosed in Note 37.4 (a)(i)(2) to the financial statements.

16. FIXED DEPOSITS WITH LICENSED BANK

The fixed deposits with licensed bank of the Group and of the Company at the end of the reporting period bore effective interest rate of 3.95% (2017 – 3.90%) per annum. The fixed deposits maturity period is 90 (2017 – 90) days for the Group and the Company.

17. SHARE CAPITAL

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

	The Group/The Company			
	2018	2017	2018	2017
	Number of Shares		RM	RM
Issued and Fully Paid-Up				
Ordinary Shares with no Par Value				
At 1 May 2017/2016	166,738,100	165,606,800	97,503,167	82,803,400
Issuance of shares pursuant to:-				
- Exercise of warrants	692,500	1,131,300	346,250	565,650
Transfer from warrants reserve	–	–	138,500	–
Ordinary shares before share split & bonus issue	167,430,600	166,738,100	97,987,917	83,369,050
Transfer from share premium account	–	–	–	14,134,117
Transfer from warrants reserve			55,570	
Share split	167,430,600	–	–	–
Bonus issue	55,809,728	–	–	–
Issuance of shares pursuant to:-				
- Exercise of warrants	665,500	–	139,755	–
At 30 April 2018/2017	391,336,428	166,738,100	98,183,242	97,503,167

17. SHARE CAPITAL (CONT'D)

(i) On 10 November 2017, the Company:-

(a) subdivided 167,430,600 ordinary shares into 334,861,200 ordinary shares ("share split"); and

(b) issued 55,809,728 new ordinary shares on the basis of one (1) bonus share for every six (6) existing shares held ("bonus issue") after share split.

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

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

(iii) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares and warrants in issue or the relative entitlement of any of the members as a result of this transition.

In the previous financial year, included in share capital was share premium amounting to RM14,134,117 that was available to be utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (twenty-four (24) months from the commencement of Section 74 of the Companies Act 2016).

On 10 November 2017, the Company capitalised the amount via bonus issue.

18. RESERVES

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Foreign exchange translation reserve	2,250,913	2,842,281	–	–
Hedging reserve	(266,017)	(266,017)	–	–
Merger deficit	(43,360,988)	(43,360,988)	–	–
Warrants reserve	15,547,948	15,742,017	15,547,948	15,742,017
Retained profits	67,846,816	66,022,958	1,272,689	1,714,641
	42,018,672	40,980,251	16,820,637	17,456,658

18.1 Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary whose functional currency is different from the Group's presentation currency.

18. RESERVES (CONT'D)

18.2 Hedging Reserve

The hedging reserve represents the effective portion of the cumulative net changes in the fair value of cash flow hedges related to forecast transaction that has not yet been occurred. The Group opted to discontinue prospectively the hedge accounting in previous financial year as there was no accounting mismatch. In this case, the hedging reserve shall remain separately in equity until the forecast transaction occurs.

18.3 Merger Deficit

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

18.4 Warrants Reserve

On 10 November 2017, additional 106,758,987 free Warrants were issued pursuant to the share split and bonus issue. The additional free Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on an even day.

The exercise price had been adjusted from RM0.50 per Warrant to RM0.21 per Warrant upon the completion of share split and bonus issue.

The Warrants Reserve arose from proceeds received from the issuance of the warrants is at RM0.0835 (2017 – RM0.20) per Warrant.

The movements of the Warrants Reserve are as follows:-

	The Group/ The Company	
	2018 RM	2017 RM
At 1 May 2017/2016	15,742,017	15,968,277
Exercise of Warrants	(194,069)	(226,260)
At 30 April 2018/2017	15,547,948	15,742,017

The salient terms of the Warrants are as follows:-

(a) The Warrants are constituted by a Deed Poll executed on 11 November 2015;

(b) The Warrants are traded separately;

(c) The Warrants are exercisable any time during the tenure of 5 years commencing the date of issue of 17 December 2015 to 16 December 2020 ("Exercise Period") at an exercise price of RM0.21 (2017 - RM0.50) per Warrant. Warrants not exercised during the Exercise Period will lapse and cease to be valid;

18. RESERVES (CONT'D)

18.4 Warrants Reserve (Cont'd)

The salient terms of the Warrants are as follows (cont'd):-

(d) The exercise price is adjusted to RM0.21 (2017 - RM0.50) per Warrant. The exercise price and the number of outstanding Warrants may be subject to adjustments that may be required during the exercise period in accordance with the terms and provisions of the Deed Poll;

(e) Subject to the provisions in the Deed Poll, the exercise price and the number of Warrants held by each Warrant holder may from time to time be adjusted by the Company in consultation with the approved adviser and certified by the auditors appointed by the Company; and

(f) Subject to the provisions in the Deed Poll, the Company is at liberty to issue shares or other securities convertible to shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warrant holders will not have any participating rights in such issues unless and until the Warrant holders exercise their Warrants into new shares of the Company or otherwise resolved by the Company in general meeting.

19. LONG-TERM BORROWINGS

	The Group	
	2018 RM	2017 RM
Hire purchase payables (Note 20)	326,131	118,220
Term loans (Note 21)	1,930,080	2,451,860
	2,256,211	2,570,080

20. HIRE PURCHASE PAYABLES (SECURED)

	The Group	
	2018 RM	2017 RM
Minimum hire purchase payments:		
- not later than 1 year	134,322	66,333
- later than 1 year and not later than 5 years	351,606	126,850
	485,928	193,183
Less: Future finance charges	(45,274)	(16,238)
Present value of hire purchase payables	440,654	176,945
Analysed by:-		
Current liabilities (Note 24)	114,523	58,725
Non-current liabilities (Note 19)	326,131	118,220
	440,654	176,945

20. HIRE PURCHASE PAYABLES (SECURED) (CONT'D)

(a) Hire purchase payables of the Group are secured by corporate guarantee provided by the Company and the Group's motor vehicles under finance leases as disclosed in Note 6 to the financial statements. The hire purchase arrangements are expiring from 2 to 5 (2017 – 1 to 4) years.

(b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.40% to 6.25% (2017 – 5.25% to 6.89%) per annum.

21. TERM LOANS (SECURED)

	The Group	
	2018	**2017**
	RM	**RM**
Current liabilities (Note 24)	2,597,526	2,513,700
Non-current liabilities (Note 19)	1,930,080	2,451,860
	4,527,606	4,965,560

(a) The term loans are secured by corporate guarantee provided by the Company.

(b) The interest rate profile of the term loans is summarised below:-

		The Group	
	Effective Interest Rate	**2018**	**2017**
	%	**RM**	**RM**
Semi-fixed rate term loans	5.30	2,451,860	4,965,560
Floating rate term loan	3.15	2,075,746	–

(c) The semi-fixed rate term loans of RM2,451,860 (2017 – RM4,956,560) have been hedged by a cross currency interest rate swap as disclosed in Note 15 to the financial statements.

22. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 (2017 – 30 to 120) days.

23. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables:-				
Third parties	1,101,454	1,044,194	5,129	2,394
Related party	33,039	31,051	–	–
Goods and service tax payable	92,693	45,930	–	–
	1,227,186	1,121,175	5,129	2,394
Accruals	990,673	2,269,866	349,000	349,000
Deposits received	959,344	1,258,356	–	–
	3,177,203	4,649,397	354,129	351,394

The amount owing to related party represents unsecured interest-free advances from the directors of a subsidiary. The amount is repayable on demand and is to be settled in cash.

24. SHORT-TERM BORROWINGS

	The Group	
	2018 RM	2017 RM
Bankers' acceptances	1,461,000	–
Foreign currency loans	8,430,780	2,350,360
Hire purchase payables (Note 20)	114,523	58,725
Term loans (Note 21)	2,597,526	2,513,700
	12,603,829	4,922,785

(a) Foreign currency loans are drawn for a period from 84 to 136 (2017 – 49 to 118) days and bore interest ranging from 2.40% to 2.99% (2017 – 1.75% to 2.05%) per annum.

(b) Bankers' acceptances are drawn for a period ranging from 86 to 128 days and bore interests ranging from 4.16% to 4.65% per annum.

(c) The foreign currency loans and bankers' acceptances are secured by corporate guarantee provided by the Company.

25. PROVISION FOR WARRANTIES

	The Group	
	2018	2017
	RM	RM
At 1 May 2017/2016	142,200	266,200
Provision made during the financial year (Note 27)	2,123,290	904,960
Claimed during the financial year	(2,013,290)	(1,028,960)
At 30 April 2018/2017	252,200	142,200

The provision for warranties relates to goods bearing in-house brand names sold in the past one (1) year. The provision is derived based on the past return percentage of those products sold with defect quality. Based on the past experience, it is probable that certain claims will be made within the given warranty period.

26. REVENUE

	The Group	
	2018	2017
	RM	RM
Sale of goods	128,949,359	125,288,943
Rental income	292,200	157,600
	129,241,559	125,446,543

27. PROFIT BEFORE TAX

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before tax is arrived at after charging:-				
Auditors' remuneration:				
- Statutory audit:				
- current year	157,893	157,806	32,000	32,000
- underprovision in the previous financial year	500	11,100	–	–
- Non-statutory audit	20,800	4,000	20,800	4,000
Depreciation of:				
- investment properties (Note 7)	256,049	233,313	–	–
- property, plant and equipment (Note 6)	2,435,252	2,014,226	–	–
Fair value loss on derivative	563,084	–	–	–
Fair value loss on short-term investments	5,300	29,208	5,300	29,208
Impairment losses on trade receivables (Note 11)	423,753	416,898	–	–
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank overdrafts	–	3,110	–	–
- bankers' acceptance	43,523	76,389	–	–
- hire purchase	10,428	13,375	–	–
- foreign currency loans	54,325	–	–	–
- term loans	244,342	405,721	–	–
- trust receipts	1,794	–	–	–
Inventories written down (Note 10)	1,973,336	3,249,478	–	–
Loss on foreign exchange:				
- realised	146,840	245	–	245
- unrealised	8	20,989	–	–
Property, plant and equipment written off (Note 6)	912,471	119,350	–	–
Provision for warranties (Note 25)	2,123,290	904,960	–	–
Rental expense on:				
- equipment	9,600	8,000	–	–
- hostel	49,950	–	–	–
- motor vehicles	–	7,750	–	–
- premises	1,115,562	189,444	–	–
Staff costs:				
- defined contribution plan	1,357,866	1,194,419	–	–
- short-term employee benefits	10,985,200	10,110,805	–	–
Bad debts recovered	–	841	–	–
Fair value gain on derivative	–	437,331	–	–

27. PROFIT BEFORE TAX (CONT'D)

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
After crediting (cont'd):-				
Gain on disposal of property, plant and equipment	160,700	221,969	–	–
Gain on foreign exchange:				
- realised	844,390	350,900	–	–
- unrealised	122,895	27,097	–	–
Interest income of financial assets not at fair value through profit or loss:				
- bank interest	90,851	105,985	2,482	19,191
- fixed deposit interest	72,089	427,246	72,089	417,149
- imputed interest on trade receivables	343,701	183,114	–	–
- imputed interest on advances to subsidiaries	–	–	1,169,310	769,366
Interest income of financial asset at fair value through profit or loss:				
- short-term investment	135,578	150,728	135,578	150,728
Rental income from:				
- investment properties	8,000	96,000	–	–
- property, plant and equipment	17,579	–	–	–
Reversal of impairment losses on trade receivables (Note 11)	359,773	199,285	–	–

28. INCOME TAX EXPENSE

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Income tax:				
- Current financial year	2,254,784	3,029,866	157,066	199,166
- underprovision in the previous financial year	51,616	50,759	61,988	102,838
	2,306,400	3,080,625	219,054	302,004
Deferred tax (Note 9):				
- Origination and reversal of temporary differences	(551,265)	(15,867)	–	–
- over/(under)provision in the previous financial year	59,200	(35,800)	–	–
	(492,065)	(51,667)	–	–
	1,814,335	3,028,958	219,054	302,004

28. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before tax	4,486,230	8,121,985	614,255	739,885
Tax at the statutory tax rate of 24% (2017 - 24%)	1,076,695	1,949,276	147,421	177,572
Tax effects of:-				
Non-taxable income	(19,375)	(10,000)	(31,267)	(36,175)
Non-deductible expenses	1,211,161	588,918	40,912	57,769
Deferred tax assets not recognised during the financial year	131,269	404,426	–	–
Utilisation of deferred tax assets previously not recognised	(656,682)	(2,850)	–	–
Effects of differential in tax rates of a subsidiary	(10,694)	84,229	–	–
Effects of change in corporate income tax rate	(28,855)	–	–	–
Underprovision of income tax in the previous financial year	51,616	50,759	61,988	102,838
Over/(Under)provision of deferred tax asset in the previous financial year	59,200	(35,800)	–	–
Income tax expense for the financial year	1,814,335	3,028,958	219,054	302,004

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

For years of assessment 2017 and 2018, the Malaysian statutory tax rate will be reduced by 1% to 4%, based on the prescribed incremental percentage of chargeable income from business, compared to that of the immediate preceding year of assessment. The Group has accounted for the reduction in the tax rate in the current financial year, based on the percentage of increase in chargeable income of its subsidiary.

29. OTHER COMPREHENSIVE INCOME

	The Group	
	2018 RM	2017 RM
Items that May be Reclassified Subsequently to Profit or Loss		
Foreign currency translation:		
- changes during the financial year	(591,368)	858,492

30. EARNINGS PER SHARE

	The Group	
	2018	2017
Profit attributable to owners of the Company (RM)	2,661,011	5,112,994
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 May 2017/2016	166,738,100	165,606,800
Effect of share split	167,377,175	166,217,575
Effect of bonus issue	55,792,116	55,405,858
Effect of exercise of warrants	804,492	610,775
Weighted average number of ordinary shares at 30 April 2018/2017	390,711,883	387,841,008
Basic earnings per share (Sen)	0.68	1.32

Comparatives figures for the weighted average number of ordinary shares in issue for both the basic and diluted earnings per ordinary share computations have been restated to reflect the adjustments arising from the share split and bonus issues, which both were completed on 10 November 2017.

	The Group	
	2018	2017
Profit attributable to owners of the Company (RM)	2,661,011	5,112,994
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 May 2017/2016	166,738,100	165,606,800
Effect of share split	167,377,175	166,217,575
Effect of bonus issue	55,792,116	55,405,858
Effect of exercise of warrants	804,492	610,775
Effect of rights issue of warrants	95,179,757	116,326,846
Weighted average number of ordinary shares at 30 April 2018/2017	485,891,640	504,167,854
Diluted earnings per share (Sen)	0.55	1.01

31. DIVIDENDS

	The Company	
	2018 RM	2017 RM
Final dividends of 0.5 (2017: 1.0) sen per ordinary share in respect of the financial year ended 30 April 2017/30 April 2016	837,153	1,661,178
Interim dividends of 0.3 sen per ordinary share in respect of the financial year ended 30 April 2017	–	499,380
	837,153	2,160,558

At the forthcoming Annual General Meeting, a final dividend of 0.2 sen per ordinary share amounting to approximately RM783,000 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 30 April 2019.

32. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group	
	2018 RM	2017 RM
Cost of property, plant and equipment purchased (Note 6)	9,737,573	5,212,368
Amount financed through hire purchase	(341,774)	–
Cash disbursed for purchase of property, plant and equipment	9,395,799	5,212,368

32. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Bankers' Acceptance RM	Trust Receipts RM	Foreign Currency Loans RM	Term Loans RM	Hire Purchase RM	Total RM
2018						
At 1 May 2017	–	–	2,350,360	4,965,560	176,945	7,492,865
Changes in Financing Cash Flows						
Proceeds from drawdown	4,260,000	245,250	26,161,017	2,262,856	–	32,929,123
Repayment of borrowing principal	(2,799,000)	(245,250)	(20,021,419)	(2,626,843)	(71,581)	(25,764,093)
Repayment of borrowing interests	(41,729)	(1,794)	(54,325)	(244,342)	(10,428)	(352,618)
	1,419,271	(1,794)	6,085,273	(608,329)	(82,009)	6,812,412
Non-cash Changes						
Foreign exchange adjustments	–	–	(59,178)	(73,967)	(6,484)	(139,629)
New hire purchase (Note (a) above)	–	–	–	–	341,774	341,774
Finance charges recognised in profit or loss	41,729	1,794	54,325	244,342	10,428	352,618
	41,729	1,794	(4,853)	170,375	345,718	554,763
At 30 April 2018	1,461,000	–	8,430,780	4,527,606	440,654	14,860,040

Comparative information is not presented by virtue of the exemption given in MFRS 107.

(c) The cash and cash equivalents comprise the following:-

	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
Cash and bank balances	8,934,994	10,759,922	743,440	715,992
Fixed deposits with licensed bank	1,501,136	4,067,446	1,501,136	4,067,446
	10,436,130	14,827,368	2,244,576	4,783,438

33. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors				
<u>Directors of the Company</u>				
Executive Directors				
Short-term employee benefits:				
- fees	180,000	180,000	180,000	180,000
- salaries, bonuses and other benefits	1,719,387	1,954,045	–	–
	1,899,387	2,134,045	180,000	180,000
Defined contribution plan	216,104	222,960	–	–
	2,115,491	2,357,005	180,000	180,000
Non-executive Directors				
Short-term employee benefits:				
- fees	132,000	132,000	132,000	132,000
<u>Directors of the Subsidiaries</u>				
Executive Directors				
Short-term employee benefits:				
- fees	108,662	90,510	–	–
- salaries, bonuses and other benefits	2,042,063	2,151,582	–	–
	2,150,725	2,242,092	–	–
Defined contribution plan	240,181	262,939	–	–
	2,390,906	2,505,031	–	–
Total directors' remuneration	4,638,397	4,994,036	312,000	312,000

34. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

(b) Significant Related Party Transactions and Balances

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

	The Group	
	2018	**2017**
	RM	**RM**
A company in which certain directors have substantial financial interests		
- rental of premises paid/payable	139,200	115,800
- sales of goods	249,931	–
Directors and a family member		
- rental of premises paid/payable	271,359	453,989

	The Company	
	2018	**2017**
	RM	**RM**
Subsidiaries		
- advances granted	9,274,073	17,389,000
- interest charged	1,169,310	769,366

35. OPERATING SEGMENTS

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

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

- Automotive electrical parts - involved in the trading and distribution of automotive electrical parts and components;
- Automotive engine and mechanical parts - involved in the trading and distribution of automotive engine and mechanical parts and components; and
- Others - involved in the property and investment holding and provision of management services.

(a) The Managing Director and Chief Financial Officer assess the performance of the reportable segments based on their profit before interest expenses and tax. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets of the segment.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings.

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

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

35. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

2018	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	The Group RM
Revenue				
External revenue	97,220,122	31,729,237	292,200	129,241,559
Inter-segment revenue	418,895	106,896	654,000	1,179,791
	97,639,017	31,836,133	946,200	130,421,350
Consolidated adjustments				(1,179,791)
Consolidated revenue				129,241,559
Results				
Segment profit before interest and tax	4,606,007	1,441,535	890,770	6,938,312
Finance costs				(1,682,377)
Unallocated expenses				(764,016)
Consolidation adjustments				(5,689)
Consolidated profit before tax				4,486,230
Segment profit before interest and tax includes the followings:-				
Depreciation of property, plant and equipment	(1,710,595)	(522,870)	(201,787)	(2,435,252)
Depreciation of investment properties	(3,581)	–	(252,468)	(256,049)
Fair value loss on derivative	(563,084)	–	–	(563,084)
Gain on foreign exchange:				
- realised	795,502	48,888	–	844,390
- unrealised	110,349	12,546	–	122,895
Gain/(loss) on disposal of property, plant and equipment	133,763	(2,646)	29,583	160,700
Interest income	410,709	21,030	210,480	642,219
Impairment losses on trade receivables	(202,177)	(221,576)	–	(423,753)
Inventories written down	(1,179,572)	(793,764)	–	(1,973,336)
Loss on foreign exchange:				
- realised	(24,519)	(122,321)	–	(146,840)
- unrealised	(8)	–	–	(8)
Provision for warranties	(2,123,290)	–	–	(2,123,290)
Property, plant and equipment written off	(912,471)	–	–	(912,471)
Reversal of allowance for impairment losses on trade receivables	190,647	169,126	–	359,773

35. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2018	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	The Group RM
Assets				
Segment assets	105,644,772	38,997,868	129,075,504	273,718,144
Unallocated assets:				
- current tax assets				1,216,675
- deferred tax assets				924,200
- assets used for general enterprised or head office purpose				161,533
Consolidation adjustments				(108,684,688)
Consolidated total assets				167,335,864
Additions to non-current assets other than financial instruments:-				
Investment properties	–	–	444,309	444,309
Property, plant and equipment	5,268,063	4,425,086	44,424	9,737,573
Liabilities				
Segment liabilities	30,762,072	13,427,793	4,748,158	48,938,023
Unallocated liabilities:				
- bankers' acceptances				1,461,000
- current tax liabilities				152,246
- foreign currency loans				8,430,780
- hire purchase payables				440,654
- term loans				4,527,606
Consolidation adjustments				(36,927,276)
Consolidated total liabilities				27,023,033

35. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2017	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	The Group RM
Revenue				
External revenue	97,317,209	27,971,734	157,600	125,446,543
Inter-segment revenue	176,958	65,055	248,000	490,013
	97,494,167	28,036,789	405,600	125,936,556
Consolidated adjustments				(490,013)
Consolidated revenue				125,446,543
Results				
Segment profit before interest and tax	9,989,059	(133,337)	382,831	10,238,553
Finance costs				(1,437,432)
Unallocated expenses				(615,109)
Consolidation adjustments				(64,027)
Consolidated profit before tax				8,121,985
Segment profit before interest and tax includes the followings:-				
Fair value gain on derivative	437,331	–	–	437,331
Gain on foreign exchange:				
- realised	275,120	75,780	–	350,900
- unrealised	26,457	640	–	27,097
Gain on disposal of property, plant and equipment	207,472	7,498	6,999	221,969
Reversal of allowance for impairment losses on trade receivables	146,932	52,353	–	199,285
Interest income	255,598	23,140	588,335	867,073
Depreciation of property, plant and equipment	(1,470,155)	(379,174)	(164,897)	(2,014,226)
Depreciation of investment properties	(13,162)	–	(220,151)	(233,313)
Impairment losses on trade receivables	(176,804)	(240,094)	–	(416,898)
Inventories written down	(1,040,527)	(2,208,951)	–	(3,249,478)
Loss on foreign exchange:				
- realised	–	–	(245)	(245)
- unrealised	(907)	(20,082)	–	(20,989)
Provision for warranties	(904,960)	–	–	(904,960)

35. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2017	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	The Group RM
Assets				
Segment assets	103,270,514	34,963,160	129,084,460	267,318,134
Unallocated assets:				
- current tax assets				785,012
- deferred tax assets				433,500
- assets used for general enterprised or head office purpose				133,796
Consolidation adjustments				(108,313,507)
Consolidated total assets				160,356,935
Additions to non-current assets other than financial instruments:-				
Investment properties	–	–	204,791	204,791
Property, plant and equipment	4,413,361	658,558	140,449	5,212,368
Liabilities				
Segment liabilities	34,871,964	11,846,959	4,106,529	50,825,452
Unallocated liabilities:				
- current tax liabilities				15,577
- foreign currency loans				2,350,360
- hire purchase payables				176,945
- term loans				4,965,560
Consolidation adjustments				(36,560,410)
Consolidated total liabilities				21,773,484

35. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION

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

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

	Revenue		Non-Current Assets	
	2018	2017	2018	2017
The Group	RM	RM	RM	RM
Malaysia	89,911,715	79,300,824	55,332,629	52,233,322
Middle East and Africa	26,641,182	34,265,605	–	–
Others	12,688,662	11,880,114	4,308,277	507,939
	129,241,559	125,446,543	59,640,906	52,741,261

MAJOR CUSTOMERS

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

36. CAPITAL COMMITMENTS

	The Group	
	2018	2017
	RM	RM
Purchase of property, plant and equipment	4,032,129	9,831,942
Subsequent expenditure on investment properties	25,028	245,102
	4,057,157	10,077,044

37. FINANCIAL INSTRUMENTS

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

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

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

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

Foreign Currency Exposure

The Group	**USD RM**	**EUR RM**	**JPY RM**
2018			
Financial Assets			
Trade receivables	3,931,132	8,142	168,994
Other receivables, deposits and prepayments	835,437	35,117	–
Cash and bank balances	711,128	5,516	–
	5,477,697	48,775	168,994
Financial Liabilities			
Trade payables	(4,067,641)	(1,744,124)	(952,978)
Other payables and accruals	(769,195)	–	–
Short-tem borrowings	(8,430,780)	–	–
	(13,267,616)	(1,744,124)	(952,978)
Currency Exposure	(7,789,919)	(1,695,349)	(783,984)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	USD RM	EUR RM
2017		
Financial Assets		
Trade receivables	7,833,007	–
Other receivables, deposits and prepayments	160,023	6,571
Cash and bank balances	809,176	159,653
	8,802,206	166,224
Financial Liabilities		
Trade payables	(2,794,388)	(1,193,511)
Other payables and accruals	(112,996)	–
Short-term borrowings	(2,350,360)	–
	(5,257,744)	(1,193,511)
Currency Exposure	3,544,462	(1,027,287)

Foreign Currency Risk Sensitivity Analysis

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

		The Group	
		2018 RM	2017 RM
Effects on Profit After Tax			
USD/RM	- strengthened by 13% (2017 - 15%)	(766,637)	411,239
	- weakened by 13% (2017 - 15%)	766,637	(411,239)
EUR/RM	- strengthened by 9% (2017 - 9%)	(115,738)	(70,139)
	- weakened by 9% (2017 - 9%)	115,738	70,139
JPY/RM	- strengthened by 12%	(7,153)	–
	- weakened by 12%	7,153	–

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis (Cont'd)

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

		The Group	
		2018	**2017**
		RM	**RM**
Effects on Other Comprehensive Income			
SGD/RM	- strengthened by 7% (2017 - 8%)	795,619	1,298,047
	- weakened by 7% (2017 - 8%)	(795,619)	(1,298,047)

(ii) Interest Rate Risk

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

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 20, 21 and 24 to the financial statements.

The Group enters into cross currency interest rate swaps to achieve an appropriate mix of fixed and floating interest rate exposure and to hedge the foreign currency exposure.

Interest Rate Risk Sensitivity Analysis

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

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

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

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

(b) Credit Risk

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

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

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

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

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (2017 – Nil) customers which constituted approximately 14% (2017 – Nil) of its trade receivables at the end of the reporting period.

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

	The Group	
	2018	**2017**
	RM	**RM**
Malaysia	29,826,758	26,446,624
Middle East and Africa	1,228,014	5,705,127
Others	3,793,600	2,310,359
	34,848,372	34,462,110

(ii) Exposure to Credit Risk

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

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

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis

The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Translation Difference RM	Carrying Amount RM
2018				
Not past due	23,209,621	(31)	–	23,209,590
Past due:				
- less than 3 months	8,855,971	(21,181)	–	8,834,790
- 3 to 6 months	819,053	(47,461)	–	771,592
- more than 6 months	554,964	(275,954)	–	279,010
- more than 1 year	3,064,335	(1,313,160)	2,215	1,753,390
	36,503,944	(1,657,787)	2,215	34,848,372
2017				
Not past due	24,882,108	–	–	24,882,108
Past due:				
- less than 3 months	5,753,303	–	–	5,753,303
- 3 to 6 months	2,034,370	(93,204)	–	1,941,166
- more than 6 months	1,911,636	(50,811)	–	1,860,825
- more than 1 year	1,476,145	(1,449,285)	(2,152)	24,708
	36,057,562	(1,593,300)	(2,152)	34,462,110

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

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

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

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

Maturity Analysis

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

The Group	**Weighted Average Effective Interest Rate %**	**Carrying Amount RM**	**Contractual Undiscounted Cash Flows RM**	**Within 1 Year RM**	**1 – 5 Years RM**	**Over 5 Years RM**
2018						
Non-derivative Financial Liabilities						
Trade payables	–	8,581,344	8,581,344	8,581,344	–	–
Other payables and accruals	–	3,084,510	3,084,510	3,084,510	–	–
Bankers' acceptances	4.50	1,461,000	1,461,000	1,461,000	–	–
Hire purchase payables	4.98	440,654	485,928	134,322	351,606	–
Term loans	4.31	4,527,606	4,966,833	2,656,797	776,923	1,533,113
Foreign currency loans	2.59	8,430,780	8,430,780	8,430,780	–	–
		26,525,894	27,010,395	24,348,753	1,128,529	1,533,113

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM
2017					
Non-derivative Financial Liabilities					
Trade payables	–	9,473,445	9,473,445	9,473,445	–
Other payables and accruals	–	4,603,467	4,603,467	4,603,467	–
Hire purchase payables	5.37	176,945	193,183	66,333	126,850
Term loans	5.30	4,965,560	5,358,684	2,776,875	2,581,809
Foreign currency loans	1.86	2,350,360	2,350,360	2,350,360	–
		21,569,777	21,979,139	19,270,480	2,708,659

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

The Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2018			
Non-derivative Financial Liabilities			
Other payables and accruals	354,129	354,129	354,129
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	*	15,223,990	15,223,990
	354,129	15,578,119	15,578,119
2017			
Non-derivative Financial Liabilities			
Other payables and accruals	351,394	351,394	351,394
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	*	7,709,044	7,709,044
	351,394	8,060,438	8,060,438

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

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 CAPITAL RISK MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group 2018 RM
Bankers' acceptances (Note 24)	1,461,000
Foreign currency loans (Note 24)	8,430,780
Hire purchase payables (Note 20)	440,654
Term loans (Note 21)	4,527,606
	14,860,040
Less: Fixed deposits with licensed bank (Note 16)	(1,501,136)
Less: Cash and bank balances	(8,934,994)
Net debt	4,423,910
Total equity	140,312,831
Debt-to-equity ratio	3.15%

Debt-to-equity ratio of the Group for the previous financial year is not presented as their cash and cash equivalent exceeded the total external borrowings from financial institutions.

37. FINANCIAL INSTRUMENTS (CONT'D)

37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Financial Assets				
Available-for-sales Financial Assets				
Other investments (Note 8)	102,610	102,610	–	–
Loans and Receivables Financial Assets				
Trade receivables (Note 11)	34,848,372	34,462,110	–	–
Other receivables and deposits (Note 12)	1,928,853	2,213,738	60,548	5,000
Amount owing by subsidiaries (Note 13)	–	–	30,247,784	30,595,866
Cash and bank balances	8,934,994	10,759,922	743,440	715,992
	45,712,219	47,435,770	31,051,772	31,316,858
Held-to-maturity Financial Assets				
Fixed deposits with licensed bank (Note 16)	1,501,136	4,067,446	1,501,136	4,067,446
Fair Value through Profit or Loss: Held-for-trading				
Derivative asset (Note 15)	193,190	756,274	–	–
Short-term investment (Note 14)	5,973,118	3,172,550	5,973,118	3,172,550
	6,166,308	3,928,824	5,973,118	3,172,550
Financial Liabilities				
Other Financial Liabilities				
Trade payables (Note 22)	8,581,344	9,473,445	–	–
Other payables and accruals (Note 23)	3,084,510	4,603,467	354,129	351,394
Bankers' acceptances (Note 24)	1,461,000	–	–	–
Hire purchase payables (Note 20)	440,654	176,945	–	–
Term loans (Note 21)	4,527,606	4,965,560	–	–
Foreign currency loans (Note 24)	8,430,780	2,350,360	–	–
	26,525,894	21,569,777	354,129	351,394

37. FINANCIAL INSTRUMENTS (CONT'D)

37.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

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

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value				
The Group	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	Total Fair Value RM	Carrying Amount RM
2018								
Financial Assets								
Short-term investment	5,973,118	–	–	–	–	–	5,973,118	5,973,118
Derivative assets:								
- cross currency interest rate swap	–	193,190	–	–	–	–	193,190	193,190
Financial Liabilities								
Hire purchase payables	–	241,365	–	–	199,289	–	440,654	440,654
Term loans	–	2,075,746	–	–	2,451,860	–	4,527,606	4,527,606
2017								
Financial Assets								
Short-term investment	3,172,550	–	–	–	–	–	3,172,550	3,172,550
Derivative assets:								
- cross currency interest rate swap	–	756,274	–	–	–	–	756,274	756,274
Financial Liabilities								
Hire purchase payables	–	–	–	–	184,183	–	184,183	176,945
Term loans	–	–	–	–	4,842,152	–	4,842,152	4,965,560

37. FINANCIAL INSTRUMENTS (CONT'D)

37.4 FAIR VALUE INFORMATION (CONT'D)

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

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

(1) The fair value of the short-term investment is determined by reference to statements provided by the financial institution, with which the investments were entered into.

(2) The fair value of cross currency interest rate swap is the calculated present value of the estimated future cash flows derived from the observable yield curves.

(3) The fair values of the Group's terms loans and hire purchase payables that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) There were no transfer between level 1 and level 2 during the financial year.

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

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

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

	The Group	
	2018	**2017**
	%	**%**
Hire purchase payables	4.40 - 6.25	5.25 - 6.89
Term loans	3.15 - 5.30	5.30

38. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 2 April 2018, the Company entered into a Memorandum of Understanding ("MOU") with Toyota Tsusho Corporation of Japan (collectively known as "TT") and Toyota Tsusho (Malaysia) Sdn. Bhd. and Borneo Technical Co. (M) Sdn. Bhd. ("Borneo") in relation to the proposed acquisition of 90% equity interest in Borneo.

LIST OF **PROPERTIES**
AS AT 30 APRIL 2018

No.	Title/Address	Existing use	Tenure of land/ Age of building	Land area/ built up area (sq feet)	Carrying Amount RM'000	Year of Acquisition
1	H.S.(D) 160852, PTD 28180 Mukim of Tebrau District of Johor Bahru State of Johor Darul Takzim/ No. 5, Jalan Dataran 5 Taman Kempas 81200 Johor Bahru Johor Darul Takzim	Warehouse cum office	Freehold/ 26 years	43,559/ 41,360	2,474	2005
2	H.S.(D) 160851, PTD 28179 Mukim of Tebrau District of Johor Bahru State of Johor Darul Takzim/ No. 7, Jalan Dataran 5 Taman Kempas, 81200 Johor Bahru, Johor Darul Takzim	Warehouse cum office	Freehold/ 24 years	43,560/ 23,025	4,075	2011
3	H.S.(D) 11901, PTB 4970 Bandar of Johor Bahru District of Johor Bahru State of Johor Darul Takzim/ No. 17, Jalan Kukuh Off Jalan Tampoi, Kawasan Perusahaan Tampoi Larkin 80350 Johor Bahru, Johor Darul Takzim	Vacant warehouse, factory cum office	60 years leasehold expiring on 6.10.2034/ 34 years	115,432/ 43,527	1,443	2009
4	PN 30973, Lot 16493 Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan/ No. 30, Persiaran Segambut Tengah 51200 Kuala Lumpur	Proposed 3 storey warehouse cum office under construction	99 years leasehold expiring on 16.6.2067	11,198	936	2008
5	PN 108, Lot 16494 Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan/ No. 28, Persiaran Segambut Tengah 51200 Kuala Lumpur	Proposed 3 storey warehouse cum office under construction	99 years leasehold expiring on 16.6.2067	11,198	2,655	2013
6	PN 197652, Lot 318007 Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan/ No. 10, Laluan Perusahaan Menglembu 6, Kawasan Perusahaan Menglembu, 31450 Menglembu Perak Darul Ridzuan	Warehouse cum office	99 years leasehold expiring on 18.6.2098/ 13 years	7,201/ 5,400	268	2004

No.	Title/Address	Existing use	Tenure of land/ Age of building	Land area/ built up area (sq feet)	Carrying Amount RM'000	Year of Acquisition
7	GM 3636, Lot 4740 Place of Payar Makbar, Mukim of Kuala Kuantan, District of Kuantan State of Pahang Darul Makmur/ Lot 4740, Jalan Wong Ah Jang, 25100 Kuantan Pahang Darul Makmur	Vacant Warehouse cum office	Freehold/ 9 years	6,265/ 7,470	590	2008
8	H.S.M 72578, PT 104549 Place of Payar Makbar, Mukim of Kuala Kuantan, District of Kuantan State of Pahang Darul Makmur/ A249, Jalan Wong Ah Jang, 25100 Kuantan Pahang Darul Makmur	Warehouse cum office	Freehold/ 7 years	1,345/ 3,887	781	2011
9	PM 3775/M1/1/1 (Lot 4360), PM3776/M1/1/1 (Lot 4361), PM3777/M1/1/1 (Lot 4362) & PM3778/M1/1/1 (Lot 4363), Bangunan M1, Tingkat 1, Petak 1, Mukim of Bachang District of Melaka Tengah State of Melaka/ G4, G5, G6 & G7, Blok B4 Jln Rahmat 3 Taman Malim Jaya 75250 Melaka	Warehouse cum office	99 years leasehold expiring on 12.4.2081/ 18 years	N/A/ 1,206 each	631	2008
10	H.S.(D) 27733 & 27734, PT 533 & 534 Seksyen 4 Bandar Butterworth District of Seberang Perai Utara, State of Pulau Pinang/ No.3 & 5 Lorong Limbungan Indah 1 Taman Limbungan Indah 12100 Butterworth Pulau Pinang	Warehouse cum office	Freehold/ 7 years	1,432 each/ 3,894 each	1,629	2010
11	H.S.(M) 44365, PT 3663 (29, 29A, 29B) Place of Telok Gadong Besar Bandar of Klang District of Klang State of Selangor/ No.29, Jalan Jelai 10/KS1 Taman Teluk Gadong Besar 41200 Port Klang	Warehouse cum office	Freehold/ 9 years	1,604/ 4,750	751	2011

LIST OF PROPERTIES
AS AT 30 APRIL 2018
(CONT'D)

No.	Title/Address	Existing use	Tenure of land/ Age of building	Land area/ built up area (sq feet)	Carrying Amount RM'000	Year of Acquisition
12	HS(D) 79442 PT 11320 Mukim Bandar Selayang Daerah Gombak, Negeri Selangor Darul Eshan Lot 27, Jalan Perusahaan 1 Pusat Industri Amari Kawasan Perindustrian Batu Caves 68100 Batu Caves Selangor Darul Eshan	Warehouse cum office	99 years leasehold expiring on 10.2.2113/ 4 years	8,808 14,000	7,132	2014
13	H.S.(D) 500355, PTD 101353 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim/ PLO 436, Jalan Gangsa, Kawasan Perindustrian Pasir Gudang 81700 Pasir Gudang Johor Darul Takzim	Warehouse cum office	60 years leasehold expiring on 29.03.2051/ 27 years	435,605/ 352,193	18,560	2015
14	H.S.(D) 500354, PTD 71016 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim/ Block 76, Jalan Tembusu, Taman Air Biru 81700 Pasir Gudang Johor Darul Takzim	Residential Flat	99 years leasehold expiring on 2.11.2085/ 25 years	16619 / 24,705	1,409	2015
15	Parcel No 05-66; 05-68; 05-70; 05-72; 05-74; 05-76;05-78 & 05-80 (under Parent Lot PTD No. 71045) Mukim Plentong District of Johor Bahru State of Johor Darul Takzim/ Unit No 05-66; 05-68; 05-70; 05-72; 05-74; 05-76;05-78 & 05-80 Block Mawar 7, Jalan Mawar Putih, Taman Mawar 81700 Pasir Gudang Johor Darul Takzim	Residential Flat	99 years leasehold expiring on 22.02.2087/ 27 years	N/A/ 5,568	307	2015
16	Title Volume : 899 Folio : 194 Lot No. MK13-U85663N 10 Admiralty Street #01-86 Singapore 757695	Warehouse cum office	60 years leasehold expiring on 8.10.2059/ 19 years	521	3,661	2017

ANALYSIS OF SHAREHOLDINGS
AS AT 31 JULY 2018

Total Number of Issued Shares	:	391,919,761
Paid-Up Share Capital	:	RM 98,354,450
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) Vote Per Ordinary Share
Number of Holders	:	1413

DISTRIBUTION OF SHAREHOLDINGS

Category	Number of Holders	%	Number of Shares Held	%
1 - 99	37	2.618	1,705	0.000
100 - 1,000	305	21.585	77,424	0.020
1,001 - 10,000	366	25.902	1,691,183	0.432
10,001 - 100,000	518	36.660	17,861,647	4.557
100,001 - 19,595,988 *	185	13.093	208,544,424	53.211
19,595,989 and above **	2	0.142	163,743,378	41.780
Total	1,413	100.000	391,919,761	100.000

* less than 5% of issued shares
** 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS
as at 31 July 2018

No	Name of Director	Direct Shareholding	%	Indirect Shareholding	%
1	Ker Min Choo	94,864,870	24.205	10,473,297 #	2.672
2	Ker Mong Keng	85,691,841	21.865	56,000 #	0.014
3	Ker Meng Oi	12,904,595	3.293	–	–
4	Ong Kheng Swee	4,817,134	1.229	2,916,666 #	0.744
5	Kek Kok Swee	3,572,800	0.912	10,521,000 #	2.684
6	Azahar Bin Baharudin	–	–	–	–
7	Tan Lay Beng	–	–	–	–

Deemed interest in shares held by his spouse and/or children

LIST OF SUBSTANTIAL SHAREHOLDERS
as at 31 July 2018

No	Name	Direct Shareholding	%	Indirect Shareholding	%
1	Ker Min Choo	94,864,870	24.205	10,473,297 #	2.672
2	Ker Mong Keng	85,691,841	21.865	56,000 #	0.014
3	Ker Boon Kee	30,268,784	7.723	1,593,666 #	0.407

Deemed interest in shares held by his spouse and/or children

THIRTY LARGEST SHAREHOLDERS
as at 31 July 2018

NO.	NAME	NUMBER OF SHARES HELD	%
1	KER MONG KENG	85,691,841	21.865
2	KER MIN CHOO	78,051,537	19.915
3	KER SOO HA	16,834,972	4.296
4	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER MIN CHOO (8109400)	16,333,333	4.168
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KER BOON KEE (MY0847)	15,003,184	3.828
6	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER BOON KEE (E-JBU)	10,609,200	2.707
7	KEK MENG KAI, KENNICK	10,500,000	2.679
8	KER MENG OI	9,404,595	2.400
9	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA	8,191,300	2.090
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP KWEE YIN (7001224)	6,496,899	1.658
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LEE MIEN YONG (MY2322)	5,675,633	1.448
12	ONG KHENG SWEE	4,817,134	1.229
13	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR YEO ANN SECK (MY0696)	4,720,006	1.204
14	KER BOON KEE	4,656,400	1.188
15	NG CHIT PIN	4,433,566	1.131
16	KEK KOK SWEE	3,572,800	0.912
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER MENG OI (8123728)	3,500,000	0.893

THIRTY LARGEST SHAREHOLDERS (CONT'D)
as at 31 July 2018

NO.	NAME	NUMBER OF SHARES HELD	%
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER YUN (6000621)	3,083,733	0.787
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KER HONG (PB)	3,000,000	0.765
20	FOO YIT LAN	2,916,666	0.744
21	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE HENG HAW (8112533)	2,356,420	0.601
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER SOO HA (E-JBU)	2,116,333	0.540
23	MERSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG AIK SERN	2,100,000	0.536
24	THEU BOON OOI	1,990,333	0.508
25	TEO LAY YOKE	1,930,000	0.492
26	ALLIANCEGROUP NOMINEES (ASING) SDN BHD HAN XIANJUN (8111906)	1,866,666	0.476
27	KER KAI XIANG	1,836,333	0.469
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN MENG SENG (MY1542)	1,750,000	0.447
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEO ENG HUI (7001308)	1,671,366	0.426
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN MARY (JBU-UOB)	1,593,433	0.407

ANALYSIS OF **WARRANT HOLDINGS**
AS AT 31 JULY 2018

Number of Unexercised Warrants	:	185,579,554
Exercise Price	:	RM0.21 per warrant
Warrants Issue Date	:	17 December 2015
Expiry Date	:	16 December 2020
Number of Warrant Holders	:	558

DISTRIBUTION OF WARRANT HOLDINGS

Category	Number of Holders	%	Number of Warrants Held	%
1 - 99	12	2.150	438	0.000
100 - 1,000	33	5.914	9,573	0.005
1,001 - 10,000	169	30.287	608,079	0.328
10,001 - 100,000	216	38.710	7,326,641	3.948
100,000 - 9,278,978 *	126	22.581	95,863,137	51.656
9,278,979 and above **	2	0.358	81,771,686	44.063
Total	558	100.000	185,579,554	100.000

* less than 5% of issued shares
** 5% and above of issued shares

DIRECTORS' WARRANT HOLDINGS
as at 31 July 2018

No	Name of Director	Direct Warrant Holdings	%	Indirect Warrant Holdings		%
1	Ker Min Choo	47,192,433	25.430	2,802,648	#	1.510
2	Ker Mong Keng	42,845,919	23.088	29,166	#	0.016
3	Ker Meng Oi	6,452,296	3.477	–		–
4	Ong Kheng Swee	2,519,066	1.357	814,333	#	0.439
5	Kek Kok Swee	1,750,000	0.943	5,491,333	#	2.959
6	Azahar Bin Baharudin	–	–	–		–
7	Tan Lay Beng	–	–	–		–

Deemed interest in shares held by his spouse and/or children

THIRTY LARGEST WARRANT HOLDERS
as at 31 July 2018

NO.	NAME	NUMBER OF WARRANTS HELD	%
1	KER MONG KENG	42,845,919	23.088
2	KER MIN CHOO	38,925,767	20.975
3	KER SOO HA	8,417,486	4.536
4	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER MIN CHOO (8109400)	8,266,666	4.455
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KER BOON KEE (MY0847)	6,318,242	3.405
6	KEK MENG KAI, KENNICK	5,490,800	2.959
7	KER MENG OI	4,702,296	2.534
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LEE MIEN YONG (MY2322)	2,998,533	1.616
9	ONG KHENG SWEE	2,519,066	1.357
10	NG CHIT PIN	2,329,133	1.255
11	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA	2,225,700	1.199
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN MENG SENG (MY1542)	2,216,666	1.194
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER HONG (6000688)	2,044,900	1.102
14	ALLIANCEGROUP NOMINEES (ASING) SDN BHD JING DONG NING (6000573)	2,002,966	1.079
15	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM LI WEI	1,995,000	1.075
16	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM LI WEI	1,801,333	0.971
17	KEK KOK SWEE	1,750,000	0.943

THIRTY LARGEST WARRANT HOLDERS (CONT'D)
as at 31 July 2018

NO.	NAME	NUMBER OF WARRANTS HELD	%
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER MENG OI (8123728)	1,750,000	0.943
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR YEO ANN SECK (MY0696)	1,730,000	0.932
20	THEU BOON OOI	1,665,066	0.897
21	LEE HENG HAW	1,553,533	0.837
22	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEO ENG HUI (7001308)	1,548,900	0.835
23	MERSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG AIK SERN	1,166,666	0.629
24	BEH ENG PAR	1,148,233	0.619
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN MARY (JBU-UOB)	1,102,733	0.594
26	TEO LAY YOKE	933,333	0.503
27	ALLIANCEGROUP NOMINEES (ASING) SDN BHD HAN XIANJUN (8111906)	933,333	0.503
28	KER KAI XIANG	919,333	0.495
29	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH YONG HUAT	886,900	0.478
30	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG YONG SOON	814,566	0.439

NOTICE OF SIXTH **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting ("6th AGM") of Solid Automotive Berhad ("Solid" or "the Company") will be held at PLO 436, Jalan Gangsa, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia on Thursday, 27th September 2018 at 10.00 a.m. for the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 April 2018 together with the Directors' and Auditors' reports thereon. **(Please refer to Note 1)**

2. To approve the payment of a final single tier dividend of 0.2 sen per ordinary share for the financial year ended 30 April 2018. **RESOLUTION 1**

3. To approve the payment of Directors' fees for the financial year ended 30 April 2018. **RESOLUTION 2**

4. To sanction the payment of Director's fees for the financial year ending 30 April 2019, to be payable on quarterly basis in arrears. **RESOLUTION 3**

5. To re-elect the following Directors who retire by rotation in accordance with Regulation 106(b) of the Company's Constitution of the Company:

   4.1 Mr Ong Kheng Swee **RESOLUTION 4**
   4.2 Mr Ker Mong Keng **RESOLUTION 5**

6. To re-appoint the retiring Auditors, Messrs Crowe Malaysia (formerly known as Crowe Horwath) as Auditors and to authorise the Directors to fix their remuneration. **RESOLUTION 6**

SPECIAL BUSINESS

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

7. **Ordinary Resolution**
   Proposed Authority to Issue Shares Pursuant to Section 75 of the Companies Act 2016

   "**THAT**, subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and the approvals of the relevant government / regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 75 of the Act, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued." **RESOLUTION 7**

8. **Ordinary Resolution**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"**THAT** subject to the Companies Act 2016 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of A Revenue or Trading Nature ("RRPTs") with the related parties as set out in Section 2.3 of the Circular to Shareholders dated 30th August 2018, subject to the following:

(i) the RRPTs are:

(a) necessary for the day-to-day operations;

(b) undertaken in the ordinary course of business and at arm's length basis and are on terms not more favourable to the related parties than those generally available to the public; and

(c) are not detrimental to the minority shareholders of the Company; and

(ii) the disclosure is made in the Annual Report of the Company of the aggregate value of the RRPTs based on the type of transactions, the names of the related parties and their relationship with the Company pursuant to the Proposed Shareholders' Mandate during the period in which the Proposed Shareholders' Mandate for RRPTs is in force; and

(iii) the Proposed Shareholders' Mandate is subject to annual renewal and will continue to be in full force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution." **RESOLUTION 8**

9. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

FURTHER NOTICE IS HEREBY GIVEN that for the purpose of determining who shall be entitled to attend the 6th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 18 September 2018 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

ANG MUI KIOW
CHEN YEW TING
Company Secretaries

Johor Bahru
30 August 2018

NOTES:

1. **Audited Financial Statements**

   The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put forward for voting.

2. **Form of Proxy**

   i. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

   ii. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

   iii. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

   iv. Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

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

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

3. Explanatory Notes on Special Business

i. Ordinary Resolution 3 - To sanction the payment of Director's fees for the financial year ending 30 April 2019, to be payable on quarterly basis in arrears

Section 230(1) of the CA 2016 provides that "fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval shall be sought at this Annual General Meeting (6th AGM) for the payment of Directors' fees to the Directors of the Company under Resolution 2 and 3.

Under Ordinary Resolution 3, the quantum of the Directors' fees proposed for the Directors for the financial year ending 30 April 2019 are the same as the quantum paid for each of the Directors in the financial year ended 30 April 2018 and assuming that all the Directors will hold office until the conclusion of the aforesaid financial year and there is no appointment of additional Board member(s) during the said financial year ending 30 April 2019.

The proposed Resolution 3, if passed, is to facilitate the payment of Directors' fees on a quarterly basis and/or as and when incurred. The Board opined that it is just and equitable for the Directors to be paid such payment on such basis upon them discharging their responsibilities and rendering their services to the Company. In the event, where the payment of Directors' fees payable during the above period exceeded the estimated amount sought at this AGM, a shareholders' approval will be sought at the next AGM.

ii. Ordinary Resolution 7 - Proposed Authority to Issue Shares Pursuant to Section 75 of the Companies Act 2016

The proposed Ordinary Resolution 7, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company up to an amount not exceeding in total ten percent (10%) of the total issued and paid-up share capital of the Company for such purposes and to such person or persons as the Directors in their absolute discretion consider to be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The mandate sought under Ordinary Resolution 7 above is a renewal of an existing mandate and there was no proceed raised from the previous mandate up to the last practicable date, 31 July 2018.

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

iii. Ordinary Resolution 8 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature ("Proposed Shareholders' Mandate")

The proposed Ordinary Resolution 8, will authorise the Company and/or its subsidiaries to enter into RRPTs with the respective related parties as set out in Section 2.3 of the Circular to the Shareholders dated 30 August 2018. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. For further information on the proposed renewal of shareholders' mandate for RRPTs, please refer to the Circular to Shareholders dated 30 August 2018 which was circulated together with the 2018 Annual Report.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final single tier dividend of 0.2 sen per ordinary share for the financial year ended 30 April 2018, if approved by the shareholders at the forthcoming Sixth Annual General Meeting, will be paid on 25 October 2018 to depositors registered in the Record of Depositors at the close of business on 12 October 2018.

A depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the depositors securities account before 4.00 p.m. on 12 October 2018 in respect of transfer; and

(b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

PERSONAL DATA PRIVACY

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

STATEMENT ACCOMPANYING
NOTICE OF SIXTH ANNUAL GENERAL MEETING
PURSUANT TO PARAGRAPH 8.27(2) OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

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

(a)	Mr. Ong Kheng Swee	(RESOLUTION 3)
(b)	Mr. Ker Mong Keng	(RESOLUTION 4)

Further details of the above named Directors and their interest in the securities of the Company are set out in the Profile of Directors on page 4, 5, 148 and 151 of the annual report respectively.

SOLID AUTOMOTIVE BERHAD
(Company No : 1016725-P)
(Incorporated in Malaysia)

CDS Account No.(i) ....
No of shares held ....

FORM OF PROXY

*I/ We ______________________________*NRIC/ Company No. ______________________
(FULL NAME IN BLOCK CAPITALS)

of ____
(FULL ADDRESS)

being *a member / members of **SOLID AUTOMOTIVE BERHAD (1016725-P)** hereby appoint______________________

______________________________ NRIC No.______________________
(FULL NAME IN BLOCK CAPITALS)

of ____
(FULL ADDRESS)

or failing *him/ her ______________________________ NRIC No.______________________
(FULL NAME IN BLOCK CAPITALS)

of ____
(FULL ADDRESS)

or failing *him/ her, the Chairman of the Meeting as *my/ our proxy to attend, participate, speak and vote on *my/ our behalf at the Sixth General Meeting of Solid Automotive Berhad ("Company") to be held at PLO 436, Jalan Gangsa, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia on Thursday, 27th September 2018 at 10.00 a.m. and at any adjournment thereof.

*My/ our proxy is to vote as indicated below:-

No.	ORDINARY RESOLUTIONS	FOR	AGAINST
1	Declaration of a final single tier dividend of 0.2 sen per ordinary share		
2	Payment of Directors' Fees for the financial year ended 30 April 2018		
3	Sanction the payment of Director's fees for the financial year ending 30 April 2019, to be payable on quarterly basis in arrears		
4	Re-election of Retiring Director – Ong Kheng Swee		
5	Re-election of Retiring Director – Ker Mong Keng		
6	Re-appointment of Retiring Auditors, Crowe Malaysia (formerly known as Crowe Horwath)		
7	Authority to issue shares pursuant to Section 75 of the Companies Act 2016		
8	Proposed Shareholders' Mandate		

(Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast. Unless voting instructions are indicated in the space above, the proxy will vote as he/ she thinks fit.)

(i) Applicable to shares held through a nominee account
** Delete where applicable*

Signed this ______________ day of ______________ 2018

For appointment of 2 proxies, percentage of shareholdings **to be represented by the proxies:-**

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		**100%**

____
Signature/ Common Seal of Member

Notes:

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

   Where a Member or authorised nominee appoints two (2) proxies, or where an Exempt Authorised Nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 7E, Level 7, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru, Johor, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
6. For the purpose of determining who shall be entitled to attend the 6th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 18th September 2018 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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AFFIX
STAMP

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

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PASSION *for* EXCELLENCE

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