誠成集團

K. SENG SENG CORPORATION BERHAD

(Company No.: 133427-W)

ANNUAL REPORT
2015

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Koh Seng Kar @ Koh Hai Sew
Chairman/Managing Director

Tsen Ket Shung @ Kon Shung
Executive Director

Yap Siok Teng
Independent Non-Executive Director

Koh Seng Lee
Deputy Managing Director

Zainal Rashid Bin Haji Mohd Eusoff
Independent Non-Executive Director

Lim Ho Kin
Senior Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Yap Siok Teng
Members
Zainal Rashid Bin Haji Mohd Eusoff
Lim Ho Kin

REMUNERATION COMMITTEE

Chairman
Zainal Rashid Bin Haji Mohd Eusoff
Members
Yap Siok Teng
Lim Ho Kin
Koh Seng Kar @ Koh Hai Sew

NOMINATION COMMITTEE

Chairman
Lim Ho Kim
Members
Zainal Rashid Bin Haji Mohd Eusoff
Yap Siok Teng

COMPANY SECRETARIES

Lim Seck Wah
(MAICSA NO.: 0799845)
M. Chandrasegaran A/L S. Murugasu
(MAICSA NO.: 0781031)

REGISTERED OFFICE

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

SHARE REGISTRAR

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

PRINCIPAL BANKERS

Citibank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

SOLICITORS

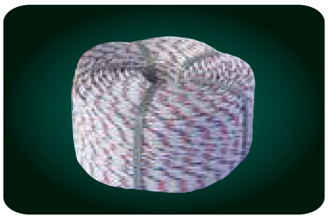
S L Kang (Johor)
Teh Cheng Aik & Co

AUDITORS

Baker Tilly AC (AF: 001826)
Chartered Accountants

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Code: 5192



CORPORATE STRUCTURE

誠成集團
K. SENG SENG CORPORATION BERHAD
(Company No.: 133427-W)

- 100% K. Seng Seng Industries Sdn Bhd (KSSI) (490138-K)
- 100% K. Seng Seng Manufacturing Sdn Bhd (KSSM) (791541-W)
- 100% PTM Steel Industry Sdn Bhd (PTM) (244942-P)
- 100% Three & Three Hardware Sdn Bhd (TTH) (352333-P)
- 100% K. Seng Seng Parts Sdn Bhd (KSSP) (722242-D)
- 75% KSG Engineering Sdn Bhd (KSG) (922460-A)
- 75% Koseng Sdn Bhd (970606-A)
- 50% EIE Asian Holding Sdn Bhd (EIE) (569526-P)

5-YEAR FINANCIAL HIGHLIGHTS

QUARTERLY PERFORMANCE

2015	Q1	Q2	Q3	Q4	Full Year
Sales Revenue (RM'000)	30,936	20,016	21,802	24,209	**96,963**
Profit Before Taxation (RM'000)	1,580	(71)	490	887	**2,886**
Net Profit (RM'000)	1,189	(63)	369	679	**2,174**
Net Earnings Per Share (Sen)	1.0	(0.12)	0.41	0.68	**1.97**
Net Dividend Per Share (Sen)	-	-	-	0.80	**0.80**

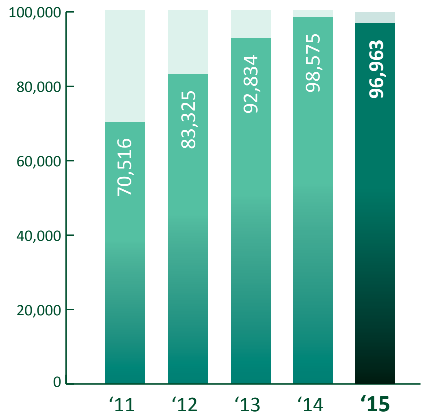
2014	Q1	Q2	Q3	Q4	Full Year
Sales Revenue (RM'000)	21,058	30,735	26,378	20,404	**98,575**
Profit Before Taxation (RM'000)	527	2,162	3,029	682	**6,400**
Net Profit (RM'000)	447	1,619	2,333	497	**4,896**
Net Earnings Per Share (Sen)	0.50	1.51	2.03	0.54	**4.58**
Net Dividend Per Share (Sen)	-	-	-	2.00	**2.00**

5-YEAR FINANCIAL HIGHLIGHTS

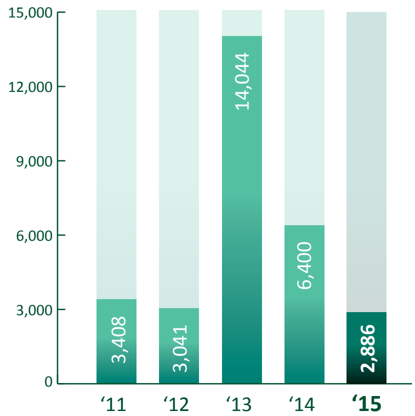
	2011	2012	2013	2014	2015
Sales Revenue (RM'000)	70,516	83,325	92,834	98,575	**96,963**
Profit Before Taxation (RM'000)	3,408	3,041	14,044	6,400	**2,886**
Net Profit (RM'000)	2,871	2,216	13,266	4,896	**2,174**
Net Earnings Per Share (Sen)	2.87	2.18	13.72	4.58	**1.97**
Net Dividend Per Share (Sen)	2.00	1.00	3.95	2.00	**0.80**
Net Assets Per Share (RM)	0.63	0.63	0.76	0.78	**0.78**

5-YEAR FINANCIAL HIGHLIGHTS
cont'd

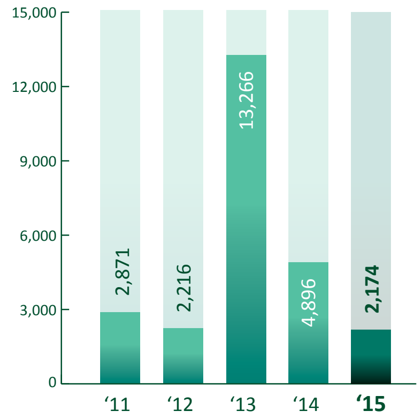
SALES REVENUE
(RM'000)



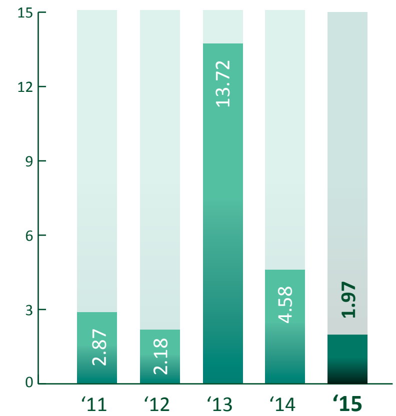
PROFIT BEFORE TAXATION
(RM'000)



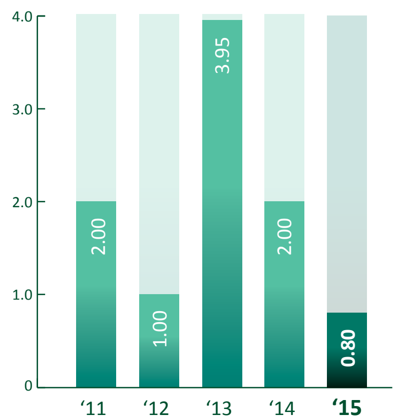
NET PROFIT
(RM'000)



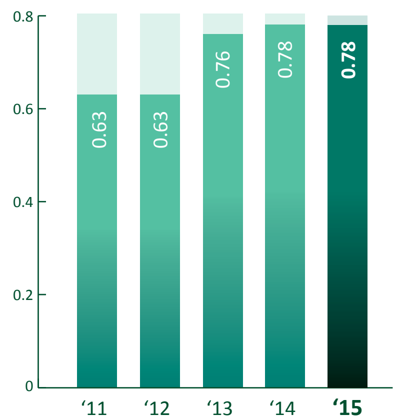
NET EARNINGS PER SHARE
(Sen)



NET DIVIDEND PER SHARE
(Sen)



NET ASSETS PER SHARE
(RM)



CHAIRMAN'S STATEMENT

OUR CORE BUSINESS

Our Group performance continues to be principally involved in the secondary stainless steel industry, marine and industrial hardware, engineering and servicing industry. Our core revenue streams are derived from manufacturing of stainless steel tubes, pipes and industrial fasteners, processing of stainless steel sheets and bars, engineering work and trading of marine and industrial hardware and consumables. There is no change in our core business activities.

OUTLOOK OF THE STAINLESS STEEL MARKET

The 2015 outlook for the global stainless steel market is disappointing, as purchasing activity remains weak and transaction values continue to slide. The downward price trend encourages buyers to delay placing orders, in the belief they may get a better deal if they wait. This adds to the usual, seasonal pattern and weak demand from stainless steel makers, whereby stockist and end-users reduce their purchase volumes, in order to minimise their year-end inventories.

Market participants have, for some time, been, cautiously, predicting some improvement in business conditions in 2016.

[Source : MEPS-Stainless Steel Review]

OUTLOOK OF THE MALAYSIAN ECONOMY

The global economy is currently being shaped by two widely anticipated, but opposing events, which are creating a lot of economic uncertainty and sharp volatility in the global financial markets. Firstly is the expected growth slowdown in China, the world's second largest economy and also global manufacturing powerhouse. Then, there is also an increasing indebtedness in a large number of developed as well as emerging market and developing economies, of which Malaysia is included. Secondly is the strengthening of the US economy, boosted by strong consumer spending and also recovery in the housing market. As a result, monetary policy normalisation is widely expected in the US later this year, described by many analysts as an important event in the history of monetary economics. The projected higher interest rates in the US and stronger US dollar could see that borrowing and debt servicing costs for many highly-indebted nations will be on the rise, exerting significant pressure on both Government finances and corporate balance sheets. Terms of trade losses and currency declines have also resulted in narrowing of fiscal space for many commodity exporters, and here again Malaysia included.

The decline in oil and other commodity prices, sharp appreciation of the US dollar, sudden reversal of capital flows out of emerging market and developing economies and greater volatility in global financial market hamper the Malaysia GDP.

Given these challenges, MIER estimates real growth to be about 5 percent in 2015. However, it is more optimistic about 2016, with a corresponding forecast of 5.5 percent to 6.0 percent.

[Source : The Malaysian Institute of Economic Research ("MIER")]

CHAIRMAN'S STATEMENT

cont'd

OUR GROUP PERFORMANCE

The Group revenue has reduced by 1.64% from RM98.58 million (2014) to RM96.96 million (2015). Sales of our Stainless Steel Products segment and Marine Hardware & Consumable segment accounted for approximately 57.36% of our total revenue. Revenue from our Engineering Works segment and Other Industrial Hardware segment constituted approximately 22.86% and 19.76% respectively of our total revenue.

During the financial year, we recorded a lower revenue of RM22.17 million for our Engineering Works segment as compared to RM30.97 million obtained in the previous financial year. The decline in revenue was principally attributable to the termination of contract for fabrication & installation of Double Former Glove Dipping Lines following the nonconformity in the contract payment terms.

Despite declined revenue in Engineering Works segment, our revenue from Other Industrial Hardware segment increased from RM10.75 million in the previous financial year to RM19.17 million. This was mainly due to our sales and marketing team secured existing customers with purchase orders for our new industrial products and also increase in purchase orders from local industrial wholesalers.

The Group profit before tax for the 12 months cumulative period had decreased from RM6.4 million achieved in the corresponding preceding period in prior financial year to RM2.88 million, represents a decrease of 54.91% in profit before tax. This was attributed primarily to termination of contract as mentioned above and an increase in cost of products in tandem with the weakening Ringgit against the US Dollar which is the predominant currency usage by the Group for imports of raw materials.

The Board deliberated and decided to expand the current double storey office cum factory/manufacturing and process plant located in Balakong, Selangor, by utilising the existing vacant land instead of land acquisition. It will be more beneficial to the Group for synergy of resources and administration.

PROSPECTS OF OUR GROUP

With the strengthening of US dollar against Malaysian Ringgit, it affects the cost of doing business and erodes the margin of the Group particularly in the stainless steel products segment.

The Board will continue to enhance the Group marketing strategy through expansion of the Engineering Works Segment and increase the Group products offering to increase revenue. Barring the economic uncertainty, the Board strives for the betterment.

DIVIDEND

The Board of Directors would like to reward the valued shareholders for their support by proposing a first and final of single tier dividend of 0.80 sen per ordinary share for the financial year ended 31 December 2015. The proposed dividend, if approved by shareholders at the AGM, to be held on 31 May 2016, will be paid on 30 June 2016 to those registered as at 15 June 2016.

I am confident that with the full support of the management and staff of our Group, we will continue to grow our business to create wealth and enhance value for all our shareholders. On that note, I would like to extend my sincere thanks to our directors, management and staff, who have worked together tirelessly over the years to build a thriving business for our Group.

KOH SENG KAR @ KOH HAI SEW
Chairman/Group Managing Director

DIRECTORS' PROFILE

KOH SENG KAR @ KOH HAI SEW
Chairman/Managing Director

KOH SENG LEE
Deputy Managing Director

TSEN KET SHUNG @ KON SHUNG
Executive Director

ZAINAL RASHID BIN HAJI MOHD EUSOFF
Independent Non-Executive Director

LIM HO KIN
Senior Independent Non-Executive Director

YAP SIOK TENG
Independent Non-Executive Director

DIRECTORS' PROFILE
cont'd

KOH SENG KAR @ KOH HAI SEW
Chairman/Managing Director

Mr. Koh Seng Kar @ Koh Hai Sew, a Malaysian, aged 72, is our Chairman and Managing Director. He was appointed to our Board on 15 January 1985. He is also a member of our Remuneration Committee. He brings with him approximately thirty-one (31) years of experience in the trading of steel industrial fasteners, marine hardware and consumables, and industrial hardware as well as the manufacturing and processing of secondary stainless steel products. As our Managing Director and the founder of our Company, he has been instrumental in the development, growth and success of our Group.

Under his leadership and guidance, we have grown from a small marine hardware and consumable trading company to a one-stop supply centre for secondary stainless steel products. He is presently responsible for the overall operations of our Group with emphasis on strategic business planning and development. He implements and executes the Group's strategic plans.

He does not hold any directorships in any other public listed companies.

He holds 36,960,000 shares in KSSC. He is a sibling to Mr. Koh Seng Lee. He has no conflict of interest with KSSC and has no convictions for offences within the past ten years saves for the traffic offences, if any.

KOH SENG LEE
Deputy Managing Director

Mr. Koh Seng Lee, a Malaysian, aged 54, is our Deputy Managing Director. He was appointed to our Board on 26 May 1986, subsequently he was redesignated to an Executive Director and Deputy Managing Director of KSSC on 24 March 2010 and 26 March 2010 respectively. He is not a member of any Board Committee.

He brings with him approximately thirty (30) years of experience in the trading of steel industrial fasteners, marine hardware and consumables, industrial hardware as well as the manufacturing and processing of secondary stainless steel products. As our Deputy Managing Director, his overall management and supervision has contributed significantly to the development, growth and success of our Group. He is currently responsible for overseeing our day-to-day manufacturing, processing and trading operations as well as the sales and marketing activities of our Group.

He does not hold any directorships in any other public listed companies.

He holds 15,840,000 shares in KSSC. He is a sibling to Mr. Koh Seng Kar @ Koh Hai Sew. He has no conflict of interest with KSSC and has no convictions for offences within the past ten years saves for the traffic offences, if any.

TSEN KET SHUNG @ KON SHUNG
Executive Director

Mr. Tsen Ket Shung, a Malaysian, aged 45, is our Executive Director. He was appointed to our Board on 19 June 2009. He is a Chartered Accountant, a member of the Malaysian Institute of Accountants (MIA) and a Fellow of the Association of Chartered Certified Accountant (FCCA). He is currently responsible for overseeing our Group's overall financial, corporate information and information technology. He is not a member of any Board Committee.

He does not hold any directorships in any other public listed companies.

He holds 714,400 shares in KSSC. He has no conflict of interest with KSSC and has no convictions for offences within the past ten years saves for the traffic offences, if any.

DIRECTORS' PROFILE
cont'd

ZAINAL RASHID BIN HAJI MOHD EUSOFF
Independent Non-Executive Director

Tuan Haji Zainal Rashid, a Malaysian, aged 75. He was appointed to our Board on 24 March 2010. He is a member in both Audit Committee and Nomination Committee, and the Chairman of the Remuneration Committee.

He has more than thirty (30) years experience working with the Royal Malaysian Customs Department ("RMCD") where he held various positions within the Department. He held the position of Senior Assistant Director in RMCD prior to his retirement in 1996.

He does not hold any directorships in any other public listed companies.

He holds 100,000 shares in KSSC. He has no conflict of interest with KSSC and has no convictions for offences within the past ten years saves for the traffic offences, if any.

YAP SIOK TENG
Independent Non-Executive Director

Mdm. Yap Siok Teng, a Malaysian, aged 56. She is a Fellow member of the Association of Chartered Certified Accountant (FCCA), a member of Malaysian Institute of Accountant (MIA) and Chartered Tax Institute of Malaysia. Presently, she is a practicing accountant in Yap & Associates. She is also an audit partner in Cheong Lim & Associates.

She was appointed to our Board on 24 March 2010. She is the Chairperson to Audit Committee, and member of the Remuneration and Nomination Committees. She brings with her approximately twenty nine (29) years working experience in the field of audit, accountancy, general management and corporate advisory. Her qualifications and vast experience as an accountant will benefit our Group in the financial and corporate governance aspects.

She holds 50,000 shares in KSSC. She has no conflict of interest with KSSC and has no convictions for offences within the past ten years saves for the traffic offences, if any.

LIM HO KIN
Senior Independent Non-Executive Director

Lim Ho Kin is a Malaysian, aged 70. He has been an Associate Member of The Chartered Institute of Bankers, London. He began his career at Bank Negara Malaysia in 1965 and served till 1978. Thereafter, he joined a commercial bank, and had held senior positions handling various areas of the bank's operations. He retired from the bank in 2001 as an Assistant General Manager. Later, he was engaged by Elken Sdn Bhd as Assistant Vice President and Head of Group Internal Audit on contract until April 2011.

He was appointed as an Independent Non-Executive Director of KSSC on 24 March 2010. He serves as the Chairman of Nomination Committee and is a member of Audit Committee and Remuneration Committee. He is also appointed as the Senior Independent Non-Executive Director.

He does not hold any directorship in any other public listed companies.

He holds 60,000 shares in KSSC. He has no conflict of interest with KSSC and has no convictions for offences within the past ten years save for traffic offences, if any.

CORPORATE GOVERNANCE STATEMENT

The Board of K. Seng Seng Corporation Berhad (the "Company") is supportive of adopting high standards of corporate governance in the Company and its subsidiaries ("the Group") in order to safeguard stakeholders' interests as well as enhancing shareholders'value.

The Board has embedded appropriate corporate governance framework in the Group to guide the Group towards good corporate governance practices, in line with the Malaysian Code on Corporate Governance 2012 ("Code") and Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"). The framework provides direction for the Group and enables the Board to balance their oversight responsibilities in regulating business activities, resources, practices and internal control processes. The framework also provides a combination of self-assessment to give assurance that the management structure and function of the business remain on course to achieve the Group's objectives of maximizing revenue, enhancing process efficiency and improving profitability to enhance shareholders' value and also promote transparency and corporate accountability.

The Board is pleased to present the following statement, which describes the manner in which the Group has applied the principles and the extent of compliance with the recommendations of the Code, throughout the financial year ended 31 December 2015.

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

1.1 The Board

The Board is fully responsible to protect, preserve and safeguard the assets of the Group, to enhance the long term value of its Group for the benefit of the shareholders and stakeholders. The Board in discharging its responsibilities, continuously provide strategic direction, implements policies and procedures, risk management frameworks and internal audit functions, to ensure the achievement of corporate objectives and goals, promote sustainable growth and protect the assets of its Group.

The Board's principal functions and responsibilities, inter-alia, are the following:

(a) reviewing and adopting a strategic plan, as developed by Management, taking into account the sustainability of the Company's business, with attention given to the environmental, social and governance aspects of the business;
(b) overseeing the conduct of the Company's business, including monitoring the performance of Management to determine whether the business is being properly managed;
(c) identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks;
(d) succession planning - ensuring that all candidates appointed to senior management positions are of sufficient calibre and that there are programmes to provide for the orderly succession of senior management;
(e) overseeing the development and implementation of a shareholder communication policy;
(f) reviewing the adequacy and integrity of the Group's management information and internal control systems, ensuring there is a sound framework of reporting internal controls and regulatory compliance; and
(g) overseeing the Group's adherence to high standards of conduct/ethics and corporate behaviour, including the Code of Ethics for Directors set out in the Board Charter.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT *cont'd*

1.1 The Board *cont'd*

In discharging the above responsibilities, Directors are expected to:

(i) be aware of the environment the Group is operating in;
(ii) exercise diligence and avoid undeclared conflict of interest situations;
(iii) understand their oversight role, including the exercise of independent and objective judgment in decision making;
(iv) commit and devote sufficient time and efforts in discharging their duties responsibly;
(v) contribute actively in Board discussion and deliberations of issues by providing sound advice based on the Directors' experience and specific expertise they bring to the Board; and
(vi) attend regular training programmes in order to be apprised of changes in regulatory requirements the Group is subjected to.

To ensure the direction and control of the Company are in the hands of the Board, a formal schedule of matters reserved for the Board's deliberation and decision is set out in the Board Charter.

The Board delegate specific responsibilities and functions to various committees namely, Audit Committee, Nomination Committee, Remuneration Committee and Management Committee (collectively referred to as "Board Committees"). The function, roles and responsibilities of the Board Committees as well as, the authorities delegated by the Board are clearly defined in the respective Terms of Reference, which are reviewed and/or updated annually or as and when necessary. The Board receive regular status reports, updates and briefing pertaining to activities and recommendations from the Board Committees. The Board Committees are either empowered to act independently or under delegated authority from the Board, as set out in the respective Terms of Reference.

The Board has separated management oversight and operational executive functions in the Company. The operational executive functions are delegated to the Management Committee, which includes, amongst others, development and implementation of business strategies, policies and decision making on important matters regarding day-today business. The Management Committee on an ongoing basis, review the achievement of Business Divisions/Units against targets and budgets approved by the Board, to ensure the business remains on course to achieve Group's strategic objectives. The Management Committee led by the Managing Director, is supported by a management team with the requisite experience and skills.

The Management Committee through the Risk Management Committee identify potential critical risks that could potentially impact the ability of the Group to realise its objectives and evaluates the controls in place on an ongoing basis, to ensure the key risks of the Group are properly managed and mitigated.

The Board together with the Audit Committee, play a critical role in overseeing the enterprise-wide approach to risk management to protect the Group's assets. Through the risk oversight process, the Board understand the portfolio of inherent risks of the Group, considered the risks against the risk appetite of the Management and monitored the execution of the risk action plan by the Management to manage the risks. The Board is alerted on a timely basis of any new risks that could lead to excessive risk taking.

Succession planning is in place to ensure orderly management transition for upward or lateral movement and strategic continuity for every critical position in the Group.

CORPORATE GOVERNANCE STATEMENT

cont'd

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT *cont'd*

1.2 Board Charter

The Board is aware of the need to clearly demarcate the duties and responsibilities of the Board, Board Committees and Management, including the limits of authority accorded, in order to provide clarity and guidance to Directors and Management. As such, it has adopted a Board Charter, setting out, inter-alia, the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management.

The Charter, which serves as a referencing point for Board's activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company, also contains a formal schedule of matters reserved to the Board for deliberation and decision so that the control and direction of the Company's businesses are in its hands.The Charter has been uploaded on the Company's website at www.kssc.com.my in line with Recommendation 1.7 of the MCCG 2012.

1.3 Code of Conduct and Whistle-Blower Policy

The Company has formalised a Code of Conduct/Ethics for adherence by Directors and employees in the Group. This Code has been uploaded on the Company's website.The Board also has formalised Whistle-Blowing Policies and Procedures to enable genuine concerns to be raised without fear of reprisal, about possible improprieties on matters pertaining to financial reporting, compliance, malpractices and unethical business conduct within the Group.

1.4 Supply of, and Access to, Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and for an effective discharge of the Board's responsibilities.

Timely dissemination of meeting agenda, including the relevant Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings, to give effect to Board decisions and to deal with matters arising from such meetings is observed. Board members are furnished withpertinent explanation and information on relevant issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board prior to decision making.

In addition, Board members are updated on the Company's activities and its operations on a regular basis. All Directors have access to information of the Company on a timely basis in an appropriate manner and quality necessary to enable them to discharge their duties and responsibilities.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties. This procedure is formalized in the Company's Board Charter.

Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary, who is qualified, experienced and competent on statutory and regulatory requirements, on the resultant implications of any changes in regulatory requirementsto the Company and Directors in relation to their duties and responsibilities. The Company Secretary, who oversees adherence with Board policies and procedures, briefs the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretary attends all Board and Board Committee meetings and ensures that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The removal of the Company Secretary, if any, is a matter for the Board, as a whole, to decide.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT *cont'd*

1.5 Business Sustainability

The Group continuously strive for good performance and sustainability through implementing the following strategies or initiatives, to align with the Group's goals and objectives.

1.5.1 Community

The Group focus on enriching lives of Community it serves by developing and organising communication program and initiatives for its industry stakeholders through various community charity.

1.5.2 Workplace

The Group focus on enhancing staff capabilities and maximising staff performance;beef up the safety measures in the working place and to fostersense of belonging through employee engagement plan.

1.5.3 Marketplace

Adopt ISO certifications and standards with continuous review of current policies, processes and practices forimprovement, standardisation and simplification, to offer price competitiveness, reliability and quality serviceto our customers' satisfaction.

1.5.4 Environment

The Group focus on integrating environmental knowledge into practices in its daily conducts of business which is demonstrated in the 'save the green' and no wastage program adopted by the Group.

PRINCIPLE 2 – BOARD COMPOSITION AND BALANCE

During the financial year, the Board consisted of six (6) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfills the requirements as set out under Bursa's Listing Requirements, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out in this Annual Report. The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance; accounting and audit; corporate affairs; and marketing and operations.

2.1 Boardroom Diversity

The Board has no specific policy on gender diversity or target, including ethnicity and age for its Directors, but believes that Directors should only be on-boarded or re-appointed/re-elected based on their merits, contributions and commitment to assist the Company realise its objectives.

As at 31 December 2015, there is a woman Director on the Board.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 2 – BOARD COMPOSITION AND BALANCE *cont'd*

2.2 Nomination Committee – Selection and Assessment of Directors

A Nomination Committee, establishedby the Board with specific terms of reference, comprises exclusively the following Independent Non-Executive Directors:

- Lim Ho Kin – Chairman;
- Zainal Rashid bin Haji Mohd Eusoff– Member; and
- Yap Siok Teng – Member.

The Nomination Committee is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director.

The final decision on the appointment of a candidate recommended by the Nomination Committee rests with the Board. The Company Secretary ensures that all appointments are properly made upon obtaining all necessary information from the Directors.

During the year, the Nomination Committee met once, attended by all members, to assess the balance composition of Board members based on merits, Directors' contribution and Board effectiveness. In assessing the composition, mix and size of the Board, including individual Directors, the Nomination Committee considered the mix of skills of the Directors, their integrity, time commitment, dedication, independence (where applicable) and gender diversity via the use of evaluation questionnaire which were scored for rating purpose. For the purpose of assessing the independence of the Independent Non-Executive Directors, the criteria set out in Paragraph 1.01 of Bursa's Listing Requirements were used.

2.3 Directors' Remuneration

A Remuneration Committee, established by the Board with specific terms of reference, comprises the following Directors, the majority of whom are Independent Non-Executive Directors:

- Zainal Rashid bin Haji Mohd Eusoff - Chairman (Independent Non-Executive Director);
- Yap Siok Teng - Member (Independent Non-Executive Director);
- Lim Ho Kin - Member (Independent Non-Executive Director); and
- Koh Seng Kar @ Koh Hai Sew - Member (Chairman and Managing Director).

The Remuneration Committee has been entrusted by the Board to determine that the levels of remuneration are sufficient to attract and retain Directors of quality required to manage the business of the Company. The Remuneration Committee assists the Board to, inter-alia, recommend to the Board the remuneration of the Executive Directors, largely based on their performance against targets set,Group's performance as well as their contribution to the Group. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned.

In all instances, the deliberations are conducted with the Directors concerned abstaining from discussions on their individual remuneration. During the year, the Committee met once attended by all members.

CORPORATE GOVERNANCE STATEMENT

cont'd

PRINCIPLE 2 – BOARD COMPOSITION AND BALANCE *cont'd*

2.3 Directors' Remuneration *cont'd*

Details of Directors' remuneration for the financial year ended 31 December 2015 are as follows:

	Executive Directors (RM)	Non-Executive Directors (RM)
Directors' fees	-	126,900
Salaries	1,540,200	-
Other emoluments	192,324	7,500
Benefits-in-kind	32,653	-
Total	**1,765,177**	**134,400**

The number of Directors whose remuneration falls into the following bands is as follows:

Range of Remuneration (RM)	Executive Directors	Non-Executive Directors
50,000 and below	-	3
350,001 – 400,000	1	-
400,001 – 450,000	-	-
450,001 – 500,000	-	-
650,001 – 700,000	2	-

PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD

The roles of the Chairman and Group Managing Director are held by the same Director. This departs from Recommendation 3.4 of the MCCG 2012 which stipulates that the positions of Chairman and Chief Executive Officer should be held by different individuals, and the Chairman must be a Non-Executive member of the Board. The current composition of the Independent Non-Executive Directors in the Board (i.e. half of the Board members) also departs from Recommendation 3.5 of the MCCG 2012 which states that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director.

The Board believes that for its current size, it is more expedient for the two (2) roles to be held by the same person as long as there are pertinent checks and balance to ensure no one person in the Board has unfettered powers to make major decisions for the Company. As such, the Board is of the view that the significant composition of Independent Non-Executive Directors, which is made up of half the current Board's size, provides for the relevant checks and balance.

The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. As the Group Managing Director, supported by fellow Executive Directors, he implements the Group's strategic initiatives, policies and decision adopted by the Board and oversees the operations and business development of the Group.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD *cont'd*

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgement on interests, not only of the Group, but also of shareholders and stakeholders. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. The Board has appointed Mr. Lim Ho Kin as the Senior Independent Non-Executive Director to whom concerns may be conveyed by shareholders and other stakeholders.

The Board recognises the importance of establishing criteria on independence to be used in the annual assessment of its Independent Non-Executive Directors. The definition on independence accords with the Bursa's Listing Requirements. At end of the financial year, none of the Independent Non-Executive Directors has served for a cumulative period exceeding nine (9) years.

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

The Board ordinarily meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, relevant reports and Board papers are furnished to Directors and Board Committee members well before the meeting to allow the Directors sufficient time to study for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. The Chairman of the Audit Committee briefs the Directors at each Board meeting the salient matters noted by the Audit Committee and which require the Board's attention or direction. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.

4.1 Board Meetings

There were five (5) Board meetings held during the financial year ended 31 December 2015, with details of Directors' attendance set out below:

	Name of Director	Attendance
(a)	Koh Seng Kar @ Koh Hai Sew	5/5
(b)	Koh Seng Lee	5/5
(c)	Tsen Ket Shung @ Kon Shung	5/5
(d)	Lim Ho Kin	5/5
(e)	Yap Siok Teng	5/5
(f)	Zainal Rashid bin Haji Mohd Eusoff	5/5

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS *cont'd*

4.2 Time Commitment

The Directors are fully aware of their responsibilities and dedicate sufficient time to carry out their responsibilities. Board Meeting dates are planned ahead of schedule with commitment of Directors. All Directors complied with the minimum attendance requirement of more than 50% of the total Board meetings held during the financial year.

The Board will ensure to obtain commitment from new Director at the time of appointment and also commitment from the Directors before they accept any new directorship of other company, on their resource and time contributions to focus on the affairs of the Group, towards discharging their duties effectively.

All Directors have complied with the restrictions on the number of directorships in public listed company as prescribed under the Listing Requirements.

4.3 Re-Election or Re-Appointment of Directors

The Board recommend directors for re-election and/or re-appointment by shareholders at every AGM pursuant to KSSC's Articles of Association and the Companies Act, 1965.

4.4 Directors' Training – Continuing Education Programmes

The Board is mindful of the importance for its members to undergo continuous training to be apprised of changes to regulatory requirements and the impact such regulatory requirements have on the Group.

During the financial year under review, save for Koh Seng Kar @ Koh Hai Sew, Koh Seng Lee, Tsen Ket Shung @ Kon Shung and Yap Siok Teng, the other two (2) directors did not attend any training programme due to their tight schedules and other commitments.

During the year, Directors attended the following training:

	Name of Director	Training attended
(a)	Koh Seng Kar @ Koh Hai Sew	• Corporate Government – Code of conduct, Conflict of interest; and Whistle blowing.
(b)	Koh Seng Lee	• Corporate Government – Code of conduct, Conflict of interest; and Whistle blowing.
(c)	Tsen Ket Shung @ Kon Shung	• Corporate Government – Code of conduct, Conflict of interest; and Whistle blowing.
(d)	Yap Siok Teng	• Limited liability Partnerships Public Ruling and Taxation Implications. • Tax Deductible Expenses- Principles and Latest Developments. • The 2016 budget seminar.

During the year, all Directors received updates and briefings, particularly on regulatory, industry and legal developments, including information on significant changes in business. The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING BY COMPANY

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa, the annual financial statements of the Group and Company as well as the Chairman's statement and review of the Group's operations in the Annual Report, where relevant.

Audit Committee

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Independent Non-Executive Directors, with Madam Yap Siok Teng as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report included in this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

The terms of reference of the Audit Committee have been revised to include the setting of a policy on the types of non-audit services permitted to be provided by the external auditors of the Company so as not to compromise their independence and objectivity, including the need for the Audit Committee's approval in writing before such services can be provided by the external auditors.

In assessing the independence of external auditors, the Audit Committee obtains assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS OF THE GROUP

The Board had established an Enterprise Risk Management framework to identify, evaluate, control, report and monitor significant risks faced by the Group. Such a framework also includes pertinent risk management policies and guidelines to provide structured guidance to personnel across the Group in addressing risk management. The risk appetite of the Group is articulated via the use of risk parameters in the framework, covering financial and non-financial metrics, to assess the likelihood of risks occurring and the impact thereof should the risks crystallise. Internal controls deployed by Management are linked to, and mitigate, the business risks identified.

The internal audit function of the Group is outsourced to an independent professional firm, whose work is performed in accordance with the International Professional Practices Framework of the Institute of Internal Auditors, Inc, which sets out professional standards on internal audit. It undertakes regular reviews of the adequacy and integrity of the Group's system of internal controls, as well as appropriateness and effectiveness of the corporate governance practices. The internal audit function reports directly to the Audit Committee.

Further details of the Enterprise Risk Management framework and the system of internal control of the Group are set out in the Internal Control Statement in this Annual Report.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board has established pertinent Corporate Disclosure Policy and Proceduresin line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Such policy and procedures are aimed to streamline comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders.

The Company's website has a section dedicated to shareholders under Investor Relations where shareholders can check on the latest announcements of the Company, press release, media news, share and warrant prices and also to contact the designated person on investor relations matters. The shareholders are also encouraged to subscribe for any news alert of the Company.

7.1 Supply of Information

The Board has complete and unimpeded access to information relating to the Group in discharging their duties.

All Directors regularly receive comprehensive management reports or periodic updates on the Group operations and financial reports, for their perusal and monitoring of the Group business and operation. The Chairman of the respective Board Committees would report to the Board at Board meetings, of any pertinent matters for information or decision making and/or reports would be appended to the agenda of the Board meetings for Directors' notation.

For the purpose of informed decision making by the Board, Board papers on proposal together with supporting documents are attached to Directors' Circular Resolutions.

All Directors have unrestricted access to the management staff, to seek explanation or clarification on any operational issues in relation to the Group. The Directors and the Board Committees members have the right to seek independent professional advice from external experts and/or advisors in discharging their duties, at the expense of the Company.

All Directors and the Board Committees members also have unrestricted access to the advice and services of the Company Secretaries in the discharge of their duties. The Directors are regularly updated by the Company Secretaries of new statutory and regulatory requirements.

7.2 Company Secretary

The Company Secretary is a qualified chartered secretary from the prescribed body.

The Board is assisted by Company Secretaries whose appointment or removal is under the purview of the Board.

The Company Secretaries carry out the instructions of the Board and Board Committees, advise the Board, Board Committees, individual Director and officers of the Group on relevant statutory and regulatory compliance obligation. The Company Secretaries recommend to the Company on institution of policies and procedures, to comply with relevant regulatory requirements, Code and legislations to promote a high standard of corporategovernance.

The key roles of Company Secretaries include issuing notice and agenda of meeting together with relevant papers,to the Board and Board Committees ahead of each meeting and also ensure that deliberations and discussion at meetings are accurately minuted and kept in the minutes books.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

Shareholder participation at general meeting

The Annual General Meeting ("AGM"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, a question and answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

The Notice of AGM is circulated at least twenty one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All the resolutions set out in the Notice of the last AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day. Going forward, the Board will adopt poll voting for related party transactions, if any, which require specific approvals, including the announcement of the detailed results showing the number of votes cast for and against each resolution.

Communication and engagement with shareholders

The Board recognises the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels are through the quarterly announcements on financial results to Bursa, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website where shareholders can access pertinent information concerning the Group.

This Statement is issued in accordance with a resolution of the Board dated 31 March 2016.

AUDIT COMMITTEE REPORT

1. COMPOSITION

The Audit Committee (the "Committee") was established by the Board on 26 March 2010. The Committee comprises the following three (3) members of the Board, who are all Independent Non-Executive Directors:

Chairperson	:	Ms Yap Siok Teng (member of the Malaysian Institute of Accountants)
Members	:	Mr Lim Ho Kin
	:	Tn Hj Zainal Rashid bin Haji Mohd Eusoff

2. ROLE OF THE AUDIT COMMITTEE

The Audit Committee has been entrusted by the Board with the following responsibilities that encompass overseeing the financial reporting process and the audit processes:

- to review the Group's quarterly financial statements;
- to assess the Group's internal control system;
- to review the independence of the Group's internal and external auditors and the processes adopted by the auditors; and
- to review the Recurrent Related Party Transactions to ensure they are not detrimental to the minority.
- to review the Company's compliance of accounting system.

3. KEY FUNCTIONS AND RESPONSIBILITIES

The key functions and responsibilities of the Audit Committee are to review the following and report the same to the Board:

- the audit plan, evaluation of the system of internal controls and the audit report with the external auditors, including the assistance given by employees of the Group to the external auditors;
- to review any management letter sent by the external auditors to the Company and Management's response to such letter;
- review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- review the internal audit programmes, processes, the results of the internal audit programmes, processes or investigations undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function;
- the quarterly results and year-end financial statements, prior to approval by the Board of Directors, focusing on:
  - changes in or implementation of major accounting policy changes;
  - significant and unusual events; and
  - compliance with accounting standards and other legal requirements;
- any related party transactions and conflict of interest situation that may arise within the Company and Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
- any letter of resignation from external auditors; and
- whether there is any reason to believe that external auditors are not suitable for re-appointment, including the assessment of their professional independence and performance;
- recommend the nomination of person or persons as external auditors;
- formalize a policy on the provision of non-audit services by the external auditors, including a process to track compliance;
- approve any appointment or termination of senior staff members of the internal audit function and review any appraisal or assessment of the performance of its members; and
- any other function as may be required by the Board from time to time.

AUDIT COMMITTEE REPORT
cont'd

4. SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

The Audit Committee met five (5) times during the financial year ended 31 December 2015 and details of the members' attendance are as follows:

	Name of Director	Meetings Attended
(a)	Ms Yap Siok Teng	5/5
(b)	Mr Lim Ho Kin	5/5
(c)	Tn Hj Zainal Rashid bin Haji Mohd Eusoff	5/5

The Audit Committee members were served with meeting agendas and relevant Board papers which were distributed before the meetings. The Company Secretary is the secretary of the Audit Committee.

During the financial year, the Committee carried out the following activities:

- reviewed the quarterly financial announcements of the Group before recommending the same for the Board of Directors' approval;
- reviewed the audit strategy and plan of the external auditors;
- reviewed the external auditors' reports in relation to audit and accounting issues arising from the audit, and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board;
- reviewed the performance of the external auditors in terms of their capability, integrity and professionalism before recommending them to be considered for re-appointment at the Annual General Meeting;
- reviewed the annual financial statements of the Group and the Company;
- reviewed the internal audit reports and the recommendations on audit observations, including follow-up by the internal auditors on the status of Management's implementation of action plans to address issues highlighted in previous reports of the internal auditors;
- reviewed the performance of the internal auditors and approved the renewal of their appointment; and
- reviewed related party transactions.

The Audit Committee members have undergone relevant training during the financial year to be apprised of regulatory changes as well as to stay abreast with contemporary issues that may affect the Group. Details of the Audit Committee members' training are shown in the Company's Corporate Governance Statement included in this Annual Report.

INTERNAL CONTROL STATEMENT

INTRODUCTION

Paragraph 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") stipulates that a listed issuer must ensure that its board of directors makes a statement ("Internal Control Statement" or "Statement") about the state of internal control of the listed issuer as a group. Accordingly, the Board of Directors (the "Board") is pleased to provide the Internal Control Statement, which outlines the nature and scope of the risk management and internal control system in the Group (comprising the Company and its subsidiaries) for the financial year ended 31 December 2015 and up to the date of approval of this Statement for inclusion in the Annual Report of the Company. For the purpose of disclosure, this Statement takes into consideration the "Statement on Risk Management and Internal Controls - Guidelines for Directors of Listed Issuers", a publication of Bursa which provides guidance to boards of directors on the issuance of the Internal Control Statement.

The Board acknowledges its overall responsibility for the Group's system of risk management and internal control to safeguard shareholders' investment and the Group's assets as well as reviewing its adequacy and integrity. The Board is mindful of the need to establish clear roles and responsibilities in discharging its fiduciary and leadership functions in line with Recommendation 1.2 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). Accordingly, the Board is aware that its principal responsibilities, as outlined in the Commentaries of the same Recommendation of the MCCG 2012, include, inter-alia, the following:

- identifying principal risks and ensuring the implementation of appropriate controls and mitigation measures; and
- reviewing the adequacy and integrity of the management information and internal controls system of the Company.

A risk management process is in placed to identify and evaluate significant risks, comprising strategic, financial and operational risks as well as a system of internal control to mitigate such risks. In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. The system can therefore only provide reasonable, but not absolute assurance, against any material misstatement, financial loss or fraudulent practice.

Risk Management Process

The Board recognises the importance of risk management to safeguard shareholders' investment and the Group's assets. Accordingly, it has deployed a process to identify and evaluate significant business risks faced by the Group with a view to manage them during the financial year under review and up to the date of approval of this statement. Management is entrusted to identify such risks for onward reporting to the Board so that remedial measures may be taken to mitigate the risks as appropriate. For each risk identified, the risk management process includes assessing the likelihood of its occurrence and the impact thereof. The significant risks faced by the Group, including action plans to mitigate risks within acceptable levels, are reported by Management to the Board yearly.

The Board also had established an Enterprise Risk Management framework to identify, evaluate, control, report and monitor significant risks faced by the Group. Such a framework also includes pertinent risk management policies and guidelines to provide structured guidance to personnel across the Group in addressing risk management. The risk appetite of the Group is articulated via the use of risk parameters in the framework, covering financial and nonfinancial metrics, to assess the likelihood of risks occurring and the impact thereof should the risks crystallise. Internal controls deployed by Management are linked to, and mitigate, the business risks identified.

INTERNAL CONTROL STATEMENT
cont'd

Internal Control System

The Group has an established organisational structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority. Key duties are segregated amongst different personnel for major operational functions such as sales and collections, procurement and payment, production, financial management and reporting, capital expenditure management and investments. A process of hierarchical reporting is established which provides for a documented and auditable trail of accountability.

The system of internal control entails, inter-alia, the proper delegation of duties and responsibilities from the Board to the Managing Director, Executive Directors and Senior Management (collectively, the "Management"), with specified limits of authority, in running the main operating functions of the Group. In this respect, Management essentially comprises personnel with many years of "hands-on" experience who are in a position to identify and manage business risks relevant to the Group and design appropriate internal controls to manage these risks.

Management also holds various management and operations discussion to discuss matters of concern in relation to the day-to-day activities, ageing of inventory and receivables and strategic marketing plan.

Internal Audit Function

The Group's internal audit function is outsourced to Messrs KPMG Management & Risk Consulting Sdn Bhd, an independent professional firm, which adopts the International Professional Practices Framework ("IPPF") in carrying out internal audit assignments on the Group. The IPPF includes, inter-alia, the attribute and performance standards for internal auditing promulgated by the Institute of Internal Auditors, a global professional body for internal auditors. The internal audit function, which reports directly to the Audit Committee, assists the Board in assessing the adequacy and integrity of the internal control system established by Management based on an agreed scope of work as outlined in an Internal Audit Plan tabled to, and approved by the Audit Committee. There is no restriction placed upon the scope of the Internal Audit function's work and the internal auditor is allowed full, free and unrestricted access to the records and relevant personnel of the Group.

During the financial year under review, the Audit Committee reviewed the work of the internal audit function, its observations and recommendations to ensure that it obtained the necessary level of assurance with respect to the adequacy and operating effectiveness of internal controls. The internal audit function reviewed the Group's system of internal controls and reported its observations, including Management's response and action plans thereof, directly to the Audit Committee. The internal audit function also followed up and reported to the Audit Committee the status of implementation by Management on the recommendations highlighted in its internal audit reports.

During the financial year under review, the internal audit function covered the following key processes of the Group to assess the adequacy and operating effectiveness of internal controls to address the business risks therein:

- financial management;
- supply chain;
- production and operations; and
- sales, marketing and delivery.

The costs incurred for the internal audit function for the financial year 2015 amounted to approximately RM70,000.

INTERNAL CONTROL STATEMENT

cont'd

Assurance by the Executive Chairman/Group Managing Director and Executive Director, Finance on the adequacy and effectiveness of the risk management and internal control system

The Board has received assurance from the Managing Director and the Executive Director – Finance that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

Board's comments on the adequacy and effectiveness of the Group's risk management and internal control system

The Board, through its Audit Committee, has reviewed the adequacy and effectiveness of the risk management and internal control systems, and that relevant actions have been or are being taken, as the case may be, to remedy internal control weaknesses identified from the review, which was largely based on the outcome of observations raised by the internal auditors directly to the Audit Committee.

The Board is of the view that there have been no weaknesses in the system of internal control that resulted in material losses, contingencies or uncertainties that would require mention in the Company's Annual Report 2015. Management of the Group continues to take measures to strengthen the internal control environment from time to time based on recommendations of the internal audit function as well as the external auditors.

For the purpose of this Internal Control Statement, the associate of the Group has not been taken into account. The Group's interests in this associate are served through representation on the Board of the associate as well as through the review of management financial statements.

This statement is issued in accordance with a resolution of the Board dated 31 March 2016.

OTHER DISCLOSURE

REQUIREMENTS PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

The details of the utilisation of proceeds raised from its IPO as at 31 December 2015 are as follows :-

	Details of the utilisation of IPO proceeds	Proposed Utilisation of IPO Proceeds (RM'000)	Actual Utilisation of IPO Proceeds (RM'000)	Balance of Unutilised IPO Process (RM'000)	Initial Timeframe For Utilisation of IPO Proceeds From Date of Listing (i.e. 19 January 2011)	1st Extension of Timeframe for Utilisation of IPO Proceeds	2nd Extension of Timeframe for Utilisation of IPO proceeds from date of listing	3rd Extension of Timeframe for Utilisation of IPO proceeds from date of listing	4th Extension of Timeframe for Utilisation of IPO proceeds from date of listing	5th Extension of Timeframe for Utilisation of IPO proceeds from date of listing
a)	Business Expansion and Capital Expenditures	3,310	(251)	3,059	Within 12 months (i.e. until 18 January 2012)	Within 24 months (i.e until 18 January 2013	Within 36 months (i.e. until 18 January 2014)	Within 48 months (i.e. until 18 January 2015)	Within 60 months (i.e. until 18 January 2016)	Within 72 months (i.e. until 18 January 2017)
b)	Working Capital	6,260	6,260	-	-	-	-	-	-	-
c)	Listing Expenses	1,900	1,900	-	Fully utilized. The balance RM77,000 was transferred to working capital.	-	-	-	-	-
	Total	**11,470**	**7,909**	**3,059**						

2. SHARE BUY-BACKS

There were no share buy-back arrangements during the financial year.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options and warrants exercised in respect of the financial year.

4. DEPOSITORY RECEIPT ("DR") PROGRAMME

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

OTHER DISCLOSURE

REQUIREMENTS PURSUANT TO THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD
cont'd

5. IMPOSITION OF SANCTIONS / PENALTIES

There were no public imposition of sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies during the financial year.

6. NON-AUDIT FEES

A non-audit fee of RM42,000 paid to external auditor for the financial year ended 31 December 2015.

7. PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not undertake any profit estimate, forecast or projection for the financial year.

8. VARIATION OF ACTUAL PROFIT FROM THE UNAUDITED RESULTS

There has been no material variance between the audited results for the financial year ended 31 December 2015 and the unaudited results previously announced.

9. PROFIT GUARANTEE

The Company did not give any form of profit guarantee to any parties during the financial year.

10. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOANS

There were no contracts relating to loan and material contracts of the Company and its subsidiaries involving the Directors and substantial shareholders since the end of the previous financial year.

11. REVALUATION POLICY ON LANDED PROPERTIES

The Group does not adopt a policy on regular revaluation to its landed properties.

12. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Company has improved workplace environment and commitment to staff training.

OTHER DISCLOSURE

REQUIREMENTS PURSUANT TO THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD
cont'd

13. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT")

At the forthcoming Annual General Meeting ("AGM") to be held on 31 May 2016, the Board of Directors proposes to seek a new general mandate from the shareholders for the Company and/or its subsidiaries ("Group") to enter into arrangements or transactions with the related parties ("Proposed Shareholders' Mandate"), details of which are set out below, 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 the related parties than those generally available to the public:

Related Parties	Nature of Recurrent RPTs with KSSC Group	Interested Related Parties	Estimated aggregate value during the validity period of RRPT mandate (RM'000)*
EIE Industrial Products Sdn Bhd ("EIE Industrial")[1], a wholly owned subsidiary of EIE	KSSI, a subsidiary of KSSC sells industrial hardware to EIE Industrial	Koh Seng Kar @ Koh Hai Sew ("KSK")[a] Koh Seng Lee ("KSL")[b]	2,000
	KS, a subsidiary of KSSC purchases of Conveyor Belt from EIE Industrial		2,000

Notes:

* *The values are merely indicative estimates for the period from 31 May 2016 to the next AGM expected to be held in the month of May 2017.*

<u>Principal activities of Related Parties</u>

1 *The principal activities of EIE Industrial are trading of industrial hardware for various end user industries, particularly the mining and quarry market industries, quarries and mines.*

<u>Nature of relationships of KSSC Group with Interested Related Parties</u>

a *KSK is a Director of KSSC. He is a Major Shareholder of KSSC. KSSC is a Major shareholder of EIE with direct interest of 50% or 820,000 shares in EIE. Therefore, KSK shall be deemed to have an interest in EIE Industrial by virtue of EIE holding 100% shares in the capital of EIE Industrial. He is the brother to KSL.*

b *KSL is a Director of KSSC, EIE and EIE Industrial. He is a Major shareholder of KSSC. KSSC is a Major shareholder of EIE with direct interest of 50% or 820,000 shares in EIE. Therefore, KSL shall be deemed to have an interest in EIE Industrial by virtue of EIE holding 100% shares in the capital of EIE Industrial. He is the brother to KSK.*

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and its associate are set out in Notes 11 and 12 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit net of tax	2,173,969	1,864,573
Profit attributable to:		
Owners of the parent	1,886,546	1,864,573
Non-controlling interest	287,423	-
	2,173,969	1,864,573

DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final single-tier dividend of 2 sen per share on 96,000,000 ordinary shares amounting to RM1,920,000 on 19 June 2015 in respect of the financial year ended 31 December 2014 as reported in the directors' report of that financial year.

The directors proposed a first and final single-tier dividend of 0.8 sen per share on 96,000,000 ordinary shares amounting to RM768,000 in respect of the financial year ended 31 December 2015 subject to shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect the first and final dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

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.

DIRECTORS' REPORT
cont'd

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had 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 of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method 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:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

DIRECTORS' REPORT
cont'd

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report was made.

ISSUE OF SHARES

During the financial year, no new issue of shares was made by the Company.

DIRECTORS OF THE COMPANY

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

KOH SENG KAR @ KOH HAI SEW
KOH SENG LEE
TSEN KET SHUNG @ KON SHUNG
ZAINAL RASHID BIN HAJI MOHD EUSOFF
LIM HO KIN
YAP SIOK TENG

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:-

	Number of Ordinary Shares of RM0.50 Each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
Name of Directors:				
Koh Seng Kar @ Koh Hai Sew	36,960,000	-	-	36,960,000
Koh Seng Lee	15,840,000	-	-	15,840,000
Tsen Ket Shung @ Kon Shung	714,400	-	-	714,400
Zainal Rashid Bin Haji Mohd Eusoff	100,000	-	-	100,000
Lim Ho Kin	60,000	-	-	60,000
Yap Siok Teng	50,000	-	-	50,000

Koh Seng Kar @ Koh Hai Sew and Koh Seng Lee, by virtue of their interest in shares in the Company and pursuant to Section 6A of the Companies Act, 1965 in Malaysia, are also deemed interested in shares in the Company's subsidiaries to the extent the Company has an interest.

DIRECTORS' REPORT
cont'd

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors of the Company as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

AUDITORS

The auditors, Messrs. Baker Tilly AC, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 March 2016.

KOH SENG KAR @ KOH HAI SEW **KOH SENG LEE**

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Koh Seng Kar @ Koh Hai Sew and Koh Seng Lee, being two of the directors of K. SENG SENG CORPORATION BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 37 to 97, are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 98 has been prepared in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement*, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 March 2016.

KOH SENG KAR @ KOH HAI SEW **KOH SENG LEE**

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Tsen Ket Shung @ Kon Shung, being the director primarily responsible for the financial management of K. SENG SENG CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements as set out on pages 37 to 97 and the supplementary information set out on page 98 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named at
Kuala Lumpur in the Federal Territory
on 31 March 2016

TSEN KET SHUNG @ KON SHUNG

Before me

TAN KIM CHOOI (NO. W661)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF K. SENG SENG CORPORATION BERHAD
(Incorporated In Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of K. Seng Seng Corporation Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 97.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF K. SENG SENG CORPORATION BERHAD

(Incorporated In Malaysia)

cont'd

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) We have considered the financial statements and the auditors' report of a subsidiary of which we have not acted as auditors, which is indicated in Note 11 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 98 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

BAKER TILLY AC
AF 001826
Chartered Accountants

LEE KONG WENG
2967/07/17(J)
Chartered Accountant

Kuala Lumpur
31 March 2016

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	4	**96,962,680**	98,574,793	**3,956,520**	5,632,510
Cost of sales	5	**(81,430,431)**	(79,828,059)	**-**	-
Gross profit		**15,532,249**	18,746,734	**3,956,520**	5,632,510
Other income		**949,116**	541,432	**1,160,768**	1,229,587
Selling and distribution costs		**(2,423,943)**	(2,322,226)	**(10,939)**	(5,382)
Administrative costs		**(7,455,070)**	(6,757,200)	**(2,532,241)**	(2,348,138)
Other costs		**(2,727,271)**	(2,627,857)	**(339,359)**	(252,559)
		(12,606,284)	(11,707,283)	**(2,882,539)**	(2,606,079)
Profit from operations		**3,875,081**	7,580,883	**2,234,749**	4,256,018
Finance costs		**(1,264,849)**	(1,529,103)	**-**	-
Share of results of an associate		**275,607**	348,589	**-**	-
Profit before tax	6	**2,885,839**	6,400,369	**2,234,749**	4,256,018
Income tax expense	8	**(711,870)**	(1,504,386)	**(370,176)**	(322,204)
Profit net of tax, representing total comprehensive income for the financial year		**2,173,969**	4,895,983	**1,864,573**	3,933,814
Profit/Total comprehensive income attributable to:					
Owners of the parent		**1,886,546**	4,399,273	**1,864,573**	3,933,814
Non-controlling interest		**287,423**	496,710	**-**	-
		2,173,969	4,895,983	**1,864,573**	3,933,814
Earnings per share attributable to owners of the parent (sen per share)					
Basic	9	**1.97**	4.58		
Diluted	9	**1.97**	4.58		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	**12,199,169**	13,121,057	**6,702,631**	6,834,077
Investment in subsidiaries	11	**-**	-	**32,975,004**	32,975,004
Investment in an associate	12	**3,605,777**	3,330,170	**820,000**	820,000
Goodwill	13	**-**	140,455	**-**	-
Deferred tax assets	14	**721,950**	528,595	**-**	-
		16,526,896	17,120,277	**40,497,635**	40,629,081
Current assets					
Inventories	15	**43,206,298**	44,686,688	**-**	-
Trade receivables	16	**39,943,833**	35,831,107	**-**	-
Other receivables, deposits and prepayments	17	**1,581,479**	874,621	**178,663**	174,513
Amounts due from subsidiaries	18	**-**	-	**23,051,611**	25,234,952
Tax recoverable		**933,773**	352,001	**-**	-
Deposits, cash and bank balances	19	**5,045,999**	10,804,941	**1,016,845**	4,632,143
		90,711,382	92,549,358	**24,247,119**	30,041,608
TOTAL ASSETS		**107,238,278**	109,669,635	**64,744,754**	70,670,689

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015
cont'd

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Share capital	20	**48,000,000**	48,000,000	**48,000,000**	48,000,000
Share premium	21	**514,639**	514,639	**514,639**	514,639
Retained earnings	22	**24,711,676**	24,745,130	**1,894,718**	1,950,145
Equity attributable to owners of the parent		**73,226,315**	73,259,769	**50,409,357**	50,464,784
Non-controlling interest		**1,499,736**	1,212,313	**-**	-
Total equity		**74,726,051**	74,472,082	**50,409,357**	50,464,784
Liabilities					
Non-current liabilities					
Bank borrowings	23	**1,393,789**	1,909,626	**-**	-
Deferred tax liabilities	14	**189,647**	195,861	**120,827**	115,349
		1,583,436	2,105,487	**120,827**	115,349
Current liabilities					
Trade payables	25	**6,120,012**	5,380,297	**-**	-
Other payables and accruals	26	**4,010,383**	3,802,532	**1,111,819**	890,022
Downpayment from customers		**2,057,270**	2,810,000	**-**	-
Bank borrowings	23	**18,741,126**	20,722,061	**-**	-
Amounts due to subsidiaries	18	**-**	-	**13,011,438**	19,108,397
Tax payable		**-**	377,176	**91,313**	92,137
		30,928,791	33,092,066	**14,214,570**	20,090,556
Total liabilities		**32,512,227**	35,197,553	**14,335,397**	20,205,905
TOTAL EQUITY AND LIABILITIES		**107,238,278**	109,669,635	**64,744,754**	70,670,689

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		← Attributable to Owners of the Parent			→		
Group	Note	Share Capital RM	Non-distributable Share Premium RM	Distributable Retained Earnings RM	Total RM	Non-controlling Interest RM	Total Equity RM
At 1 January 2014		48,000,000	514,639	24,137,857	72,652,496	715,603	73,368,099
Profit net of tax, representing total comprehensive income for the financial year		-	-	4,399,273	4,399,273	496,710	4,895,983
Transactions with owners							
Dividend on ordinary shares	27	-	-	(3,792,000)	(3,792,000)	-	(3,792,000)
At 31 December 2014/ 1 January 2015		48,000,000	514,639	24,745,130	73,259,769	1,212,313	74,472,082
Profit net of tax, representing total comprehensive income for the financial year		-	-	1,886,546	1,886,546	287,423	2,173,969
Transactions with owners							
Dividend on ordinary shares	27	-	-	(1,920,000)	(1,920,000)	-	(1,920,000)
At 31 December 2015		**48,000,000**	**514,639**	**24,711,676**	**73,226,315**	**1,499,736**	**74,726,051**

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Company	Note	Share Capital RM	Non-distributable Share Premium RM	Distributable Retained Earnings RM	Total Equity RM
At 1 January 2014		48,000,000	514,639	1,808,331	50,322,970
Profit net of tax, representing total comprehensive income for the financial year		-	-	3,933,814	3,933,814
Transactions with owners					
Dividend on ordinary shares	27	-	-	(3,792,000)	(3,792,000)
At 31 December 2014/1 January 2015		48,000,000	514,639	1,950,145	50,464,784
Profit net of tax, representing total comprehensive income for the financial year		-	-	1,864,573	1,864,573
Transactions with owners					
Dividend on ordinary shares	27	-	-	(1,920,000)	(1,920,000)
At 31 December 2015		**48,000,000**	**514,639**	**1,894,718**	**50,409,357**

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Cash Flows from Operating Activities					
Profit before tax		**2,885,839**	6,400,369	**2,234,749**	4,256,018
Adjustments for:					
Depreciation of property, plant and equipment		**1,837,889**	2,004,597	**131,446**	131,593
Dividend income		**-**	-	**(900,000)**	(3,000,000)
Impairment loss on goodwill		**140,455**	-	**-**	-
Impairment loss on trade receivables		**41,951**	321,182	**-**	-
Interest expense		**1,264,849**	1,529,103	**-**	-
Gain on disposal of property, plant and equipment		**(62,888)**	(130,047)	**-**	(15,999)
Interest income		**(585,301)**	(374,480)	**(1,160,768)**	(1,213,588)
Reversal of impairment loss on trade receivables		**(15,787)**	(6,600)	**-**	-
Share of results of an associate		**(275,607)**	(348,589)	**-**	-
Operating profit before working capital changes		**5,231,400**	9,395,535	**305,427**	158,024
Change in working capital:					
Decrease/(Increase) in inventories		**1,480,390**	(5,141,225)	**-**	-
Increase in receivables		**(7,587,411)**	(29,178)	**(705,652)**	(816,921)
Increase/(Decrease) in payables		**1,358,498**	(4,575,325)	**221,797**	32,644
Downpayment from customers		**2,057,270**	2,810,000	**-**	-
Cash generated from/(used in) operations		**2,540,147**	2,459,807	**(178,428)**	(626,253)
Tax paid		**(1,900,387)**	(1,289,345)	**(365,522)**	(350,447)
Tax refunded		**30,000**	349,833	**-**	6,302
Interest received		**174,369**	374,480	**1,160,768**	1,213,588
Dividend received		**-**	-	**900,000**	3,000,000
Net cash from operating activities, balance carried down		**844,129**	1,894,775	**1,516,818**	3,243,190

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015
cont'd

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**RM**	**RM**	**RM**	**RM**
Balance brought down		**844,129**	1,894,775	**1,516,818**	3,243,190
Cash Flows from Investing Activities					
Repayment from/(Advances to) subsidiaries		**-**	-	**2,884,843**	(14,922,131)
Proceeds from disposal of property, plant and equipment		**63,715**	130,860	**-**	16,000
Purchase of property, plant and equipment	10	**(435,814)**	(576,252)	**-**	-
Net cash (used in)/from investing activities		**(372,099)**	(445,392)	**2,884,843**	(14,906,131)
Cash Flows from Financing Activities					
Net repayment of bankers' acceptances and trust receipts		**(1,859,465)**	(7,532,088)	**-**	-
Payment of finance lease		**(1,118,321)**	(669,875)	**-**	-
(Repayment to)/Advances from subsidiaries		**-**	-	**(6,096,959)**	8,341,654
Dividend paid		**(1,920,000)**	(3,792,000)	**(1,920,000)**	(3,792,000)
Interest paid		**(1,333,186)**	(1,440,711)	**-**	-
Net cash (used in)/from financing activities		**(6,230,972)**	(13,434,674)	**(8,016,959)**	4,549,654
Net decrease in cash and cash equivalents		**(5,758,942)**	(11,985,291)	**(3,615,298)**	(7,113,287)
Cash and cash equivalents at beginning of the financial year		**10,804,941**	22,790,232	**4,632,143**	11,745,430
Cash and cash equivalents at end of the financial year	19	**5,045,999**	10,804,941	**1,016,845**	4,632,143

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The principal place of business of the Company is located at Lot 3707, Jalan 7/5, Taman Industri Selesa Jaya, 43300 Balakong, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and its associate are set out in Notes 11 and 12. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 31 March 2016.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(e).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
cont'd

2. BASIS OF PREPARATION *cont'd*

(b) New MFRSs and Amendments/Improvements to MFRSs

(i) Adoption of Amendments/Improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:-

Amendments/Improvements to MFRSs	
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

(ii) New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standard Board ("MASB") as at the date of authorisation of these financial statements but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments/Improvements to MFRSs		
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	To be determined by MASB/ 1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interests in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
cont'd

2. BASIS OF PREPARATION *cont'd*

(b) New MFRSs and Amendments/Improvements to MFRSs *cont'd*

(ii) New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective *cont'd*

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standard Board ("MASB") as at the date of authorisation of these financial statements but yet to be effective: *cont'd*

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs *cont'd*		
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investment in Associates and Joint Ventures	To be determined by MASB/ 1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new MFRSs and amendments/improvements to MFRSs, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015
cont'd

2. BASIS OF PREPARATION *cont'd*

(b) New MFRSs and Amendments/Improvements to MFRSs *cont'd*

(ii) New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective *cont'd*

MFRS 9 Financial Instruments cont'd

Key requirements of MFRS 9:- *cont'd*

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract; and
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
cont'd

2. BASIS OF PREPARATION *cont'd*

(b) New MFRSs and Amendments/Improvements to MFRSs *cont'd*

(ii) New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective *cont'd*

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:

- when the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or

- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
cont'd

2. BASIS OF PREPARATION *cont'd*

(b) New MFRSs and Amendments/Improvements to MFRSs *cont'd*

(ii) New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective *cont'd*

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

(c) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for those as disclosed in the significant accounting policies note.

(d) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group and the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

(e) Significant Accounting Estimates and Judgements

Significant areas of estimation and other major sources of uncertainty at the reporting date that have significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Useful lives of property, plant and equipment (Notes 3 and 10) – The cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 50 years. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

The Group and the Company anticipate that the residual value of its property, plant and equipment will be insignificant. As a result, residual value are not being taken into consideration for the computation of the depreciable amount.

(ii) Deferred tax assets (Note 14) – Deferred tax assets are recognised for all deductible temporary differences based on projected future profit to the extent that it is probable that taxable profit will be available against which the deductible temporary differences in respect of expenses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future financial performance of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

cont'd

2. BASIS OF PREPARATION *cont'd*

(e) Significant Accounting Estimates and Judgements *cont'd*

Significant areas of estimation and other major sources of uncertainty at the reporting date that have significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows: *cont'd*

(iii) Impairment loss on trade receivables (Note 16) – The Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

(iv) Income tax expense (Note 8) – Significant management judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which ultimate tax determination of whether additional taxes will be due is uncertain. The Group and the Company recognise liabilities for tax based on estimate of assessment of the tax liability due. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known.

(v) Goodwill (Note 13) – The measurement of the recoverable amount of cash-generating units are determined based on the value-in-use method, which requires the use of cash flow projections based on financial budgets approved by management covering a 5-year period.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries and associates used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(i) Subsidiaries and Business Combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of Consolidation *cont'd*

(i) Subsidiaries and Business Combination *cont'd*

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus

- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus

- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less

- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3(j).

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of Consolidation *cont'd*

(i) Subsidiaries and Business Combination *cont'd*

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(ii) Non-controlling Interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(iii) Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of Consolidation *cont'd*

(iv) Associates *cont'd*

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(v) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Separate Financial Statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3(i).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Foreign Currency

(i) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Revenue Recognition

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Sale of Goods and Services

(a) Sale of Goods

Revenue from sale of goods and services is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer.

(b) Revenue from Services

Revenue from services is recognised as and when services are rendered.

(ii) Rental Income

Rental income is recognised on an accrual basis and time proportionate basis over the lease term.

(iii) Interest Income

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Revenue Recognition *cont'd*

(iv) Dividend Income

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

(v) Management Fee

Management fee is recognised as and when services are rendered.

(d) Employee Benefits

(i) Short Term Employee Benefits

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

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in profit or loss as incurred.

(e) Leases

(i) Finance Lease – the Group as Lessee

Assets acquired by way of finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease are depreciated in accordance with the depreciation policy for property, plant and equipment.

(ii) Operating Lease – the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Leases *cont'd*

(iii) Operating Lease – the Group as Lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(f) Borrowing Costs

Borrowing costs are capitalised as part of qualifying assets if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the assets for its intended use or sales are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(g) Income Tax Expense

Income tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises 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 nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(h) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset of, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such part as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to the respective classes of property, plant and equipment. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	50 years
Electrical installation	10 years
Plant and machinery and factory equipment	5-10 years
Electrical equipment, furniture and fittings, and office equipment	5-10 years
Motor vehicles	5-10 years
Computers	2 years
Renovation	2 years

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

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

(i) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(i) Impairment of Non-Financial Assets *cont'd*

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised in profit or loss.

(j) Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in profit or loss.

(k) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and have categorised the financial assets in loans and receivables.

(i) Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
cont'd

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

(k) Financial Assets *cont'd*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

(l) Impairment of Financial Assets

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

(i) Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

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

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

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

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value as follows:

- Raw materials, consumables, packing materials and trading goods: purchase costs including costs incurred in bringing the inventories to their present location and condition on a weighted average cost basis.

- Finished goods and work-in-progress: includes cost of direct materials, direct labour and appropriate production overhead are assigned on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

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3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and cash on hand, demand deposits, and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(o) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(p) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Company.

(q) 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 specified 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 a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(r) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables including deposits, amounts due to subsidiaries and accruals, and bank borrowings. Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(r) Financial Liabilities *cont'd*

(i) Other financial liabilities *cont'd*

Bank borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

(s) Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment manager report directly to the Board of Directors of the Company who periodically review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

(t) Fair Value Measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

4. REVENUE

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Dividend income from subsidiaries	**-**	-	**900,000**	3,000,000
Management fee	**-**	-	**2,107,320**	1,677,310
Rental income on building	**18,000**	24,000	**949,200**	955,200
Sale of goods and services	**96,944,680**	98,550,793	**-**	-
	96,962,680	98,574,793	**3,956,520**	5,632,510

NOTES TO THE FINANCIAL STATEMENTS
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5. COST OF SALES

	Group	
	2015	**2014**
	RM	**RM**
Cost of production	**36,209,381**	34,227,695
Cost of trading goods sold	**45,221,050**	45,600,364
	81,430,431	79,828,059

6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):-

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration				
- Statutory audit				
- current financial year	**144,100**	136,000	**50,000**	50,000
- other services	**42,000**	6,000	**7,000**	6,000
Depreciation of property, plant and equipment	**1,837,889**	2,004,597	**131,446**	131,593
Employee benefits expense (including key management personnel)				
- Contribution to defined contribution plan	**809,549**	738,370	**224,751**	209,457
- Salaries, allowance and bonus	**9,232,503**	8,142,866	**2,004,103**	1,867,577
- Other employee benefits	**338,376**	289,550	**18,024**	9,548
Impairment loss on trade receivables	**41,951**	321,182	**-**	-
Impairment loss on goodwill	**140,455**	-	**-**	-
Rental expense on buildings	**668,400**	593,350	**-**	-
Interest expense				
- Banker acceptances interest	**1,078,576**	1,304,266	**-**	-
- Bank overdraft interest	**26,341**	24,105	**-**	-
- Finance lease interest	**159,932**	200,732	**-**	-
Interest income				
- deposits with licensed banks	**(164,571)**	(313,745)	**(106,165)**	(222,360)
- associate	**(9,798)**	(60,735)	**-**	-
- subsidiaries	**-**	-	**(1,054,603)**	(991,228)
- overdue interest	**(410,932)**	-	**-**	-
Gain on foreign exchange - realised	**(85,275)**	(548)	**-**	-
Gain on disposal of property plant and equipment	**(62,888)**	(130,047)	**-**	(15,999)
Reversal of impairment loss on trade receivables	**(15,787)**	(6,600)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
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7. DIRECTORS' REMUNERATION

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Executive:				
- Other emoluments	**1,548,948**	1,473,940	**1,548,948**	1,473,940
- Defined contribution plan	**184,824**	175,644	**184,824**	175,644
Total executive directors' remuneration	**1,733,772**	1,649,584	**1,733,772**	1,649,584
Non-executive:				
- Fees	**126,900**	119,700	**126,900**	119,700
- Other emoluments	**7,500**	9,000	**7,500**	9,000
Total non-executive directors' remuneration	**134,400**	128,700	**134,400**	128,700
Total directors' remuneration	**1,868,172**	1,778,284	**1,868,172**	1,778,284

The estimated monetary value of benefits-in-kind received and receivable by directors of the Company from the Group and the Company amounted to RM34,268 (2014: RM32,003).

8. INCOME TAX EXPENSE

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Current tax:				
Malaysian income tax:				
Current financial year	**930,979**	1,277,333	**375,560**	358,004
Over provision in prior financial year	**(19,540)**	(32,190)	**(10,862)**	(41,329)
	911,439	1,245,143	**364,698**	316,675
Deferred tax (Note 14):				
Origination and reversal of temporary differences	**(126,868)**	316,548	**5,478**	5,529
Over provision in prior financial year	**(72,701)**	(57,305)	**-**	-
	(199,569)	259,243	**5,478**	5,529
Income tax expense recognised in profit or loss	**711,870**	1,504,386	**370,176**	322,204

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8. INCOME TAX EXPENSE *cont'd*

The reconciliations of the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:-

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Profit before tax	**2,885,839**	6,400,369	**2,234,749**	4,256,018
Tax at the Malaysian statutory income tax rate of 25%	**721,460**	1,600,092	**558,687**	1,064,005
Tax effect on non-deductible expenses	**151,551**	123,872	**47,351**	49,528
Tax effect on non-taxable income	**-**	(42,937)	**(225,000)**	(750,000)
Tax effect on share of results of an associate	**(68,900)**	(87,146)	**-**	-
Over provision in prior financial year				
- current tax	**(19,540)**	(32,190)	**(10,862)**	(41,329)
- deferred tax	**(72,701)**	(57,305)	**-**	-
Income tax expense recognised in profit or loss	**711,870**	1,504,386	**370,176**	322,204

The Group has estimated tax loss carry-forwards of RM906,800 (2014: RM546,785), capital allowances carry-forward of RM207,532 (2014: RMnil) and reinvestment allowances carry-forward of RM2,374,236 (2014: RM2,295,772), available for set-off against future taxable profits.

9. EARNINGS PER SHARE

The basic earnings per share of the Group is calculated by dividing the Group's profit for the financial year attributable to ordinary equity holders of the Company of RM1,886,546 (2014: RM4,399,273) by the weighted average number of ordinary shares in issue during the financial year of 96,000,000 (2014: 96,000,000) ordinary shares of RM0.50 each.

The diluted earnings per share is equivalent to the basic earnings per share as the Company does not have any dilutive potential ordinary shares.

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31 DECEMBER 2015
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10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Electrical installation RM	Plant and machinery and factory equipment RM	Electrical equipment, furniture and fittings and office equipment RM	Motor vehicles RM	Computers RM	Renovation RM	Capital work-in progress RM	Total RM
Cost										
At 1 January 2014	1,981,721	6,333,121	113,153	11,474,218	571,418	3,022,522	478,433	430,763	173,290	24,578,639
Additions	-	-	-	763,921	49,697	790,787	38,053	-	-	1,642,458
Disposals	-	-	-	(895)	(2,018)	(574,685)	(440)	-	-	(578,038)
Reclassification	-	-	-	173,290	-	-	-	-	(173,290)	-
At 31 December 2014/ 1 January 2015	1,981,721	6,333,121	113,153	12,410,534	619,097	3,238,624	516,046	430,763	-	25,643,059
Additions	-	-	-	438,996	44,953	412,317	20,562	-	-	916,828
Disposals	-	-	-	-	-	(257,086)	-	-	-	(257,086)
At 31 December 2015	**1,981,721**	**6,333,121**	**113,153**	**12,849,530**	**664,050**	**3,393,855**	**536,608**	**430,763**	**-**	**26,302,801**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
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10. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group	Freehold land RM	Buildings RM	Electrical installation RM	Plant and machinery and factory equipment RM	Electrical equipment, furniture and fittings and office equipment RM	Motor vehicles RM	Computers RM	Renovation RM	Capital work-in progress RM	Total RM
Accumulated depreciation										
At 1 January 2014	-	1,363,832	96,480	6,196,557	406,526	2,151,817	448,675	430,743	-	11,094,630
Charge for the financial year	-	126,663	8,335	1,265,144	73,356	482,662	48,437	-	-	2,004,597
Disposals	-	-	-	(892)	(1,211)	(574,683)	(439)	-	-	(577,225)
At 31 December 2014/ 1 January 2015	-	1,490,495	104,815	7,460,809	478,671	2,059,796	496,673	430,743	-	12,522,002
Charge for the financial year	-	126,662	8,307	1,126,171	65,408	482,058	29,283	-	-	1,837,889
Disposals	-	-	-	-	-	(256,259)	-	-	-	(256,259)
At 31 December 2015	**-**	**1,617,157**	**113,122**	**8,586,980**	**544,079**	**2,285,595**	**525,956**	**430,743**	**-**	**14,103,632**
Net carrying amount										
At 31 December 2014	1,981,721	4,842,626	8,338	4,949,725	140,426	1,178,828	19,373	20	-	13,121,057
At 31 December 2015	**1,981,721**	**4,715,964**	**31**	**4,262,550**	**119,971**	**1,108,260**	**10,652**	**20**	**-**	**12,199,169**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
cont'd

10. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Company	Freehold land RM	Buildings RM	Electrical installation RM	Plant and machinery and factory equipment RM	Electrical equipment, furniture and fittings and office equipment RM	Motor vehicles RM	Computers RM	Renovation RM	Capital work-in progress RM	Total RM
Cost										
At 1 January 2014	1,981,721	6,333,121	29,810	255,400	110,184	66,325	8,800	393,217	-	9,178,578
Disposal	-	-	-	-	-	(66,325)	-	-	-	(66,325)
At 31 December 2014/ 31 December 2015	1,981,721	6,333,121	29,810	255,400	110,184	-	8,800	393,217	-	9,112,253
Accumulated depreciation										
At 1 January 2014	-	1,363,832	29,806	255,398	95,550	66,324	8,797	393,200	-	2,212,907
Charge for the financial year	-	126,663	-	-	4,930	-	-	-	-	131,593
Disposal	-	-	-	-	-	(66,324)	-	-	-	(66,324)
At 31 December 2014/ 1 January 2015	-	1,490,495	29,806	255,398	100,480	-	8,797	393,200	-	2,278,176
Charge for the financial year	-	126,662	-	-	4,784	-	-	-	-	131,446
At 31 December 2015	-	1,617,157	29,806	255,398	105,264	-	8,797	393,200	-	2,409,622
Net carrying amount										
At 31 December 2014	1,981,721	4,842,626	4	2	9,704	-	3	17	-	6,834,077
At 31 December 2015	**1,981,721**	**4,715,964**	**4**	**2**	**4,920**	**-**	**3**	**17**		**6,702,631**

NOTES TO THE FINANCIAL STATEMENTS
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cont'd

10. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Capital work-in-progress is in respect of installation of new machinery for production.

During the financial year, the Group acquired property, plant and equipment with aggregate cost of RM916,828 (2014: RM1,642,458) which are satisfied as follows:-

	Group	
	2015	**2014**
	RM	**RM**
Cash payments	**435,814**	576,252
Finance lease arrangement	**481,014**	1,066,206
	916,828	1,642,458

Assets held under finance leases

Included in the property, plant and equipment of the Group are assets acquired under finance lease arrangement at the reporting date as follows:-

	Group	
	2015	**2014**
	RM	**RM**
Net carrying amount		
Plant and machinery	**1,402,686**	2,034,067
Motor vehicles	**842,567**	1,134,577
	2,245,253	3,168,644

Assets pledged as security

In addition to assets held under finance leases, the Group's and the Company's property, plant and equipment are pledged as security for borrowings of the Group as mentioned in Note 23 as follows:-

	Group/Company	
	2015	**2014**
	RM	**RM**
Freehold land	**1,981,721**	1,981,721
Buildings	**4,715,964**	4,842,626
	6,697,685	6,824,347

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11. INVESTMENT IN SUBSIDIARIES

	Company 2015 RM	Company 2014 RM
Unquoted shares, at cost:	**32,975,004**	32,975,004

The details of the subsidiaries are as follows:

Name of Company	Principal Activities	Principal Place of Business/ Country of Incorporation	Proportion of Ownership Interest/ Voting Rights 2015	2014
K. Seng Seng Industries Sdn. Bhd.	Sales of stainless steel industrial fasteners, rigging accessories and components, and trading of industrial hardware	Malaysia	**100%**	100%
K. Seng Seng Manufacturing Sdn. Bhd.	Manufacturing of stainless steel industrial fasteners, conveyor chain, rigging accessories and components	Malaysia	**100%**	100%
Three & Three Hardware Sdn. Bhd.	Processing of secondary stainless steel long products and trading of industrial hardware	Malaysia	**100%**	100%
PTM Steel Industry Sdn.Bhd.	Manufacturing of stainless steel tubes and pipes, and processing of secondary stainless steel flat products	Malaysia	**100%**	100%
K. Seng Seng Parts Sdn. Bhd.	Dormant	Malaysia	**100%**	100%
KSG Engineering Sdn. Bhd.	Engineering works, fabrication and installation of rubber glove dipping line and trading of all kinds of bearings, motor, speed reducer, sprocket gear, belting pulley, coupling and others	Malaysia	**75%**	75%
Koseng Sdn. Bhd. @	Trading of all kinds of industrial and marine hardware and consumables; sale and marketing of stainless steel products namely industrial fasteners, rigging accessories and components, flat and long products, tubes and pipes and supply of construction materials, machineries and machinery related parts.	Malaysia	**75%**	75%

@ *Audited by a firm of chartered accountants other than Baker Tilly AC.*

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
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11. INVESTMENT IN SUBSIDIARIES *cont'd*

(a) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:-

	KSG Engineering Sdn. Bhd.	Koseng Sdn. Bhd.	Total
2015			
NCI proportion of ownership interest and voting interest	**25%**	**25%**	
Carrying amount of NCI ("RM")	**966,227**	**533,509**	**1,499,736**
Profit allocated to NCI ("RM")	**147,211**	**140,212**	**287,423**
2014			
NCI proportion of ownership interest and voting interest	25%	25%	
Carrying amount of NCI ("RM")	819,016	393,297	1,212,313
Profit allocated to NCI ("RM")	418,627	78,083	496,710

(b) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:-

	KSG Engineering Sdn. Bhd. RM	Koseng Sdn. Bhd. RM
2015		
Assets and liabilities		
Non-current assets	**481,954**	**436,365**
Current assets	**18,524,170**	**18,799,008**
Non-current liabilties	**(88,176)**	**(221,826)**
Current liabilities	**(15,053,041)**	**(16,879,510)**
Net assets	**3,864,907**	**2,134,037**
Results		
Revenue	**17,364,719**	**20,270,070**
Profit for the financial year	**588,845**	**560,849**
Total comprehensive income	**588,845**	**560,849**
Cash flows from/(used in) operating activities	**885,978**	**(1,889,829)**
Cash flows used in investing activities	**(173,664)**	**(45,106)**
Cash flows (used in)/from financing activities	**(406,077)**	**1,684,432**
Net increase/(decrease) in cash and cash equivalents	**306,237**	**(250,503)**

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11. INVESTMENT IN SUBSIDIARIES *cont'd*

(b) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:- *cont'd*

	KSG Engineering Sdn. Bhd. RM	Koseng Sdn. Bhd. RM
2014		
Assets and liabilities		
Non-current assets	470,612	515,872
Current assets	19,651,709	17,190,260
Non-current liabilties	(118,667)	(266,446)
Current liabilities	(16,727,592)	(15,866,498)
Net assets	3,276,062	1,573,188
Results		
Revenue	23,677,420	17,739,630
Profit for the financial year	1,674,506	312,332
Total comprehensive income	1,674,506	312,332
Cash flows used in operating activities	(15,649)	(50,443)
Cash flows used in investing activities	(13,055)	(108,173)
Cash flows from financing activities	149,176	172,101
Net increase in cash and cash equivalents	120,472	13,485

(c) There is no restriction in the ability of the Group to access or use the assets and settle the liabilities of the subsidiaries.

12. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Unquoted shares, at cost	**820,000**	820,000	**820,000**	820,000
Share of post-acquisition reserves	**2,785,777**	2,510,170	**-**	-
	3,605,777	3,330,170	**820,000**	820,000

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12. INVESTMENT IN AN ASSOCIATE *cont'd*

The details of the associate are as follows:-

Name of Company	Nature of the Relationship	Principal Place of Business/ Country of Incorporation	Proportion of Ownership Interest/ Voting Rights 2015	2014
EIE Asian Holding Sdn. Bhd.	Investment holding	Malaysia	**50%**	50%
Held by associate:-				
EIE Industrial Products Sdn. Bhd.	Retailers of and dealers in hardware used in industries, quarries and mines	Malaysia	**100%**	100%
EIE Pulp & Speciality Sdn. Bhd.	General trading and dealing in pulps and paper	Malaysia	**71%**	71%

(a) The summarised financial information of the associate and its subsidiaries is as follows:-

	2015 RM	2014 RM
Assets and liabilities		
Non-current assets	**212,633**	242,749
Current assets	**15,267,005**	13,928,394
Non-current liabilities	**(1,331,788)**	(148,135)
Current liabilities	**(6,747,152)**	(7,180,172)
Net assets	**7,400,698**	6,842,836
Non-controlling interests	**189,145**	182,496
Results		
Revenue	**16,745,601**	17,610,978
Profit for the financial year/Total comprehensive income	**557,862**	712,685
Profit for the financial year/Total comprehensive income attributable to owners of associate	**551,213**	697,178

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12. INVESTMENT IN AN ASSOCIATE *cont'd*

(b) The reconciliation of net assets of the associate and its subsidiaries to the carrying amount of the investment in associate is as follows:-

	2015 RM	2014 RM
Group's share of net assets	**3,605,777**	3,330,170
Share of results of the Group for the financial year ended 31 December		
Share of results of the Group	**275,607**	348,589
Other information		
Dividend received by the Group	**-**	-

13. GOODWILL

	Group	
	2015 RM	2014 RM
At beginning/end of the financial year	**140,455**	140,455
Less: Impairment loss	**(140,455)**	-
At end of financial year	**-**	140,455

The goodwill is related to PTM Steel Industry Sdn. Bhd.

Impairment test for goodwill

In previous financial year, the recoverable amount of goodwill was determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period with expected growth. The pre-tax discount applied to the cash flow projections was 8.00%.

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13. GOODWILL *cont'd*

Key assumptions used in value-in-use calculations

Revenue : the bases used to determine the future earnings potential are historical sales and expected growth rates of the industry.

Gross margins : gross margins are based on the average gross margin achieved in the past years.

Operating expenses : the bases used to determine the values assigned are staff costs, depreciation and amortisation, and other operating expenses. The values assigned to the key assumption reflects past experience and management's commitment to maintain the operating expenses to an acceptable level.

Discount rates : the calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity.

Sensitivity of changes in assumptions

With regard to the assessment of value-in-use of the cash generating unit, management believes that no reasonably possible change in any of the above assumptions would cause the carrying value, including goodwill, of the unit to materially exceed its recoverable amount.

14. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Group				
Deferred tax assets				
At 1 January	**528,595**	701,797	**-**	-
Recognised in profit or loss	**193,355**	(173,202)	**-**	-
At 31 December	**721,950**	528,595	**-**	-
Deferred tax liabilities				
At 1 January	**(195,861)**	(109,820)	**(115,349)**	(109,820)
Recognised in profit or loss	**6,214**	(86,041)	**(5,478)**	(5,529)
At 31 December	**(189,647)**	(195,861)	**(120,827)**	(115,349)

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14. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

This is in respect of estimated deferred tax assets and liabilities arising from temporary differences as follows:-

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Deferred tax assets				
Unabsorbed capital allowances	**51,883**	-	**-**	-
Unutilised tax losses	**226,700**	137,196	**-**	-
Unutilised reinvestment allowances	**593,559**	573,943	**-**	-
Difference between the carrying amounts of property, plant and equipment and their tax base	**(150,192)**	(182,544)	**-**	-
	721,950	528,595	**-**	-
Deferred tax liabilities				
Difference between the carrying amounts of property, plant and equipment and their tax base	**(189,647)**	(195,861)	**(120,827)**	(115,349)

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

The deferred tax assets are recognised for unabsorbed capital allowances, unutilised tax losses and unutilised reinvestment allowances as the management considered it probable that the future taxable profits of the subsidiaries based on the projected future profits will be available against which they can be utilised and they are of the opinion that the previous years' losses are an aberration, rather than a continuing condition.

15. INVENTORIES

	Group	
	2015	**2014**
	RM	**RM**
At cost,		
Raw materials	**4,780,463**	3,587,289
Work-in-progress	**721,046**	1,655,701
Finished goods	**6,133,959**	5,236,123
Consumables	**478,967**	439,770
Packing materials	**97,542**	109,022
Trading goods	**30,994,321**	33,658,783
	43,206,298	44,686,688

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM81,430,431 (2014: RM79,828,059).

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16. TRADE RECEIVABLES

	Group 2015 RM	Group 2014 RM
External parties	**40,533,883**	36,090,247
Amount due from an associate	**-**	304,746
	40,533,883	36,394,993
Less: Allowance for impairment	**(590,050)**	(563,886)
Trade receivables, net	**39,943,833**	35,831,107

(a) Credit terms of trade receivables

The Group's normal credit term ranges from 30 to 150 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Ageing analysis of trade receivables

The ageing analysis of the Group and the Company trade receivables are as follows:-

	2015 RM	2014 RM
Group		
Neither past due nor impaired	**32,185,332**	28,227,612
1 to 30 days past due not impaired	**1,245,167**	559,062
31 to 60 days past due not impaired	**948,315**	1,967,648
61 to 90 days past due not impaired	**540,507**	2,197,674
91 to 120 days past due not impaired	**1,124,628**	395,967
More than 120 days past due not impaired	**3,899,884**	2,483,144
	7,758,501	7,603,495
Impaired	**590,050**	563,886
	40,533,883	36,394,993

<u>Receivables that are neither past due nor impaired</u>
Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

<u>Receivables that are past due but not impaired</u>
The Group has trade receivables amounting to RM7,758,501 (2014: RM7,603,495) which are past due but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered receivable.

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16. TRADE RECEIVABLES *cont'd*

(b) Ageing analysis of trade receivables *cont'd*

Receivables that are impaired

The Group has trade receivables that are impaired at the reporting date amounting to RM590,050 (2014: RM563,886) of which are individually impaired and the nominal amounts and the allowance for impairment are the same.

Movement in allowance accounts:-

	Group	
	2015	**2014**
	RM	**RM**
At 1 January	**563,886**	249,304
Charge for the financial year (Note 6)	**41,951**	321,182
Reversal (Note 6)	**(15,787)**	(6,600)
At 31 December	**590,050**	563,886

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Other receivables	**91,278**	114,575	**85,900**	85,900
GST refundable	**277,162**	-	**-**	-
Refundable deposits	**263,563**	238,332	**18,270**	17,270
Downpayment to suppliers	**585,132**	222,421	**74,493**	71,343
Prepayments	**364,344**	299,293	**-**	-
	1,581,479	874,621	**178,663**	174,513

Other receivables of the Group and of the Company are neither past due nor impaired.

Included in the other receivables of the Group is an amount of RM4,378 (2014: RM15,626) due from a related party. Related party is a subsidiary of an associate.

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18. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

		Company	
		2015	**2014**
		RM	**RM**
Amounts due from subsidiaries			
Trade	(a)	**2,456,412**	1,754,910
Non-trade	(b)	**20,595,199**	23,480,042
		23,051,611	25,234,952
Amounts due to subsidiaries			
Non-trade	(c)	**(13,011,438)**	(19,108,397)

(a) The credit terms range from 30 days to 90 days.

These amounts which are neither past due nor impaired, are creditworthy debtors with good payment records with the Company.

(b) These amounts are unsecured, interest free and are repayable on demand by cash except for an amount of RM16,458,568 (2014: RM15,541,032) which bear interest at rate of 8.35% (2014: 8.35%) per annum.

(c) These amounts are non-trade in nature, unsecured, interest free and repayable on demand by cash.

19. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Deposits with licensed banks (Islamic)	**720,655**	1,736,327	**720,655**	1,736,327
Deposits with licensed banks	**533,974**	4,093,919	**-**	2,540,116
Cash and bank balances (Islamic)	**1,259,425**	1,756,011	**-**	-
Cash and bank balances	**2,531,945**	3,218,684	**296,190**	355,700
	5,045,999	10,804,941	**1,016,845**	4,632,143

The average maturity of deposits with licensed banks for the Group and the Company as at the financial year end is 45 days and 90 days (2014: 46 days and 53 days) respectively. The weighted average effective interest rate as at 31 December 2015 for the Group and the Company is 3.25% (2014: 3.15%) per annum.

As disclosed in Note 30(c), the Group manages its cash flow requirements of purchases in its operating activities mainly through bankers' acceptances which are drawdown to finance the import of goods.

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20. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2015	2014	2015	2014
	unit	unit	RM	RM
Authorised:				
Ordinary shares at RM0.50 each				
At 1 January/31 December	**100,000,000**	100,000,000	**50,000,000**	50,000,000
Issued and fully paid:				
Ordinary shares at RM0.50 each				
At 1 January/31 December	**96,000,000**	96,000,000	**48,000,000**	48,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company residual interests.

21. SHARE PREMIUM

This reserve comprises premium paid on subscription of shares of the Company above par value of the shares. The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

22. RETAINED EARNINGS

In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single-tier system"). As such, the Company may distribute dividends out of its entire retained earnings under the single-tier system.

23. BANK BORROWINGS (SECURED)

	2015	2014
	RM	RM
Group		
Current		
Bankers' acceptances (Islamic)	**10,503,557**	14,971,257
Bankers' acceptances	**7,267,053**	4,600,143
Finance lease payables (Note 24)	**922,286**	1,043,756
Trust receipts	**-**	51,369
Trust receipts (Islamic)	**48,230**	55,536
	18,741,126	20,722,061

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23. BANK BORROWINGS (SECURED) *cont'd*

	2015 RM	2014 RM
Group		
Non-current		
Finance lease payables (Note 24)	**1,393,789**	1,909,626
Total borrowings:		
Bankers' acceptances (Islamic)	**10,503,557**	14,971,257
Bankers' acceptances	**7,267,053**	4,600,143
Finance lease payables (Note 24)	**2,316,075**	2,953,382
Trust receipts	**-**	51,369
Trust receipts (Islamic)	**48,230**	55,536
	20,134,915	22,631,687

The bankers' acceptances and trust receipts of the Group are secured and supported as follows:

(a) legal charge over the freehold land and buildings of the Company; and
(b) corporate guarantee by the Company:

The bankers' acceptances and trust receipts bear interest at rates as follows:-

	2015 per annum %	2014 per annum %
Group		
Bankers' acceptances (Islamic)	**3.72 - 4.08**	3.66 - 4.16
Bankers' acceptances	**3.37 - 4.79**	3.68 - 4.97
Trust receipts (Islamic)	**7.85**	7.85
Trust receipts	**n/a**	6.85

24. FINANCE LEASE PAYABLES

	Group 2015 RM	Group 2014 RM
Future minimum lease payments	**2,539,398**	3,269,594
Less: Future finance charges	**(223,323)**	(316,212)
Total present value of minimum lease payments	**2,316,075**	2,953,382

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24. FINANCE LEASE PAYABLES *cont'd*

	Group	
	2015	2014
	RM	RM
Payable within 1 year		
Future minimum lease payments	**1,050,445**	1,211,677
Less: Future finance charges	**(128,159)**	(167,921)
Present value of minimum lease payments	**922,286**	1,043,756
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	**1,468,679**	1,990,262
Less: Future finance charges	**(94,988)**	(143,508)
Present value of minimum lease payments	**1,373,691**	1,846,754
Payable more than 5 years		
Future minimum lease payments	**20,274**	67,655
Less: Future finance charges	**(176)**	(4,783)
Present value of minimum lease payments	**20,098**	62,872
Total present value minimum lease payments	**2,316,075**	2,953,382

The finance lease payables of the Group bear interest at rates ranging from 3.57% - 7.14% (2014: 3.57% - 7.14%) per annum.

25. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 120 days.

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Deposits	**5,000**	5,000	**50,600**	50,600
Other payables	**1,228,390**	702,578	**149,166**	96,139
GST payable	**134,279**	-	**118,119**	-
Accruals	**2,642,714**	3,094,954	**793,934**	743,283
	4,010,383	3,802,532	**1,111,819**	890,022

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
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26. OTHER PAYABLES AND ACCRUALS *cont'd*

Included in other payables of the Group and of the Company is an amount of RM4,762 (2014: RM4,762) and RM13 (2014: RM13) respectively due to certain directors of the Group. These amounts are non-trade in nature, unsecured, interest free and repayable on demand by cash.

In previous financial year, included in other payables of the Group is an amount of RM5,799 due to related party. This amount is non-trade in nature, unsecured, interest free and repayable on demand in cash. Related party is a subsidiary of an associate.

27. DIVIDEND

	Group/Company	
	2015	**2014**
	RM	**RM**
First and final single-tier dividend of 1 sen per share in respect of financial year ended 31 December 2013	-	960,000
Special single-tier dividend of 2.95 sen per share in respect of financial year ended 31 December 2013	-	2,832,000
First and final single-tier dividend of 2 sen per share in respect of financial year ended 31 December 2014	**1,920,000**	-
	1,920,000	3,792,000

In addition, the directors have also proposed a single-tier first and final dividend of 0.8 sen per share amounting to RM768,000 in respect of financial year ended 31 December 2015 and payable upon approval by shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 December 2016.

28. RELATED PARTY DISCLOSURES

(a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The Company has a related party relationship with its subsidiaries, associate, and key management personnel.

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28. RELATED PARTY DISCLOSURES *cont'd*

(b) Related party transactions and balances are as follows:-

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the financial year:-

	Group	
	2015	**2014**
	RM	**RM**
Subsidiary of associate		
Purchase of goods	**154,048**	263,728
Sales of goods	**(580,747)**	-
Interest receivable	**(9,798)**	(60,735)

	Company	
	2015	**2014**
	RM	**RM**
Subsidiaries		
Interest receivable	**(1,054,603)**	(991,228)
Management fee	**(2,107,320)**	(1,677,310)
Rental of premises	**(931,200)**	(931,200)
Dividend received	**(900,000)**	(3,000,000)

Information regarding outstanding balances arising from related party transactions as at the reporting date is disclosed in Notes 16, 17, 18 and 26.

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group.

The remuneration of the key management personnel is as follows:-

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Directors of the Company:				
Non-executive				
Short term employee benefits	**134,400**	128,700	**134,400**	128,700
Executive				
Short term employee benefits (including estimated monetary value of benefits-in-kind)	**1,583,216**	1,505,943	**1,583,216**	1,505,943
Post-employment benefits	**184,824**	175,644	**184,824**	175,644
	1,902,440	1,810,287	**1,902,440**	1,810,287

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29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial assets and liabilities in the statements of financial positions by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group 2015	Loans and receivables RM	Total RM
Financial assets		
Trade receivables	**39,943,833**	**39,943,833**
Other receivables and deposits	**632,003**	**632,003**
Deposits, cash and bank balances	**5,045,999**	**5,045,999**
	45,811,793	**45,811,793**

	Financial liabilities at amortised cost RM	Total RM
Financial liabilities		
Trade payables	**6,120,012**	**6,120,012**
Other payables and accruals	**4,010,383**	**4,010,383**
Bank borrowings	**20,134,915**	**20,134,915**
	30,265,310	**30,265,310**

Group 2014	Loans and receivables RM	Total RM
Financial assets		
Trade receivables	35,831,107	35,831,107
Other receivables and deposits	352,907	352,907
Deposits, cash and bank balances	10,804,941	10,804,941
	46,988,955	46,988,955

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29. FINANCIAL INSTRUMENTS *cont'd*

(a) Categories of financial instruments *cont'd*

The following table analyses the financial assets and liabilities in the statements of financial positions by the class of financial instruments to which they are assigned, and therefore by the measurement basis: *cont'd*

Group **2014**	**Financial liabilities at amortised cost** **RM**	**Total** **RM**
Financial liabilities		
Trade payables	5,380,297	5,380,297
Other payables and accruals	3,802,532	3,802,532
Bank borrowings	22,631,687	22,631,687
	31,814,516	31,814,516

Company **2015**	**Loans and receivables** **RM**	**Total** **RM**
Financial assets		
Other receivables and deposits	**104,170**	**104,170**
Amount due from subsidiaries	**23,051,611**	**23,051,611**
Deposits, cash and bank balances	**1,016,845**	**1,016,845**
	24,172,626	**24,172,626**

	Financial liabilities at amortised cost **RM**	**Total** **RM**
Financial liabilities		
Other payables and accruals	**1,111,819**	**1,111,819**
Amounts due to subsidiaries	**13,011,438**	**13,011,438**
	14,123,257	**14,123,257**

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29. FINANCIAL INSTRUMENTS *cont'd*

(a) Categories of financial instruments *cont'd*

The following table analyses the financial assets and liabilities in the statements of financial positions by the class of financial instruments to which they are assigned, and therefore by the measurement basis: *cont'd*

Company	**Loans and receivables**	**Total**
2014	**RM**	**RM**
Financial assets		
Other receivables and deposits	103,170	103,170
Amount due from subsidiaries	25,234,952	25,234,952
Deposits, cash and bank balances	4,632,143	4,632,143
	29,970,265	29,970,265

	Financial liabilities at amortised cost	**Total**
	RM	**RM**
Financial liabilities		
Other payables and accruals	890,022	890,022
Amount due from subsidiaries	19,108,397	19,108,397
	19,998,419	19,998,419

(b) Fair value of financial instruments

The methods and assumptions used to estimate the fair values of the following classes of financial assets and liabilities are as follows:-

(i) Cash and bank balances, trade and other receivables, trade and other payables

The carrying amounts are reasonable approximation of fair values due to short term nature of these financial instruments.

(ii) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair value of finance lease payables is estimated using discounted cash flow analysis, based on current lending rate for similar types of lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS
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29. FINANCIAL INSTRUMENTS *cont'd*

(b) Fair value of financial instruments *cont'd*

The carrying amounts of financial assets and liabilities recognised in the statements of financial position approximate their fair values except for the following:-

Group	Carrying Amount RM	Fair Value RM
2015		
Financial liabilities		
Finance lease payables	**2,316,075**	**2,329,905**
2014		
Financial liabilities		
Finance lease payables	2,953,382	2,983,240

(c) Fair value measurements

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at financial years ended 31 December 2015 and 2014, the Group and the Company held the following financial instruments for which fair value is disclosed in the financial statements:-

	2015 RM	Level 1 RM	Level 2 RM	Level 3 RM
Finance lease payables	**2,329,905**	**-**	**2,329,905**	**-**
	2014 RM	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Finance lease payables	2,983,240	-	2,983,240	-

During the financial years ended 31 December 2015 and 2014, there was no transfer between Level 1 and 2 of the fair value measurement hierarchy.

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Management. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk primarily arises from its trade receivables. For other financial assets (including cash and bank balances), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit evaluation procedures. In addition, receivable balances are monitored on an ongoing basis to minimise the Group's exposure to bad debts.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. The Company also expose to credit risks in relation to provision of financial guarantees to banks in respect of banking facilities granted to certain subsidiaries by the Company.

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(a) Credit risk *cont'd*

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:-

	Group			
	2015		2014	
	RM	% of total	RM	% of total
By country:				
Malaysia	**38,904,857**	**95**	35,587,288	98
Singapore	**63,214**	**-**	-	-
Indonesia	**432,792**	**1**	107,718	-
United Kingdom	**1,114,570**	**3**	567,467	2
Other countries	**215,890**	**1**	134,020	-
	40,731,323	**100**	36,396,493	100

The Group does not have any significant exposure to any individual customer at the reporting date.

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of certain banking facilities granted to certain subsidiaries as mentioned in the Note 23.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

The maximum exposure to credit risk amounts to RM18,610,284 (2014: RM21,120,070) representing the outstanding banking facilities at the reporting date. At the reporting date, there was no indication that the subsidiaries would default on their repayment.

The financial guarantee has not been recognised as the fair value on initial recognition since the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the security pledged by the subsidiaries and it is unlikely the subsidiaries will default within the guarantee period.

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its bank borrowings.

Bank borrowings at floating rate amounting to RM17,818,840 (2014: RM19,678,305) expose the Group to cash flow interest rate risk whilst finance lease at fixed rate amounting to RM2,316,075 (2014: RM2,953,382), expose the Group to fair value interest rate risk. The Group manages its interest rate risk exposure by maintaining a mix of fixed and floating rate loans and borrowings.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 (2014: 50) basis points higher/lower and all other variables were held constant, the Group's profits net of tax ended 31 December 2015 would decrease/increase by RM66,821 (2014: RM73,794) as a result of exposure to floating rate borrowings.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintains sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirement.

The Group manages its cash flow requirements of purchases in its operating activities mainly through bankers' acceptances which are drawndown to finance the import of goods.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015
cont'd

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(c) Liquidity risk *cont'd*

Analysis of financial instruments by remaining contractual maturity

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:-

	Carrying amount	Contractual cash flows	On demand and within 1 year	1 to 2 years	2 to 5 years	Over 5 years
	RM	RM	RM	RM	RM	RM
2015						
Group						
Financial Liabilities						
Trade payables	6,120,012	6,120,012	6,120,012	-	-	-
Other payables	4,010,383	4,010,383	4,010,383	-	-	-
Bankers' acceptances (Islamic)	10,503,557	10,601,506	10,601,506	-	-	-
Bankers' acceptances	7,267,053	7,388,857	7,388,857	-	-	-
Trust receipts (Islamic)	48,230	48,230	48,230	-	-	-
Finance lease payables	2,316,075	2,539,398	1,050,445	1,108,854	359,825	20,274
	30,256,310	30,708,386	29,219,433	1,108,854	359,825	20,274
Company						
Financial Liabilities						
Other payables	1,111,819	1,111,819	1,111,819	-	-	-
Amount due to a subsidiary	13,011,438	13,011,438	13,011,438	-	-	-
Financial guarantee *	-	18,610,284	18,610,284	-	-	-
	14,123,257	32,733,541	32,733,541	-	-	-

* *The Company has given corporate guarantee to banks on behalf of certain subsidiaries for banking facilities. The potential exposure of the financial guarantee is equivalent to the amount of the banking facilities being utilised by the said subsidiaries. As at 31 December 2015, approximately RM18,610,284 of the banking facilities were utilised by the said subsidiaries.*

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

cont'd

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(c) Liquidity risk *cont'd*

Analysis of financial instruments by remaining contractual maturity *cont'd*

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:- *cont'd*

	Carrying amount RM	Contractual cash flows RM	On demand and within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
2014						
Group						
Financial Liabilities						
Trade payables	5,380,297	5,380,297	5,380,297	-	-	-
Other payables	3,802,532	3,802,532	3,802,532	-	-	-
Bankers' acceptances (Islamic)	14,971,257	15,080,302	15,080,302	-	-	-
Bankers' acceptances	4,600,143	4,651,897	4,651,897	-	-	-
Trust receipts (Islamic)	55,536	56,803	56,803	-	-	-
Trust receipts	51,369	51,369	51,369	-	-	-
Finance lease payables	2,953,382	3,269,594	1,211,677	1,188,571	801,691	67,655
	31,814,516	32,292,794	30,234,877	1,188,571	801,691	67,655
Company						
Financial Liabilities						
Other payables	890,022	890,022	890,022	-	-	-
Amount due to a subsidiary	19,108,397	19,108,397	19,108,397	-	-	-
Financial guarantee *	-	21,120,070	21,120,070	-	-	-
	19,998,419	41,118,489	41,118,489	-	-	-

* *The Company has given corporate guarantee to banks on behalf of certain subsidiaries for banking facilities. The potential exposure of the financial guarantee is equivalent to the amount of the banking facilities being utilised by the said subsidiaries. As at 31 December 2014, approximately RM21,120,070 of the banking facilities were utilised by the said subsidiaries.*

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
cont'd

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of Group entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"), Singapore Dollar ("SGD"), Brunei Dollar ("BND"), Chinese Renminbi ("RMB") and Euro ("EUR").

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD and SGD) amount to RM58,055 and RM146,261 (2014: RM327,821 and RM177,728) respectively for the Group.

Financial assets/(liabilities) denominated in USD, SGD, BND, RMB and EUR are as follows:-

	Group	
	2015	2014
	RM	RM
USD		
Trade payables	**(397,375)**	(760,447)
Trade receivables	**1,324,826**	639,928
Cash and bank balances	**58,055**	327,821
	985,506	207,302
SGD		
Trade payables	**(134,283)**	-
Trade receivables	**70,157**	-
Cash and bank balances	**146,261**	177,728
	82,135	177,728
BND		
Trade receivables	**13,219**	68,939
RMB		
Trade payables	**(660,254)**	(432,161)
EUR		
Trade payables	**(459,898)**	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
cont'd

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(d) Foreign currency risk *cont'd*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, SGD, BND, RMB and EUR exchange rate against the functional currency of the Group, with all other variables held constant.

		Group	
		2015	2014
		RM	RM
USD/RM	- strengthened 5% (2014: 5%)	**36,956**	7,774
	- weakened 5% (2014: 5%)	**(36,956)**	(7,774)
SGD/RM	- strengthened 2% (2014: 2%)	**1,232**	2,666
	- weakened 2% (2014: 2%)	**(1,232)**	(2,666)
BND/RM	- strengthened 2% (2014: 2%)	**198**	1,034
	- weakened 2% (2014: 2%)	**(198)**	(1,034)
RMB/RM	- strengthened 2% (2014: 2%)	**(9,904)**	(6,482)
	- weakened 2% (2014: 2%)	**9,904**	6,482
EUR/RM	- strengthened 2% (2014: nil%)	**(6,898)**	-
	- weakened 2% (2014: nil%)	**6,898**	-

31. CAPITAL COMMITMENT

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Approved and contracted for:				
Property, plant and equipment	**346,767**	-	**4,680**	-

32. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. There is no change in the objectives, policies or procedures during the financial year ended 31 December 2015 and 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
cont'd

32. CAPITAL MANAGEMENT *cont'd*

The Group monitors capital using a gearing ratio, which is calculated as total debts (excluding bankers' acceptance and trust receipts) divided by total capital plus total debt. The Group monitors and maintains a prudent level of gearing ratio to optimise shareholders' value and to ensure compliance with covenants under debt agreements, if any. Total debts include finance lease. Total capital comprises total equity of the Group.

	Group	
	2015	**2014**
Total debts (RM)	**2,316,075**	2,953,382
Total equity (RM)	**74,726,051**	74,472,082
Total equity and debts (RM)	**77,090,356**	77,425,464
Gearing ratio %	**3%**	4%

The Group and certain subsidiaries are required to comply with certain loan-to-value ratio, consolidated net worth, consolidated borrowings to consolidated net worth ratio and interest coverage ratio in respect of the banking facilities. The subsidiaries have complied with the capital requirements at the end of the financial year.

The Group is not subject to any externally imposed capital requirements.

33. SEGMENT INFORMATION

For management purposes, the Group is organised into operating units reportable operating segments as follows:

(i) Stainless steel products
(ii) Marine hardware and consumable
(iii) Other industrial hardware
(iv) Investment holding
(v) Engineering works

Management monitors the operating revenue of its operating units separately for the purpose of making decisions about resource allocation and performance assessment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment results, assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment results, assets and liabilities. All results, assets and liabilities are managed on a group basis.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
cont'd

33. SEGMENT INFORMATION *cont'd*

	Stainless steel products RM	Marine hardware and consumable RM	Other industrial hardware RM	Investment holding RM	Engineering works RM	Elimination RM	Total RM
2015							
Revenue							
External revenue	**32,221,041**	**23,397,007**	**19,156,829**	**18,000**	**22,169,803**	**-**	**96,962,680**
Inter-segment revenue	**344,176**	**7,682,682**	**24,524,106**	**3,938,520**	**1,564,821**	**(38,054,305)**	**-**
Total segment revenue	**32,565,217**	**31,079,689**	**43,680,935**	**3,956,520**	**23,734,624**	**(38,054,305)**	**96,962,680**
Gross profit	**1,964,274**	**5,231,523**	**4,469,894**	**18,000**	**3,848,558**	**-**	**15,532,249**
2014							
Revenue							
External revenue	29,917,141	26,910,952	10,749,843	24,000	30,972,857	-	98,574,793
Inter-segment revenue	4,646,832	8,101,890	21,365,326	5,608,510	1,474,007	(41,196,565)	-
Total segment revenue	34,563,973	35,012,842	32,115,169	5,632,510	32,446,864	(41,196,565)	98,574,793
Gross profit	3,370,519	6,118,321	2,405,085	24,000	6,828,809	-	18,746,734

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
cont'd

33. SEGMENT INFORMATION *cont'd*

Information about geographical areas

Revenue information based on the geographical location of customers is as follows:-

	2015 RM	2014 RM
Malaysia	**92,394,245**	94,300,106
Singapore	**483,913**	747,043
Indonesia	**663,572**	571,590
United Kingdom	**2,842,382**	2,546,514
Thailand	**496,527**	50,545
Maldives	**-**	185,795
Brunei	**82,041**	173,200
	96,962,680	98,574,793

All non-current assets (other than financial instruments and deferred tax assets) of the Group are located in Malaysia.

Information about major customer

Revenue from major customer with revenue equal or more than 10% of the Group revenue is as follows:-

Major customer	2014 RM	Operating segment
- Customer A	**16,813,612**	Engineering and servicing

There is no single customer with revenue equal or more than 10% of the Group revenue during the financial year ended 31 December 2015.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFIT OR LOSS

The following analysis of realised and unrealised retained earnings of the Group and of the Company is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants.

The retained earnings of the Group and of the Company as at reporting date are analysed as follows:-

	Group	
	2015	**2014**
	RM	**RM**
Total retained earnings of the Company and its subsidiaries		
- realised	**22,288,152**	22,368,904
- unrealised	**532,303**	332,734
	22,820,455	22,701,638
Total share of retained earnings from associate		
- realised	**2,780,058**	2,507,426
- unrealised	**5,719**	2,744
	25,606,232	25,211,808
Add: Consolidation adjustments	**(894,556)**	(466,678)
Total retained earnings of the Group	**24,711,676**	24,745,130

	Company	
	2015	**2014**
	RM	**RM**
Total retained earnings of the Company		
- realised	**2,015,545**	2,065,494
- unrealised	**(120,827)**	(115,349)
Total retained earnings	**1,894,718**	1,950,145

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

LIST OF PROPERTIES
HELD BY THE GROUP AS AT 31 DECEMBER 2015

Registered Owner(s)	Location*	Description/ Existing Use	Tenure of Land	Land Area/ Built-up Area	Issuance date of Certificate of Fitness	Net book value as at 31 December 2015 (RM'000)
KSSC	Lot 3707, Jalan 7/5, Taman Industri Selesa Jaya, 43300 Balakong, Selangor Darul Ehsan	Double storey office cum factory/ Administration and Trading Office and Manufacturing and Processing Plant	Freehold	14,796 square metres/7,580 square metres	10 September 2003	6,331
KSSC	102 and 102A, Jalan Keris Taman Sri Tebrau, 80050 Johor Bahru, Johor Darul Takzim	Double storey shophouses/For rental income purposes	Freehold	163.509 square metre/237.832 square metres	9 January 1977	69

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-First Annual General Meeting of the members of the Company will be held at Majestic III, Lower Ground Level, Palace of the Golden Horses, Jalan Kuda Emas, Mines Resort City, 43300 Seri Kembangan, Selangor on Tuesday, 31 May 2016 at 11.00 a.m. for the following purposes :-

AGENDA
AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Directors' and Auditors' Reports thereon. **Please refer to Note A.**
2. To approve the payment of a first and final single tier dividend of 0.80 sen per ordinary share for the financial year ended 31 December 2015. **Resolution 1**
3. To approve the payment of Directors' fees for the year ended 31 December 2015. **Resolution 2**
4. To re-elect the following director retiring pursuant to Article 83 of the Company's Articles of Association and being eligible, has offered himself for re-election:-

   Tsen Ket Shung @ Kon Shung **Resolution 3**
5. To re-elect the following directors retiring pursuant to Section 129 (6) of the Companies Act, 1965 :-

   (i) Koh Seng Kar @ Koh Hai Sew **Resolution 4**

   (ii) Zainal Rashid bin Haji Mohd Eusoff **Resolution 5**

   (iii) Lim Ho Kin **Resolution 6**
6. To re-appoint Messrs Baker Tilly AC as Auditors of the Company and to authorise the Directors to fix their remuneration **Resolution 7**

AS SPECIAL BUSINESS

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

7. **AUTHORITY TO ISSUE SHARES BY THE COMPANY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Resolution 8**

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue, new shares in the Company from time to time upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and THAT the Directors be and are hereby also authorised to obtain the approval from Bursa Securities for the listing and quotation of the additional shares so issued."

NOTICE OF ANNUAL GENERAL MEETING
cont'd

8. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **Resolution 9**

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Mandate 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 from time to time with the Related Parties as specified in Section 2.3.1 of the Circular to Shareholders dated 29 April 2016, provided that such transactions are in the ordinary course of business, on normal commercial terms and on terms which are not more favourable to the related parties than those generally available to the public and the RRPT are not to the detriment of the minority shareholders of the Company;

AND THAT such authority shall commence upon the passing of the resolution and to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the shareholders' mandate will lapse, unless the authority is renewed by a resolution passed at the meeting;

(ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Mandate contemplated and/or authorised by the ordinary resolution."

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Subject to the approval of the shareholders, a first and final single tier dividend of 0.80 sen per ordinary share for the financial year ended 31 December 2015 will be paid on 30 June 2016 to Depositors registered in the Record of Depositors at the close of business at 5.00 p.m. on 15 June 2016.

A depositor shall qualify for entitlement only in respect of:-

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 15 June 2016 in respect of ordinary transfers; and
(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By order of the Board

LIM SECK WAH (MAICSA 0799845)
M. CHANDRASEGARAN A/L S. MURUGASU (MAICSA 0781031)
Company Secretaries

Dated this: 29 April 2016
Kuala Lumpur

NOTICE OF ANNUAL GENERAL MEETING
cont'd

Notes

A. This Agenda item is meant for discussion only as there is no provision in the Company's Articles of Association for a formal approval from shareholders and hence, is not put forward for voting.

1. For the purpose of determining a member who shall be entitled to attend and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 25 May 2016. Only a depositor whose name appears on the Record of Depositors as at 25 May 2016 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her stead.

2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member may appoint up to two proxies to attend the same meeting provided that he specifies the proportion of his shareholding to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(a) & (b) of the Companies Act, 1965 shall not apply.

3. Where a member is an authorised nominee as defined under the Security Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. A member who is an exempt authorized nominee is entitled to appoint multiple proxies for each omnibus account it holds.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or, if the appointer is a corporation, either under the Corporation's Common Seal or under the hand of an officer or attorney so authorized.

6. The Form of Proxy must be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

7. ***Explanatory Note To Ordinary Businesses***

Resolutions 4, 5 and 6

The proposed Resolutions 4, 5 and 6 required to be passed by a majority of not less than three-fourths of the members present at the meeting.

8. ***Explanatory Note To Special Businesses***

Ordinary Resolution 8

The proposed Ordinary Resolution no. 8, if duly passed, will give the Directors of the Company the flexibility to issue and allot new shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of next Annual General Meeting of the Company.

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

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purposes. The authority for allotment of shares will provide flexibility to the Company for the allotment of shares for the purpose of funding future investment, working capital and/ or acquisitions.

No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last AGM held on 21 May 2015.

9. ***Ordinary Resolution 9***

The proposed Ordinary Resolution 9 proposed under item 8 of the Agenda if passed, will allow the Company and/or subsidiaries to enter into Recurrent Related Party Transactions in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Further information is set out in the Circular to Shareholders dated 29 April 2016 which is despatched together with the Company's Annual Report 2015.

ANALYSIS OF SHAREHOLDINGS
AS AT 8 APRIL 2016

Authorised Share Capital	:	RM50,000,000.00
Issued and Fully Paid-up Share Capital	:	RM48,000,000.00
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One Vote Per Ordinary Share
No. of shareholders	:	1,380

DISTRIBUTION OF SHAREHOLDINGS AS AT 8 APRIL 2016

Category	No. of Shareholders	No. of Shares	Percentage (%)
Less than 100	3	97	0.00
100 - 1,000	175	94,503	0.10
1,001 - 10,000	599	3,965,500	4.13
10,001 - 100,000	527	17,368,800	18.09
100,001 - less than 5% of issued shares	74	21,771,100	22.68
5% and above of issued shares	2	52,800,000	55.00
Total	**1,380**	**96,000,000**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDINGS AS AT 8 APRIL 2016

		Direct		Indirect	
No.	Names	No. of Shares	%	No. of Shares	%
1.	Koh Seng Kar @ Koh Hai Sew	36,960,000	38.50	-	-
2.	Koh Seng Lee	15,840,000	16.50	-	-

DIRECTORS' INTERESTS IN SHARES AS AT 8 APRIL 2016

		Direct		Indirect	
No.	Names	No. of Shares	%	No. of Shares	%
1.	Koh Seng Kar @ Koh Hai Sew	36,960,000	38.50	-	-
2.	Koh Seng Lee	15,840,000	16.50	-	-
3.	Tsen Ket Shung @ Kon Shung	714,400	0.74	-	-
4.	Zainal Rashid bin Haji Mohd Eusoff	100,000	0.10	-	-
5.	Lim Ho Kin	60,000	0.06	-	-
6.	Yap Siok Teng	50,000	0.05	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 8 APRIL 2016

cont'd

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS AS AT 8 APRIL 2016

	Name	No. of Shares held	Percentage (%)
1.	KOH SENG KAR @ KOH HAI SEW	36,960,000	38.50
2.	KOH SENG LEE	15,840,000	16.50
3.	BALAKRISNEN A/L SUBBAN	1,000,000	1.04
4.	GUO YONGJIN	828,000	0.86
5.	CHAN KEE SENG	800,000	0.83
6.	LIM BOON TICK	721,000	0.75
7.	TSEN KET SHUNG @ KON SHUNG	714,400	0.74
8.	NG ALI CHUA @ NG AH CHUAH	700,000	0.73
9.	LEE CHAN CHAR	673,700	0.70
10.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD *- EXEMPT AN FOR UOB KAY HIAN PTE LTD*	530,000	0.55
11.	YAK THYE PENG	500,000	0.52
12.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD *- MAYBANK KIM ENG SECURITIES PTE LTD FOR LOW KOK TIONG*	500,000	0.52
13.	WONG CHEE KEONG	500,000	0.52
14.	YAP POH LEAN	500,000	0.52
15.	M & A NOMINEE (TEMPATAN) SDN BHD *- PLEDGED SECURITIES ACCOUNT FOR TAN CHUAN AIK*	479,300	0.50
16.	MUHAMMAD K.Y. TIANG BIN ABDULLAH	470,700	0.49
17.	TIANG WAN CHIONG	456,000	0.48
18.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *- PLEDGED SECURITIES ACCOUNT FOR TAN CHOON TEE*	400,000	0.42
19.	LIFE ENTERPRISE SDN BHD	388,300	0.41
20.	TEOH HOOI BIN	382,500	0.40
21.	WONG EE CHE	370,000	0.39
22.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *- PLEDGED SECURITIES ACCOUNT FOR TAY CHUN YONG*	368,000	0.38
23.	INNOSIN SDN BHD	328,000	0.34
24.	TONG FONG REALTY SDN. BERHAD	324,900	0.34
25.	TAILAMI A/P PALANIANDY	300,000	0.31
26.	WONG WAI KEUNG RAYMOND	298,400	0.31
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *- PLEDGED SECURITIES ACCOUNT FOR LIAU SIONG KEE @ LIEW SIONG KEE*	292,000	0.30
28.	TAN LIAN CHOON	276,700	0.29
29.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *- PLEDGED SECURITIES ACCOUNT FOR TEOH SIEW ENG*	272,000	0.28
30.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *- PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH*	266,000	0.28
	TOTAL	66,439,900	69.20

誠成集團

K. SENG SENG CORPORATION BERHAD

(Company No.: 133427-W)

FORM OF PROXY

(Before completing this form please refer to the notes below)

No. of Ordinary Shares Held

I/We ______________________________ I.C No./Co.No./CDS No.: ______________

(Full name in block letters)

of ____

(Full address)

being a member/members of **K. SENG SENG CORPORATION BERHAD** hereby appoint the following person(s):-

Name of proxy, NRIC No. & Address	No. of shares to be represented by proxy
1. ______________________	______________________
2. ______________________	______________________

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty-First Annual General Meeting of the Company to be held at Majestic III, Lower Ground Level, Palace of the Golden Horses, Jalan Kuda Emas, Mines Resort City, 43300 Seri Kembangan, Selangor on Tuesday, 31 May 2016 at 11.00 a.m. My/our proxy/proxies is/are to vote as indicated below:-

RESOLUTIONS RELATING TO:-		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
Ordinary Resolution 1	– To approve the payment of a first and final single tier dividend of 0.80 sen per ordinary share				
Ordinary Resolution 2	– To approve Directors' Fees				
Ordinary Resolution 3	– Re-election of Director, Tsen Ket Shung @ Kon Shung				
Ordinary Resolution 4	– Re-election of Director, Koh Seng Kar @ Koh Hai Sew				
Ordinary Resolution 5	– Re-election of Director, Zainal Rashid bin Haji Mohd Eusoff				
Ordinary Resolution 6	– Re-election of Director, Lim Ho Kin				
Ordinary Resolution 7	– To re-appoint the retiring auditors, Messrs Baker Tilly AC				
Ordinary Resolution 8	– Authority to issue shares pursuant to Section 132D of the Companies Act 1965				
Ordinary Resolution 9	– Proposed shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature				

(Please indicate with a "✓" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion). The first named proxy shall be entitled to vote on a show of hands on my/our behalf.

Dated this ______________ day of ____________ 2016

____

Signature of Shareholder(s)/Common Seal

Notes:-

1. *For the purpose of determining a member who shall be entitled to attend and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 25 May 2016. Only a depositor whose name appears on the Record of Depositors as at 25 May 2016 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her stead.*
2. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member may appoint up to two proxies to attend the same meeting provided that he specifies the proportion of his shareholding to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(a) & (b) of the Companies Act, 1965 shall not apply.*
3. *Where a member is an authorised nominee as defined under the Security Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *A member who is an exempt authorized nominee is entitled to appoint multiple proxies for each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or, if the appointer is a corporation, either under the Corporation's Common Seal or under the hand of an officer or attorney so authorized.*
6. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*

Fold This Flap For Sealing

Then Fold Here

Affix
Stamp

The Secretary
K. SENG SENG CORPORATION BERHAD (133427-W)
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur.

1st Fold Here

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603-8962 1111 (Accounts)
E-mail : sales@kssc.com.my