Acoustech Berhad

(Company No. 496665-W)

(Incorporated in Malaysia under the Companies Act 1965)

DIVERSITY

ANNUAL REPORT 2015

contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at The Loft, Level P, The Royale Chulan Kuala Lumpur 5, Jalan Conlay, 50450 Kuala Lumpur on Wednesday, 1 June 2016 at 11.30 a.m. for the following purposes:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of the Directors and the Auditors thereon. **(Please refer to Note No. 2)**

2. To approve the payment of a first and final single-tier dividend of 2.5 sen per ordinary share for the financial year ended 31 December 2015. **Resolution 1**

3. To approve the payment of Directors' Fees amounting to RM263,334 in respect of the financial year ended 31 December 2015. [2014: RM300,000] **Resolution 2**

4. To re-elect Soon Kwai Choy, a Director retiring in accordance with Article 103 of the Articles of Association of the Company. **Resolution 3**

5. To re-elect Ong Li Tak , a Director retiring in accordance with Article 108 of the Articles of Association of the Company. **Resolution 4**

6. To re-elect Chua Teck Leong, a Director retiring in accordance with Article 108 of the Articles of Association of the Company. **Resolution 5**

7. To re-appoint Messrs BDO as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 6**

As Special Business

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

8. **Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965** **Resolution 7**

   "**THAT** pursuant to Section 132D of the Companies Act, 1965 and approvals from Bursa Malaysia for the listing of and quotation for the additional shares so issued and other relevant authorities, where approval is necessary, authority be and is hereby given to the Directors to allot and issue shares in the Company at any time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares to be issued shall not exceed 10% of the issued share capital of the Company at any point of time AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

9. **Proposed Renewal of the Authority for Share Buy-Back** **Resolution 8**

   "**THAT** subject to the Companies Act, 1965 ("Act"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of all relevant governmental and/or regulatory authorities, the Company be and is authorized to purchase such number of ordinary shares of RM0.50 each in the Company ("Proposed Share Buy-Backs") as may be determined by the Board from time to time on Bursa Malaysia Securities Berhad upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up share capital of the Company and an amount not exceeding the total retained earnings of RM17,005,499 and share premium account of RM7,342,201 based on the latest audited accounts of the Company as at 31 December 2015, be allocated by the Company for the Proposed Share Buy-Backs.

Notice of Annual General Meeting
(Cont'd)

THAT such authority shall commence upon the passing of this resolution and shall remain in force until the conclusion of the next Annual General Meeting ("AGM") of the Company unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting.

THAT authority be and is hereby given to the Directors of the Company to decide in their discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or cancel them and/or resell the treasury shares or distribute them as share dividend and/or subsequently cancel them.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary (including executing all such documents as may be required) and to enter into any agreements and arrangements with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interest of the Company."

10. **Retention of Independent Director in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012** **Resolution 9**

"**THAT** Soon Kwai Choy, an Independent Director who has served in the Company for more than nine (9) years be hereby retained as an Independent Director and to hold office until the next Annual General Meeting."

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

11. **Proposed Amendment to the Articles of Association of the Company** **Resolution 10**

"**THAT** the proposed modifications, deletions and/or additions to the Articles of Association of the Company as set out below be hereby approved:

No.	Existing Articles	No.	Proposed Articles
138	The Directors shall from time to time in accordance with the provisions of the Act cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as may be necessary. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the directors' and auditors' reports shall not exceed four (4) months.	138	The Directors shall from time to time in accordance with the provisions of the Act cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as may be necessary.

12. To transact any other business of the Company of which due notice shall have been given.

Notice of Annual General Meeting
(Cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT the first and final single-tier dividend of 2.5 sen per ordinary share for the financial year ended 31 December 2015, if approved, will be paid on 18 July 2016. The entitlement date for the dividend payment is 30 June 2016.

A Depositor shall qualify for entitlement to the dividend only in respect of:

a. Shares transferred into the depositor's securities account before 4.00 p.m. on 30 June 2016 in respect of transfer; and

b. Shares bought on the 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 HOOI MOOI (MAICSA 0799764)
WONG WAI FOONG (MAICSA 7001358)
Joint Company Secretaries

Kuala Lumpur
29 April 2016

NOTES

1. Appointment of Proxy

- A Member of the Company who is entitled to attend and vote at the meeting may appoint not more than two (2) proxies to attend and vote instead of him.
- A Member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- A Member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- Where a Member or the authorized nominee appoints two (2) proxies, or where an exempt authorized nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- A proxy need not be a Member of the Company. A proxy appointed to attend and vote shall have the same rights as the Member to speak at the meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or in some other manner approved by its Directors.
- The instrument of proxy must be deposited at the Share Registrar's Office situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- For the purpose of determining a Member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 24 May 2016 and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.

Notice of Annual General Meeting
(Cont'd)

2. **Agenda No. 1**

   This item of the Agenda is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

3. **Explanatory Notes on Special Businesses**

   Resolution No. 7
   The proposed Resolution No. 7, seeking a renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration. Should the mandate be exercised, the Directors will utilize the proceeds raised for working capital or such other applications they may in their absolute discretion deem fit. As at the date of the Notice, the Company has not issued any new shares under this general mandate.

   Resolution No. 8
   The proposed Resolution No. 8, if passed will empower the Directors of the Company to purchase up to 10% of the issued and paid-up share capital of the Company by utilizing the funds allocated which shall not exceed the retained profits and share premium account of the Company. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

   Resolution No. 9
   The proposed Resolution No. 9 is to seek shareholders' approval on the retention of a Director who has served as Independent Director for more than nine (9) years in the Company.

   Resolution No. 10
   The proposed amendment to the Articles of Association of the Company will bring the Articles of Association of the Company in line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Statement Accompanying Notice of Annual General Meeting

There is no person seeking election as director of the Company at this Annual General Meeting.

Corporate Information

Board Of Directors

Leong Ngai Seng
Chairman/Executive Director

Ong Li Tak
Executive Director

Soon Kwai Choy
Independent Non-Executive Director

Ahmad Rahizal Bin Dato' Ahmad Rasidi
Senior Independent Non-Executive Director

Chua Teck Leong
Independent Non-Executive Director

Audit Committee

Soon Kwai Choy
Chairman

Ahmad Rahizal Bin Dato' Ahmad Rasidi

Chua Teck Leong

Nomination Committee

Ahmad Rahizal Bin Dato' Ahmad Rasidi
Chairman

Chua Teck Leong

Soon Kwai Choy

Remuneration Committee

Ahmad Rahizal Bin Dato' Ahmad Rasidi
Chairman

Soon Kwai Choy

Ong Li Tak

Company Secretaries

Lim Hooi Mooi
MAICSA 0799764

Wong Wai Foong
MAICSA 7001358

Auditors

BDO
Level 8
BDO Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

Registered Office

Unit 30-01, Level 30
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2783 9191
fax : 03-2783 9111

Share Registrar

Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: 03-2783 9299
Fax: 03-2783 9222

Customer Service Centre:
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No 8 Jalan Kerinchi
59200 Kuala Lumpur

Principal Place Of Business

No. 2, Jalan 1
Bandar Sultan Suleiman
Taiwanese Industrial Park
42000 Port Klang, Selangor Darul Ehsan
Tel : 03-3176 1145
Fax: 03-3176 2003

Principal Bankers

RHB Bank Berhad
CIMB Bank Berhad
Citibank Berhad

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Website

www.acoustech.com.my

Group Structure

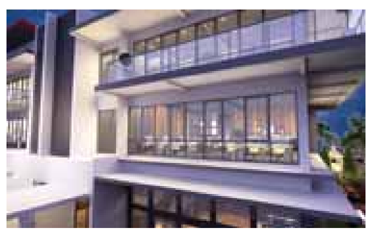
Chairman's Statement

Dear Shareholders,

On behalf of the Board, I present to you our Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2015.

For the last financial year, the Group successfully consolidated its audio business into a central location in Port Klang. With this strategy, we were able to register better returns and higher profit margins through better space utilisation and improved cost savings. The audio division registered lower revenue of RM88 million compared with RM152 million in the preceding year with the decrease largely due to the discontinuance of its manufacturing lines in the Sungai Petani plant. Nevertheless, gross profit margins for the audio division improved significantly to RM5.5 million due to aggressive cost improvement initiatives, better supply chain management and gains resulting from the strengthening of the USD.

To minimise against any risks of over reliance on the audio business which continues to face various supply and demand challenges, we successfully diversified our business to include industrial property development through our acquisition of 2 promising new companies, Teras Eco Sdn Bhd and JM Cemerlang Sdn Bhd. We are pleased that as at the end of the recent financial year, we were able to see noticeable results when the property division managed to clock a decent profit after tax of RM3.6 million. Overall, compared with the previous financial year, the Group has managed to turn around its fortunes from a loss of RM89 thousand from continuing operations to a profit after tax of RM9.2 million from continuing operations. We are thankful for the support given by all levels of management who worked tirelessly to help turn around the profitability of the Group.



Chairman's Statement

(Cont'd)

Outlook

Our manufacturing business continues to face various macro-economic challenges which are beyond our control. With the current global economic slowdown and the entry of new players, securing recurring and stable orders remain a constant challenge. Against such backdrop, we will continue to monitor our performance closely and rationalise our business further if required to. As our operations are now centralised, we have better efficiency and improved cost model. Although we will no longer have the capacity to chase for high volume orders, we are hopeful to secure lower orders but with better margins. As for the property division, we are pleased to inform that our maiden property project Senibong 88, in Johor Bahru has successfully reached physical completion and ready to be handed over to purchasers by the 3rd quarter of 2016. We are optimistic that the industrial property division will contribute to the Group's profitability and we will continue to devote resources to his new business of the Group.

Appreciation

On behalf of the Board, we take this opportunity to express our gratitude to Mr Chang Song Hai our previous Chairman and Non-Executive Director who has retired from the Board. His contribution and wisdom has been both valuable and immense in steering the Board of Directors over the past 15 years. We also wish to record our sincere appreciation to Mr Su Cheng Tao, our previous Managing Director and Dato' Chen Po Hsiung our Executive Director, whose 15 years of dedicated service and leadership to the Group has been unparalleled. As both Mr Su and Dato Chen have attained the age of 70 and beyond, the Board reluctantly acceded to Dato' Chen's request to retire from the Board at the last AGM in June 2015 and in December 2015, the Board accepted Mr Su's request for 'early' retirement and thus release him from the onerous task of managing the Group. Mr Su will however remain as our Director at Formosa Prosonic Technics to lend support and strength to a new management team which we are grooming. We also appreciate Mr Su for having the vision to allow the current management within the Group to move up management ranks and ensure continued management succession.

Last but not the least, our appreciation also goes to Mr Shih Chao Yuan our Independent Director who has also opted to retire from the board in January 2016 due to other business commitments. Mr Shih's advice and independence has been a great asset to the Board.

I am very pleased to welcome Mr Richard Ong Li Tak and Mr Chua Teck Leong to the Board. With Richard's past knowledge, insight and expertise in the property development and construction industry, we believe that Richard is capable of heading the Group's new property development business. Mr Chua brings with him a trove of experience in the corporate sector as his accompanying Director's profile will testify. His experience will be an asset to the Group.

On behalf of the Board, I would like to express our sincere appreciation to all our shareholders, business partners and associates who have continued to support and believe in us. I thank my fellow directors past and present for their undivided support, wisdom and contribution in helping the Group to achieve what we set out to do last year. Lastly, I thank all our employees for their commitment and contribution.

Thank you.

Leong Ngai Seng
29 April 2016
Kuala Lumpur, Malaysia

GROUP REVENUE

RM108.4mil

Profile of Directors

Leong Ngai Seng
Chairman/Executive Director

Malaysian, aged 44, Chairman/Executive Director, was appointed to the Board of Acoustech Berhad on 25 February 2002. He served as the Senior Independent Non-Executive Director prior to taking up the appointment as Executive Director on 26 November 2015. He obtained his Law Degree and Commerce Degree LLB (Hons) B. Comm. from University of Melbourne and became a member of the Malaysian Bar in 1997. He was formerly an Assistant Vice-President in the Corporate Finance Department of a leading merchant bank in Malaysia. Mr. Leong was a partner in his own law firm prior to assuming the executive role in the Group.

Mr. Leong holds directly 4,805,956 ordinary shares or 2.88% and is deemed interested in 28,468,186 ordinary shares or 17.03% in the Company via his holding companies.

Except for his shareholding interest in the Company, he has no family relationship with any of the Directors and/or major shareholder of the Company. He has not been convicted of any offences within the past ten (10) years.

Ong Li Tak, Richard
Executive Director

Malaysian, aged 39, Executive Director, was appointed to the Board of Acoustech Berhad on 19 February 2016. Richard Ong was born in Kluang, Johor, in 1977. The aspiring captain of industry built his career path in the property development industry upon the completion of his tertiary education in 2000. In a quest for fulfilling his desire to acquire new knowledge and skills in the construction trade, he decided to further his studies after his first employment in BCB Berhad.

Richard boasts over 15 years of track record in the property development industry, playing a pivotal role in prospering BCB Berhad towards greater heights. His illustrious career portfolio dates back in 1996 as a Clerk-of-Works for a first ever mixed development housing project in Kluang, Johor. His single-minded passion for property development has since fledged with a wider spectrum of industrial know-how and business acumen. His hands-on exposure to the industry has engineered him into a force to be reckoned with. From sales administration to sales and marketing planning, project development, property management, product conceptualization and strategy, business development and liaison with local government bodies and relevant authorities, you can always count on Richard for the nitty-gritty of the industry.

Helmed by 15 years of results-oriented achievements, Richard has established himself as one of the prominent captains of the property development industry. He distinguishes himself from the pack with brilliant, innovative propositions that marvel beyond the already-thriving marketing ideas. Making life happy for the aspiring buyers through the ownership of dream properties is what Richard takes pride in.

Richard does not hold any shares in the Company. He has no family relationship with any of the Directors and/or major shareholder of the Company. He has not been convicted of any offences within the past ten (10) years.

Profile of Directors

(Cont'd)

Soon Kwai Choy

Independent Non-Executive Director

Malaysian, aged 65, Independent Non-Executive Director was appointed to the Board of Acoustech Berhad on 3 September 2001. He has held several senior positions in various major Malaysian corporations and was admitted as a member of the Association of Chartered Certified Accountants (ACCA) (UK) in 1979 and a member of the Malaysian Institute of Accountants (MIA) since 1980. He was the Past President of the Confederation of Asian and Pacific Accountants and former Vice-President of MIA. He sat in the International Council of the ACCA headquarters in London, United Kingdom from 1996-2008. He was awarded an honorary CPA by the Chinese Government in 1996.

Mr. Soon is the Chairman of the Audit Committee of the Company and a member of the Nomination Committee. Mr. Soon holds directly 400,000 ordinary shares or 0.24% interest in the Company and is deemed interested in 610,000 ordinary shares held by his spouse. Except for his shareholding interest in the Company, he has no family relationship with any of the Directors and/or major shareholder of the Company. He has not been convicted of any offences within the past ten (10) years.

Ahmad Rahizal Bin Dato' Ahmad Rasidi

Senior Independent Non-Executive Director

Malaysian, aged 33, Senior Independent Non-Executive Director was appointed to the Board of Acoustech Berhad on 24 April 2015. He graduated with diploma in Business from International School of Hong Kong. Subsequently, he did his degree in Business IT from Sunway College.

He began his career in Koperasi Ukhwah Malaysia Berhad in business development and administration for its property investment and development and credit financing division. He has since been promoted to the role of Head of Property Development and Investment Department which looks into the Koperasi assets in few countries namely Malaysia, United Kingdom and Australia.

He is also the Director in Noble Signet Sdn Bhd whereby Noble Signet Sdn Bhd develop IT system catering to cooperatives and the banking industry. He is also the Chairman of UQ Holiday which charters flights for pilgrimages to perform Umrah.

In addition, he is currently the Chief Executive Officer of AutoMasterCop Sdn Bhd that provides electronic payment system, as an alternative delivery channels for banking and other financial institution industry.

With the experiences gained, he incorporated Tres Industry Sdn Bhd, which undertakes property development in the klang valley. At the same time, he has partnered with other property development companies to undertake property development in Melaka and Johor.

En. Ahmad Rahizal does not hold any shares in the Company. He has no family relationship with any of the Directors and/or major shareholder of the Company. He has not been convicted of any offences within the past ten (10) years.

Profile of Directors

(Cont'd)

CHUA TECK LEONG

Independent Non-Executive Director

Singaporean, aged 54, Independent Non-Executive Director, was appointed to the Board of Acoustech on 22 April 2016. He graduated from the University of London and was called to the English Bar in 1987. After he was called to the Singapore Bar in 1989, he started his career as a lawyer having a general practice from 1991-2000 and from 2005-2008.

In 2001, he was appointed as Executive Director of Serial System Limited, which is a public listed company in the Singapore Stock Exchange (SGX) involved in the business of distribution of components and manufacturer of consumer electronic devices. Prior to the appointment, he was an independent and non-executive director of the said company. He was also on the Board of Directors for PDC Corp Ltd (a main board listed company of the SGX) as their Independent Director serving as the Chairman for the Nominating and Remuneration Committee and member of the Audit Committee. He was also a Director of BullWill Co Ltd, a Taiwan company in the business of component manufacturing and distribution listed on the OTC Counter Taiwan Stock Exchange.

Currently, he serve as the Group Legal Counsel for Jforte Holdings Pte Ltd. He concurrently holds the post of Chief Operating Officer for JL Asia Resources Pte Ltd, a project management company in the management of development projects and hotel management business. He also served as a Director for Jforte Sportainment Pte Ltd and CueGuru Pte Ltd, a company which business is in sportainment and operates a bowling center and several pool and billard centers in Singapore. He also helmed the position as Deputy CEO of 'SUKI Group of Companies which operates a total of 26 F&B outlets.

Mr Chua does not hold any shares in the Company. He has no family relationship with any of the Directors and/or major shareholder of the Company. He has not been convicted of any offences within the past ten (10) years.

Audit Committee Report

THE BOARD OF DIRECTORS ("the Board") of Acoustech Berhad ("the Company") is pleased to present the report of the Audit Committee for the financial year ended 31 December 2015.

Chairman
Soon Kwai Choy
Independent Non-Executive Director

Members
Leong Ngai Seng
Senior Independent Non-Executive Director
(Resigned on 26 November 2015)

Dato' Nik Abdul Aziz Bin Mohamed Kamil
Independent Non-Executive Director
(Deceased on 19 January 2015)

Shih Chao Yuan
Non-Independent Non-Executive Director
(Appointed on 9 February 2015)
(Resigned on 29 January 2016)

Ahmad Rahizal Bin Dato' Ahmad Rasidi
Independent Non-Executive Director
(Appointed on 29 February 2016)

Chua Teck Leong
Independent Non-Executive Director
(Appointed on 22 April 2016)

TERMS OF REFERENCE

Constitution

The Audit Committee was constituted per resolution of the Board on 4 September 2001 and its terms of reference are consistent with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (the "Exchange").

Authority

- The Audit Committee is authorised by the Board to investigate any activity within its terms of reference.
- It has unlimited access to all information relevant to its activities.
- It is authorised by the Board to obtain legal or other professional advice if it deems necessary.

COMPOSITION

- The Audit Committee shall comprise at least 3 directors all of which must be non-executive directors with a majority of them being independent directors.
- Alternate director shall not be appointed as members of the Audit Committee.
- At least one member of the Audit committee shall be a member of the Malaysian Institute of Accountants or a person who fulfills the specific requirements as prescribed or approved by the Exchange.
- In the event of any vacancy in the Audit Committee resulting in the non-compliance of the Exchange's Listing Requirements, the vacancy shall be filled within 3 months.
- The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director.
- Members' of the Committee shall serve for a period of two years and then retire from office but shall be eligible for re-appointment.

Audit Committee Report
(Cont'd)

FUNCTIONS

The Audit Committee shall, amongst others, discharge the following functions:-

- Review the following and report the same to the Board of Directors;
    - with the external auditors, the audit plan;
    - with the external auditors, his evaluation of the system of internal controls;
    - the adequacy of the scope, functions, competency and resources of the internal audit functions and the necessary authority of the internal auditor to carry out the work;
    - the internal audit program, processes, the results of the internal audit program, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
    - the quarterly results and year-end financial statements, prior to the approval by the Board focusing particularly on:-

        (i) changes in or implementation of major accounting policy changes;
        (ii) significant and unusual events;
        (iii) the going-concern assumptions; and
        (iv) compliance with accounting standards and other legal requirement;

    - any related party transactions and the conflict of interest situation including any transaction, procedure or course of conduct that raises questions of management integrity;
    - any letter of resignation from the external auditors; and
    - whether there is any reason and supported by grounds, to believe that the external auditors is not suitable for re-appointment.

- Undertakes an annual review on the suitability and independence of the External Auditors given the length of service of the current External Auditors. The Audit Committee also reviews the performance of the External Auditors and recommends its reappointment to the Board of Directors;

- Report promptly to the Exchange on any matter the Audit Committee had reported to the Board of Directors, which was not satisfactorily resolved and/or resulted in a breach of the Exchange's Listing Requirements; and

- Consider and report on matter requested by the Board of Directors.

ACTIVITIES

The Committee met four (4) times for the year under review and carried out the following activities:-

- Reviewed the unaudited quarterly financial statements and the audited financial statements before submission to the Board for approval;

- Reviewed the internal audit programs, reports and remedial action taken;

- Assessed the Group's overall system of internal control;

- Reviewed the Related Party Transactions, the conflict of interest declarations and the Circular to Shareholder in relation to Recurrent Related Party Transactions;

- Reviewed the Audit Planning Memorandum and Audit Review Memorandum with the external Auditors; and

- Reviewed the Risk Management Report.

Audit Committee Report

(Cont'd)

MEETINGS

The Audit Committee met four (4) times during the financial year end 31 December 2015. Details of attendance are as follows:

Name of Director	Attendance
Soon Kwai Choy	4/4
Leong Ngai Seng *(Resigned on 26 November 2015)*	4/4
Shih Chao Yuan *(Appointed on 9 February 2015)* *(Resigned on 29 January 2016)*	3/3

EXTERNAL AUDIT FUNCTION

(a) Discussed with the External Auditors before audit commencement on the nature and scope of the audit to be carried out.

(b) Held private session meetings with External Auditors to discuss areas requiring Audit Committee's attention and action.

(c) Deliberated on the External Auditors' report and recommendations regarding areas for improvement on internal controls, identify significant risk areas and impact on financial matters based on observations made in the course of interim and final audit.

(d) Undertook an annual assessment on the suitability and the independence of the External Auditors given that the External Auditors has now been continuously engaged by the Company for a considerable period.

(e) Reviewed the performance of the External Auditors and recommended its re-appointment and remuneration to the Board.

INTERNAL AUDIT FUNCTION

An Internal Audit Function was set up to undertake continuous systematic reviews of the Group's internal control systems so as to provide the Board with reasonable assurance that such systems continue to operate satisfactorily and effectively.

The Group has adopted a risk-based approach to the implementation and monitoring of controls and had carried out an exercise to identify and evaluate the risks associated with the Group.

The cost of internal audit was RM60,000 during the financial year ended 31 December 2015.

Corporate Governance Statement

Acoustech Berhad is committed to business integrity and best practices in all its activities. As part of this commitment, the Board of Directors ("Board") is pleased to report to its shareholders on the application of the Principles as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

1. THE BOARD OF DIRECTORS

1.1 Board Responsibilities

The Board retains effective control of the Company and the Group and is responsible for the overall corporate affairs, strategic direction, formulation of policies and the overall performance of the Company and the Group. The Executive Directors take on primary responsibility for managing the Group's business and resources.

1.2 Board Balance

The Company is led by an experienced Board comprising five (5) members as at the date of this statement, of whom three (3) are Independent Non-Executive Directors and two (2) are Executive Directors.

No individual or group of individuals dominates the Board's decision making. Independent Directors constitute more than one third of the Board and the interest of significant shareholder are fairly represented on the Board. The present Directors bring a wide range of experience and skills relevant to the business of the Group. Brief descriptions on the background of each Director are set out on pages 10 to 12.

One of the recommendations of the MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of 9 years. However, the Nomination Committee and the Board have determined at their annual assessment determined that all the independent directors are objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not in any way interfere with the exercise of independent judgement and their ability to act in the best interests of the Company. The Board will table a proposal to retain Mr Soon Kwai Choy as independent director for shareholders' approval at the upcoming Annual General Meeting of the Company.

Currently, the Managing Director also assumes the role as Chairman of the Board. While the Board is mindful that the combined roles is not a best practice, the Board takes into consideration that the Executive Chairman/Managing Director is also the representative of the largest shareholder. In this respect there is assurance of shareholder leadership at the Board level. The Board ensures that a balance of power is retained without the Board being dominated by the Chairman. The Independent Non-Executive Directors provide independent judgment and check and balance on the Board.

The current size and composition of the Board are considered adequate to provide the optimum skills and experience required to manage affairs. Furthermore the Board is of the view that the current Board size is balanced in skills and composition.

1.3 Board Meeting

The Board meets at least four (4) times a year and has a formal schedule of matters reserved for it. Additional meetings are held as and when necessary. During the financial year ended 31 December 2015, four (4) meetings were held in which the Board deliberated upon and considered various issues including the Groups' financial results, annual budgets, performance of the Group's business, major investment, business plan and policies and strategic issues affecting the Group's business.

Corporate Governance Statement
(Cont'd)

Details of attendance of the Directors at Board meetings held during the financial year are as follows:

	Total Number of Meetings	Number of Meetings Attended
Chang Song Hai *(Resigned on 23 December 2015)*	4	4
Su Cheng Tao *(Resigned on 26 November 2015)*	4	4
Dato' Chen Po Hsiung *(Retired on 25 June 2015)*	2	2
Leong Ngai Seng	4	4
Shih Chao Yuan *(Resigned on 29 January 2016)*	4	4
Soon Kwai Choy	4	4
Ahmad Rahizal Bin Dato Ahmad Rasidi *(Appointed on 24 April 2015)*	2	1

1.4 Supply of Information

The Board has unrestricted access to timely and accurate information necessary in the furtherance of their duties. At each Board meeting, the Managing Director briefs the Board on the Group's activities and operations. Directors have access to the advice and services of the Company Secretary and where necessary, obtain independent professional advise at the Group's expense.

1.5 Board Committees

The Board of Directors delegates certain responsibilities to Board Committees namely the Audit Committee, Remuneration Committee and Nomination Committee in order to enhance business and operational efficiency and effectiveness.

1.6 Appointments to the Board

The duties and functions of the Nomination Committee encompass the following:-

- Recommend to the Board, candidates nominated by shareholders or the Board for directorships to be filled;
- Recommend to the Board, directors to fill seats on board committees;
- Review annually the required skills and experience and other qualities and core competencies Non-Executive Directors should bring to the Board; and
- Assess annually the effectiveness of the Board as a whole and the contribution of each individual director.

The decision on new appointment of directors rests with the Board after considering the recommendation of the Nomination Committee. In evaluating the suitability of candidates to the Board the Nomination Committee will consider certain criteria such as skills, knowledge, expertise, experience, integrity, commitment, background, boardroom diversity and the ability of the candidate to discharge his/her duties as expected.

The members of the Nomination Committee are as follows:-

Leong Ngai Seng (Chairman)	-	Senior Independent Non-Executive Director *(Resigned on 26 November 2015)*
Chang Song Hai (Member)	-	Non-Independent Non-Executive Director *(Resigned on 23 December 2015)*
Chua Teck Leong (Member)	-	Independent Non-Executive Director *(Appointed on 22 April 2016)*
Soon Kwai Choy (Member)	-	Independent Non-Executive Director
Ahmad Rahizal Bin Dato' Ahmad Rasidi (Member)	-	Senior Independent Non-Executive Director *(Appointed on 19 April 2016)*

Corporate Governance Statement
(Cont'd)

During the financial year under review, the Committee met once to conduct the annual review on the Directors' core competencies, contribution, effectiveness and conducted a review on the independence of the independent directors. The MCCG 2012 recommends that the Chair of the Nomination Committee should be the Senior Independent Director identified by the Board. Mr Leong Ngai Seng, who is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee, acts as the Senior Independent Non-Executive Director. Any concerns with regards to the Group may be conveyed to him.

1.7 Re-election of Directors

In accordance with the Company's Articles of Association, one-third of the Directors are required to submit themselves for re-election by rotation at least once every three years at each Annual General Meeting ("AGM"). Retiring Directors can offer themselves for re-election.

Directors who are appointed during the financial year are, in accordance with the Company's Articles of Association, required to retire at the AGM following their appointment but are eligible for re-election by the shareholders.

1.8 Directors Training

All Directors of the Company except for Mr Chua have attended Bursa Malaysia's Mandatory Accreditation Programme ("MAP"). The Directors also attended Goods and Service Tax (Implication and Implementation) and New Innovative Production Line for speaker units during the financial year.

1.9 Succession Planning

During the financial year, as half the Board members had attained the age of 70 and beyond, the Board put in place succession planning by seeking younger directors within the Board and senior management to assume greater responsibilities and different roles within the organisation. This has resulted in Mr Leong being assigned the role as Executive Director in place of Mr Su, who has asked for retirement. At the senior management level, young and designated aspiring executives were selected and exposed to current management practices where they were guided and mentored by senior staff through continuous on the job training and exposure.

1.10 Gender Diversity

The Board supports the gender boardroom diversity as recommended under the MCCG 2012. The Board will review the appropriate proportion of female to male Directors on the Board at the time of considering appointment of new Directors to the Board. Apart from gender boardroom diversity, the Board also supports diversity in ethnicity and age. The Board will review the appropriate proportion of the age group and ethnicity of Board members at the time of considering appointment of new Directors to the Board.

1.11 Director Training Needs and Effectiveness

The evaluation on the effectiveness of the Board of is conducted through a self assessment methodology whereby a set of Questionnaires namely, the "Evaluation of the Effectiveness of the Board Questionnaire" for the period under review is used by all members of the Board for their completion.

Corporate Governance Statement
(Cont'd)

2. DIRECTORS' REMUNERATION

The Board has set up the Remuneration Committee whose primary responsibility include reviewing and making recommendations on remuneration packages and policies applicable to the Chairman, Managing Director, Senior Executives and Directors themselves.

The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages. Individual Directors are required to abstain from discussion on their own remuneration. The determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole.

The members of the Remuneration Committee are as follows:

Chang Song Hai (Chairman)
Non-Independent Non-Executive Director
(Resigned on 23 December 2015)

Leong Ngai Seng (Member)
Senior Independent Non-Executive Director
(Resigned on 26 November 2015)

Ahmad Rahizal Bin Dato' Ahmad Rasidi (Chairman)
Senior Independent Non-Executive Director
(Appointed on 19 April 2016)

Soon Kwai Choy (Member)
Independent Non-Executive Director
(Appointed on 19 April 2016)

Ong Li Tak (Member)
Executive Director
(Appointed on 19 April 2016)

During the financial year under review, the Committee met once to review the principles and guidelines on directors' remuneration adopted by the Board and the levels of remuneration applied.

For the financial year ended 31 December 2015, the remuneration of the Directors are as follows:

	Fees RM	Emoluments RM	Benefits-in-kind RM	Total Remuneration RM
Executive Directors	56,667	844,500	28,190	929,357
Non-Executive Directors	206,667	106,033	-	312,700
Total	263,334	950,533	28,190	1,242,057

The number of Directors whose total remuneration falls within the following bands is as follows:-

	Executive Directors	Non-Executive Directors
Below RM50,000	1	1
RM50,001 – RM100,000	-	4
RM100,001 – RM250,000	-	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	-	-
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	-	-
RM500,001 – RM550,000	-	-
RM550,001 – RM600,000	-	-
RM600,001 – RM650,000	-	-
RM650,001 – RM700,000	-	-
RM900,000 – RM950,000	1	-

Corporate Governance Statement

(Cont'd)

3. SHAREHOLDERS

The Board of Directors recognizes the importance of communication and timely dissemination of information to shareholders. The Board believes in clear and regular communication with its shareholders and institutional investors. The Annual Report, announcements through Bursa Link on financial results on a quarterly and other disclosures provide an avenue to disseminate information to the shareholders with an overview of the Group's performance and its business activities.

General Meetings serve as the principal forum for communicating with the shareholders of the Company. The Board encourages participation of shareholders at the General Meeting to ensure a high level of accountability and identification with the Group's strategy and goals and where required voting by poll (note: Recommendation 8.2).

The Board intentionally allocates time for question and answer sessions during General Meetings.

The Company follows a continuous disclosure policy, making announcements to the Bursa Malaysia when it becomes aware of information which might materially affect the price of its shares.

Shareholders and/or stakeholders are welcomed to raise queries by contacting the Executive Directors throughout the year. It is the intention of the Board to resume actively engaging the investing public with briefings and press releases, as and when appropriate and in line with Bursa Malaysia regulations, so as to ensure that the public is aware of significant developments.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

The Board aims to provide and present a balanced and clear assessment of the Groups' financial performance and prospect primarily through the annual financial statements and quarterly report as well as announcements to the Bursa Malaysia. The Audit Committee assists the Board in scrutinizing information for disclosure to ensure compliance with accounting standard, accuracy, adequacy and completeness.

4.2 Statement of Directors' Responsibility in respect of audit financial statements

The Board is responsible for ensuring that the financial statements of the Group gives a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their income statements and cashflows for the period. These involve Directors selecting suitable accounting policies and then applying them consistently and make judgements and estimates that are reasonable and prudent. The Directors have the responsibility of ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and of the Company and which ensures that the financial statements comply with the Companies Act, 1965.

4.3 Internal Control And Risk Management

The Directors are responsible for the Group's system of internal controls and its effectiveness. The principal aim of the system of internal controls is the management of financial and business risks that are significant to the fulfillment of the Group's business objectives, which is to enhance the value of shareholders' investment and safeguarding the Group's assets.

Corporate Governance Statement
(Cont'd)

The Audit Committee summarises and communicates the key business risks to the Board for consideration and resolution. Internal audit activities are conducted in-house. The internal audit conducted its work based on an annual internal audit plan which was tabled before and approved by the Audit Committee. The internal audit functions are carried out impartially, proficiently and with due professional care. Reports issued by the internal audit for the financial year under review were tabled at Audit Committee meetings. Management was present at such meetings to provide pertinent clarification or additional information to address questions raised by Audit committee members.

The Group operates a comprehensive budgeting and financial reporting system, which compares actual performance to budget on monthly and quarterly basis which allows management to monitor financial and operational performance on a continuing basis.

The Statement of Risk Management and Internal Control of the Group are set out on pages 27 to 30 of the Annual Report.

4.4 Compliance Statement

The Board adopted and formalized the following to be in line with the recommendations of the MCCG :

i) Board Charter
ii) Code of Ethics
iii) Code of Conduct
iv) Remuneration Committee Charter
v) Nomination Committee Charter
vi) Corporate Disclosure Policy
vii) Sustainability Policy

The Board, will continue to adopt the principles and recommendation of the MCCG.

4.5 Relationship with the Auditors

The external auditors, Messrs BDO have continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so the Company has established a transparent arrangement with the auditors to meet their professional requirements.

The auditors have, from time to time, highlighted to the Audit Committee and the Board matters requiring the Board's attention.

Other Information

Conflict of Interests
None of the Directors have any family relationships with other Directors or major shareholders of the Company.

Convictions for Offences
None of the Directors have been convicted for offences within the past ten years other than traffic offences, if any.

Utilisation of Proceeds
There were no issuance of new shares, rights issue or issuance of bonds during the financial year.

Imposition of Sanctions and/or Penalties
There were no sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or Management by relevant regulatory bodies during the financial year.

Share Buybacks
The Company acquired 452,700 of its own shares via share buy backs during the financial year.

Option, Warrants or Convertible Securities
There was no exercise of option, warrants or convertible securities during the financial year.

American Depository Receipts (ADR) and Global Depository Receipts (GDR)
The Company has not sponsored any ADR or GDR programme for the financial year.

Non-Audit Fees
There were no non-audit fees paid to the external auditors for the financial year.

Profit Estimates, Forecast or Projections
The Company did not make any release on profit estimates, forecast or projections during the financial year.

Profit Guarantee
There was no profit guarantee given by the Company during the financial year.

Material Contracts
Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Acoustech or its subsidiary companies within the past two (2) years:-

(a) On 1 January 2015, Formosa Prosonic Technics Sdn. Bhd. (“FPT”), a wholly owned subsidiary of the Company, entered into a Comprehensive Manufacturing Asset Purchase Agreement with FPT’s subsidiary, Aerotronic Sdn. Bhd. (“Aerotronic”), to acquire its entire manufacturing assets for a cash consideration of RM97,059. The acquisition was completed on 1 January 2015.

(b) On 10 February 2015, FPT acquired 1,107,965 ordinary shares of RM1.00 each not owned by FPT (“Acquisition”), which represented 41.81% of the issued and paid-up share capital in Aerotronic for a cash consideration of RM1,362,922. Upon completion of the Acquisition, Aerotronic became a wholly-owned subsidiary of FPT.

Other Information

(Cont'd)

(c) On 25 March 2015, the Group's wholly owned subsidiary, FPT, entered into a Sales and Purchase Agreement ("SPA") to dispose of its manufacturing assets and equipment ("Manufacturing Assets") located at address plot 236, 238 & 240 Kawasan Perusahaan LPK, Taman Ria Jaya, 08000 Sungai Petani, Kedah ("SP Factory"), to its related party, Formosa Prosonic Industries Berhad ("FPI"), for a cash consideration of RM4,500,000.

Upon the fulfilment of the terms of the SPA, FPT entered into a Tenancy Agreement with FPI, whereby FPI would rent the factory building and leasehold land located at the SP Factory ("Demised Premises"). Under the terms of the Tenancy Agreement, FPI was given an option during the tenure of the tenancy to purchase the Demised Premises at the purchase price to be based on the market value determined by an independent valuer.

Subsequently, FPI exercised the option to purchase the Demised Premises and as such, FPT entered into two (2) Sale and Purchase Agreements to dispose of the Demised Premises and a double story link semi-detached house located at Sungai Petani to FPI for a cash consideration of RM15,000,000 and RM550,000 respectively.

(d) On 15 July 2015 the Company acquired 100% of the issued and paid-up ordinary share capital of Teras Eco Sdn. Bhd. ("TE"), a company incorporated in Malaysia which is engaged in property development for a cash consideration of RM13,500,000.

(e) On 30 October 2015 the Company acquired 100% of the issued and paid-up ordinary share capital of JM Cemerlang Sdn. Bhd. ("JMC"), a company incorporated in Malaysia which is engaged in property development for a cash consideration of RM15,500,000.

(f) On 13 November 2015, the Company disposed of its entire equity interest in a subsidiary, Formosa Prosonic Equipment Sdn. Bhd. a company incorporated in Malaysia, which was engaged in the manufacturing of electrical equipment for a cash consideration of RM5,750,000.

Recurrent Related Party Transactions of a Revenue or Trading Nature

Details of transactions with related parties undertaken by the Group during the financial year under review are disclosed in Note 39 to the financial statements.

Contracts Relating to Loans

There was no contract relating to loans by the Company.

Corporate Responsibility Statement

Across all Group's activities, Acoustech Berhad ("ACOSTEC") Group recognises the responsibility we have towards our people and the communities and environments in which we operate. ACOSTEC Group continuously develops, implements, maintains, reviews and improves its sustainable development in alignment with the following commitments:

1. MARKET PLACE

1.1 Implement and maintain ethical business practices and sound systems of corporate governance by:

- abiding or acceding to the requirements of laws and regulations; and
- working with governments, industry and other stakeholders to develop sustainable development strategies.

1.2 Integrate sustainable development considerations within the corporate decision-making process by:

- adopting sustainable development practices throughout the product life cycle-plan, design, operation and closure;
- engaging regularly with people affected by its operations, and take their views and concerns into account in decision making;
- encouraging suppliers, business partners and customers to adopt practices comparable to ACOSTEC's; and
- train our employees and contracted workers to ensure adequate competency with regards to its sustainable development objectives.

2. COMMUNITY

2.1 Contribute to the social, economic and institutional development of the communities in which it operates by developing partnerships that foster the sustainable development of the host communities to enhance economic benefits from its operations.

2.2 Implement effective engagement, communication and reporting arrangements with stakeholders by establishing processes that enable consultation and feedback with them.

3. WORK PLACE

3.1 Uphold fundamental rights and respect cultures, customs and values in dealings with employees and others who are affected by its activities by encouraging a diverse workforce and providing a work environment in which everyone is treated fairly, with respect and where they can realise their full potential.

3.2 Seek continual improvement of health and safety performance by:

- identifying, assessing and managing risks to employees, contractors, the environment and nearby communities; and
- seeking ways to promote and improve the health of the workforce and the community.

3.3 For the Group, it is reflected in the Occupational Safety and Health procedures. The welfare of our employees and those involved with our business are aligned with all our activities. There are three basic premises that permeate the organization of Occupational Safety and Health Structure:

- Line Responsibility
  Responsibility of the employees and the commitment of the entire workforce regarding the installation, operation and maintenance of the Occupational Safety and Health Management System.

Corporate Responsibility Statement
(Cont'd)

- Operational Discipline
  Our documentation and our practices take into account safety and health aspects in all stages of our activities. Effective management identifies and embarks on activities that are in compliance with the procedures, regulations, mechanical processes, physical conditions and the capacity of people to continually identify, analyse and minimise exposure to risks and breakdowns.

- Leadership
  The Group believes it is absolutely necessary to cultivate a leadership attributes that permits a process of team preparation and motivation. Occupational Safety and Health performance strongly depends upon the visible commitment of each leader, strict discipline, control and follow-up of each leader.

3.4 Diversity

	Board of Directors Diversity	**Group Staff Diversity**
2015		
Breakdown by Gender		
Male	5	262
Female	-	115
Total	5	377
Breakdown by Age Group		
< 30	-	171
30 - 50	3	197
> 50	2	9
Total	5	377
Breakdown by Ethnicity		
Malay	1	74
Chinese	4	35
Indian	-	14
Bangladeshi	-	30
Indonesian	-	9
Myanmese	-	90
Nepalese	-	104
Pakistanese	-	4
Vietnamese	-	16
Sri Lankan	-	1
Total	5	377

Corporate Responsibility Statement

(Cont'd)

4. ENVIRONMENT

4.1 Seek continual improvement of its environmental performance by:

- assessing the positive, negative, indirect and cumulative impact of its projects - from start through to the end; and
- establishing management systems focused on continual improvement through review, prevention, mitigation of adverse environmental impact.

4.2 Contribute to responsible management and protection of biodiversity by seeking best available technologies and processes to control and manage solid waste, liquid effluents and chemical gas emission.

4.3 To enable environmental objectives to be achieved, ACOSTEC will:

- Maintain certification of the ISO 14001 and continue to build on the strength of the system;
- Complete all scheduled audits and ensure findings are closed out in a timely fashion;
- Further develop and refine the environmental management system, including addressing opportunities for improvement raised in the recent surveillance audit; and
- Communicate about and respond to and address incidents and issues in a timely fashion.

4.4 Since these commitments are a critical part of the way ACOSTEC does business, all employees and contracted workers are accountable for making appropriate decisions within the scope of their work responsibilities to ensure these commitments are achieved.

Statement of Risk Management and Internal Control

INTRODUCTION

The Board of Directors of ACOUSTECH is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2015, which has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. This statement outlines the nature and state of internal control of the Group (comprising the Company and its subsidiaries) during the financial year.

BOARD'S RESPONSIBILITY

The Board of Directors acknowledges its overall responsibility for maintaining a sound internal control system for the Group to safeguard the shareholder's investment and the Group's assets, and to discharge their stewardship responsibilities in identifying risks and ensuring the implementation of appropriate system to manage these risks in accordance with the best practices of the Malaysian Code on Corporate Governance.

The Board further recognizes its responsibility for reviewing the adequacy and integrity of the Group's internal control system and management information systems.

In view of the limitations that inherent in any systems of internal control, the Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objective and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process is in place to identify, evaluate and manage the significant risks that may affect the achievement of our business objectives. The process which has been instituted throughout the Group is updated and reviewed from time to time to be relevant to the changes in the business environment, and this on-going process has been in place for the whole financial year under review and up to the date of adoption of this Annual report.

RISK POLICY

Risk is a factor of every-day life and can never be eliminated completely. All employees must understand the nature of risk and accept responsibility for risks associated with their area of authority. The necessary support, assistance and commitment of senior management will be provided.

The policy forms part of the Group's internal control and governance arrangements.

Our risk management objectives are to:

1. Integrate risk management into the culture of the organization.
2. Manage risk in accordance with best practice and provide reasonable assurance regarding the achievement of the Group objective and maximize stakeholder's value.
3. Consider legal compliance as an absolute minimum.
4. Anticipate and respond quickly to social, environmental and legislative change.
5. Prevent injury and damage and reduce the cost of risk.
6. Raise awareness of the need for risk management.

Statement of Risk Management and Internal Control

(Cont'd)

These objectives will be achieved by:

1. Establishing risk management framework to manage the risks associated with the Group's business activities.
2. Establishing a risk management organizational structure to act in an advisory and guiding capacity and which is accessible to all relevant parties.
3. Adopt processes, which demonstrate that risk management principles are being applied across the whole organization.
4. Provide training in risk awareness.
5. Maintain documented procedures for the control of risk and provision of suitable information, training and supervision.
6. Maintain an appropriate system for recording incidents and carrying out post event checks to ascertain causes and identify preventive measures against re-occurrence.
7. Devise and maintain contingency plans in key risk areas to secure business continuity where there is a potential for an event having a major impact upon the management ability to function.
8. Maintain effective communication and involvement of all staff and stakeholders.
9. Monitor arrangements on an ongoing basis.

AB Group adopts Risk Management Framework which essentially links the Group's objectives and goals to principle risks. The principle risks are transforming into controls and opportunities that are translated to actions and programs.

RISK MANAGEMENT FRAMEWORK

Its key elements:

Risk Governance

- The Board of Directors (BOD)

  BOD is responsible for compliance with the Listing Requirements of Bursa Malaysia Securities Berhad by ensuring that a sound system of internal controls is maintained to safeguard shareholders' investment and the Group's assets. The BOD through an independent Board Audit Committee would ensure adherence to the Listing Requirements.

- Board Audit Committee (BAC)

  The BAC is to ensure that through the risk assessment the significant risks are being identified and appropriate systems are implemented to manage the risks and the adequacy and the integrity of the internal controls are reviewed.

- Risk Management Committee (RMC)

  The RMC is led by the Managing Director who is responsible for control and oversight over the implementation of the risk management process for the Group. The responsibility of implementing the risk management process lies with designated senior officers at the group level and the subsidiary level.

- Head of Internal Audit (HIA)

  HIA will be responsible for developing the framework and laying the groundwork for the successful implementation of the group-wide risk management process. He will also coordinate with the designated officers or their representatives to ensure a smooth implementation of the risk assessment exercise and act as facilitator by conducting training and workshops for the operational/functional departments for the business units within the group.

Statement of Risk Management and Internal Control

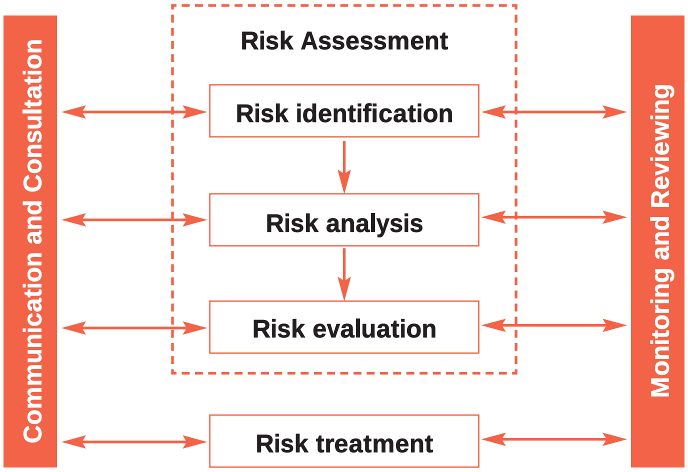
(Cont'd)

Risk Assessment Process

The approach used to establish a framework for the group-wide risk management uses the technique/methodology referred to as the Control Self-Assessment (CSA), which refers to the process whereby departments/business areas identify and evaluate controls within key functions/activities of their business processes. To assist the business/operating units to approach the exercise in a systematic manner, workshops were conducted for the representatives of the business/operating units to familiarize themselves with the concepts and the framework.

The CSA adopts both bottoms up & top down approach for operation and strategic risks respectively.

The Risk Assessment Process is as follows:



The process is an ongoing process for evaluating and managing the significant risks faced by the Group. This process includes updating the system of internal controls when there are changes to the business environment or regulatory guidelines.

Risk Guidelines

Risks have been defined, described and rated in the framework into 3 categories i.e. High, Medium & Low (H, M & L). The guidelines were duly approved and endorsed by the BAC and BOD.

Reporting

Respective Heads of Divisions/Operating units/Business units had issued a Letter of Assurance addressed to BAC & BOD regarding the CSA carried out by the division/operating/business units respectively. The RMC submitted the risk management report to BAC &BOD on an annual basis in the month of February of each year.

Monitoring and Review

Risk management is a dynamic process, an update of the risk profiles are necessary and is an on-going process. Responsibility for monitoring compliance with policies, procedures, guidelines and legislation rests principally with the IAU, which directly reported to the BAC.

Heads of Divisions/Operating units/Business units are actively involved in continually improving the control processes within their respective division/units/department.

The re-assessments are performed annually to ensure proper management of business and operational risks and effectiveness of the control environment.

Statement of Risk Management and Internal Control

(Cont'd)

INTERNAL CONTROL FUNCTION

Key Processes

Salient features of the key processes of the system of internal control of the Group are as follows:

1. The management structure is well defined, with clear lines of authority and responsibility.
2. The Board continually assesses business performance and evaluates operation controls at all levels, and where necessary takes appropriate remedial action.
3. The Managing Director regularly updates the Board on industry trend, key customers and performance of various units within the Group, and the Board endorses responses taken.
4. Financial results are reviewed quarterly by the Audit Committee and the Board and compared to budgets and forecasts.
5. Executive Directors and Heads of Departments meet regularly to discuss operational, management issues, financial performance and indicators focusing on the evaluation of applicable risks.
6. Operations "ISO Standards 9001:2008 and 14001" and Accounting procedures are communicated to staff at all levels.
7. The Group's Internal Audit Unit (IAU) which reports to the Audit Committee performs regular reviews to assess the effectiveness of internal controls and to identify significant risks. The internal audit control assessment excludes the associate.
8. The Audit Committee reviews actions taken on internal control issues raised by the IAU and external auditors.
9. Formal recruitment, training and development, and performance appraisals are in place to ensure and maintain the professionalism and competency of staff.
10. The Audit Committee reviews the Recurrent Related Party Transactions undertaken by the Group twice a year.
11. The Group had established a set of corporate values, ethical behavior, and a guidance for quality products and services and these are set out in the Group's Employee Handbook and safety Handbook.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Bursa Securities Listing Requirements, the external auditors have reviewed this Statement on Risk Management & Internal Control. As set out in their terms of engagement, the procedures were performed in accordance with Recommended Practice Guide 5 (Revised) issued by Malaysian Institute of Accountants. Based on their procedures performed, the external auditor has reported to your Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines for Directors of Listed Issuers, nor is it factually inaccurate.

Conclusion

The Board is of the view that Group's system of internal control is generally satisfactory.

The cost of internal audit was RM60,000 during the financial year.

The Board has received assurance from Managing Director that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group.

The Board and Management will continue to take necessary measure to strengthen the control environment and monitor the effectiveness of the internal control framework of the Group.

financial statements

Directors' Report

The Directors have pleasure in submitting 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 Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the discontinuance of the electrical equipment division as disclosed in Note 32 to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the financial year from continuing operations	9,153,045	2,122,547
Profit for the financial year from discontinued operations	3,012,946	-
	12,165,991	2,122,547
Attributable to:		
Owners of the parent	11,014,688	2,122,547
Non-controlling interests	1,151,303	-
	12,165,991	2,122,547

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Directors proposed a first and final dividend of 2.5 sen per ordinary share, amounting to RM4,178,460 in respect of the financial year ended 31 December 2015, subject to the approval of members at the forthcoming Annual General Meeting.

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.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

Directors' Report
(Cont'd)

DIRECTORS

The Directors who have held for office since the date of the last report are:

Leong Ngai Seng	
Soon Kwai Choy	
Ong Li Tak	(appointed on 19 February 2016)
Ahmad Rahizal Bin Dato' Ahmad Rasidi	(appointed on 24 April 2015)
Dato' Chen Po Hsiung	(retired on 25 June 2015)
Su Cheng Tao	(resigned on 26 November 2015)
Chang Song Hai	(resigned on 23 December 2015)
Shih Chao Yuan	(resigned on 29 January 2016)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2015 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM0.50 each			
	Balance as at 1.1.2015	**Bought**	**Sold**	**Balance as at 31.12.2015**
Shares in the Company				
Direct interests				
Leong Ngai Seng	300,000	4,505,956	-	4,805,956
Shih Chao Yuan	1,854,290	-	(1,854,290)	-
Soon Kwai Choy	400,000	-	-	400,000
Indirect interests				
Shih Chao Yuan #	47,882,474	-	(1,440,000)	46,442,474
Soon Kwai Choy *	610,000	-	-	610,000

Deemed interests held through spouse.
* Deemed interests pursuant to Section 6A of the Companies Act, 1965 in Malaysia and held through spouse.

By virtue of the interests in the ordinary shares of the Company and pursuant to Section 6A of the Companies Act, 1965 in Malaysia, Shih Chao Yuan is deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

The other Director holding office at the end of the financial year did not have any interest in ordinary shares of the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

Directors' Report
(Cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown 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 other than the transactions entered into in the ordinary course of business with companies in which the Directors of the Company have substantial financial interests as disclosed in Note 39 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) 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:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts and have satisfied themselves that there are no known bad debts and that provision need not be made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or the making of provision for doubtful debts in the financial statements of the Group and of the Company;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) 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.

(d) In the opinion of the Directors:

(i) there has not arisen 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 is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the abilities of the Group and of the Company to meet their obligations as and when they fall due.

Directors' Report
(Cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 43 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

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

Leong Ngai Seng
Director

Ong Li Tak
Director

Port Klang
19 April 2016

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 39 to 126 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 45 to the financial statements on page 127 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Leong Ngai Seng
Director

Ong Li Tak
Director

Port Klang
19 April 2016

STATUTORY DECLARATION

I, Gan Ah Chu, being the officer primarily responsible for the financial management of Acoustech Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 127 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 abovenamed at Kuala Lumpur this)
19 April 2016) **Gan Ah Chu**

Before me:

Baloo a/l T. Pichai
No. W 663

No 102 & 104 1st Floor Bangunan,
Persatuan Yap Selangor,
Jalan Tun HS Lee,
50000 Kuala Lumpur

Independent Auditors' Report

To The Members Of Acoustech Berhad

Report on the Financial Statements

We have audited the financial statements of Acoustech 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 39 to 126.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company 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.

(c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report

To The Members Of Acoustech Berhad (Cont'd)

Other Reporting Responsibilities

The supplementary information set out in Note 45 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

BDO
AF: 0206
Chartered Accountants

Lum Chiew Mun
3039/04/17 (J)
Chartered Accountant

Kuala Lumpur
19 April 2016

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	7	12,692,981	30,795,652	-	-
Land held for property development	8	55,274,091	-	-	-
Investments in subsidiaries	9	-	-	76,651,132	56,501,945
Investment in a joint venture	10	-	226,937	-	-
Goodwill	11	23,469,424	-	-	-
		91,436,496	31,022,589	76,651,132	56,501,945
Current assets					
Property development cost	12	31,411,326	-	-	-
Inventories	13	7,903,065	11,369,443	-	-
Trade and other receivables	14	31,740,228	33,702,700	29,941,000	29,711,589
Derivative assets	25	9,938	-	-	-
Current tax assets		249,966	1,042,702	-	45,617
Short term funds	15	30,058,203	43,011,104	-	17,756,568
Cash and bank balances	16	5,668,351	15,534,388	486,613	240,168
		107,041,077	104,660,337	30,427,613	47,753,942
Non-current assets classified as held for sale	17	-	5,665,170	-	-
TOTAL ASSETS		198,477,573	141,348,096	107,078,745	104,255,887
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	88,910,700	88,910,700	88,910,700	88,910,700
Treasury shares	19	(7,620,718)	(7,319,773)	(7,620,718)	(7,319,773)
Reserves	20	36,640,759	25,581,909	24,347,700	22,225,153
		117,930,741	107,172,836	105,637,682	103,816,080
Non-controlling interests		-	4,198,084	-	-
TOTAL EQUITY		117,930,741	111,370,920	105,637,682	103,816,080

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

Statements Of Financial Position

As At 31 December 2015 (Cont'd)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
EQUITY AND LIABILITIES (continued)					
LIABILITIES					
Non-current liabilities					
Term loans	21	25,272,798	-	-	-
Hire purchase liabilities	22	233,908	-	-	-
Deferred tax liabilities	23	495,051	1,630,000	-	-
		26,001,757	1,630,000	-	-
Current liabilities					
Trade and other payables	24	45,982,601	28,294,945	1,433,749	439,807
Term loan	21	8,053,320	-	-	-
Hire purchase liabilities	22	35,967	-	-	-
Derivative liabilities	25	-	52,231	-	-
Current tax liabilities		473,187	-	7,314	-
		54,545,075	28,347,176	1,441,063	439,807
TOTAL LIABILITIES		80,546,832	29,977,176	1,441,063	439,807
TOTAL EQUITY AND LIABILITIES		198,477,573	141,348,096	107,078,745	104,255,887

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

Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Continuing operations					
Revenue	27	108,405,381	152,059,000	5,850,000	5,500,000
Cost of sales	28	(94,365,969)	(142,258,877)	-	-
Gross profit		14,039,412	9,800,123	5,850,000	5,500,000
Other income		9,065,993	3,064,812	600,764	496,816
Selling and distribution costs		(3,366,104)	(4,169,700)	-	-
Administrative expenses		(6,797,840)	(4,439,304)	(567,300)	(508,978)
Other expenses		(2,299,672)	(4,006,916)	(3,752,917)	(175,144)
Finance costs	29	(26,028)	(29,873)	-	-
Profit before tax	30	10,615,761	219,142	2,130,547	5,312,694
Taxation	31	(1,462,716)	(308,686)	(8,000)	(1,469)
Profit/(Loss) for the financial year from continuing operations		9,153,045	(89,544)	2,122,547	5,311,225
Discontinued operations	32				
Profit/(Loss) for the financial year from discontinued operations, net of tax		3,012,946	(3,632,323)	-	-
Profit/(Loss) for the financial year		12,165,991	(3,721,867)	2,122,547	5,311,225
Other comprehensive income, net of tax:					
Items that may be reclassified subsequently to profit or loss					
Fair value adjustment on available-for-sale financial assets	31(c)	-	305,400	-	-
Adjustment on disposal of available-for-sale financial assets	31(c)	-	(1,834,770)	-	-
Total other comprehensive loss, net of tax		-	(1,529,370)	-	-
Total comprehensive income/(loss)		12,165,991	(5,251,237)	2,122,547	5,311,225

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

Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 December 2015 (Cont'd)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Profit/(Loss) attributable to:					
Owners of the parent		11,014,688	(2,083,762)	2,122,547	5,311,225
Non-controlling interests		1,151,303	(1,638,105)	-	-
		12,165,991	(3,721,867)	2,122,547	5,311,225
Total comprehensive income/(loss) attributable to:					
Owners of the parent		11,014,688	(3,613,132)	2,122,547	5,311,225
Non-controlling interests		1,151,303	(1,638,105)	-	-
		12,165,991	(5,251,237)	2,122,547	5,311,225
Single tier tax exempt dividend per ordinary share (sen)					
- Special single tier dividend	33	-	20.0	-	20.0
Earnings/(Loss) per ordinary share attributable to equity holders of the Company (sen)					
- Basic	34				
Profit from continuing operations		5.43	0.01		
Profit/(Loss) from discontinued operations		1.11	(1.24)		
Profit/(Loss) for the financial year		6.54	(1.23)		

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

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2015

Group	Note	Share capital RM	Share premium RM	Available -for-sale reserve RM	Treasury shares RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
		← Non-distributable			→	Distributable			
Balance as at 1 January 2014		88,910,700	7,342,201	1,529,370	(5,528,318)	54,026,810	146,280,763	7,336,189	153,616,952
Loss for the financial year		-	-	-	-	(2,083,762)	(2,083,762)	(1,638,105)	(3,721,867)
Fair value adjustment on available-for-sale financial assets, net of tax		-	-	305,400	-	-	305,400	-	305,400
Adjustment on disposal of available-for-sale financial assets, net of tax		-	-	(1,834,770)	-	-	(1,834,770)	-	(1,834,770)
Total comprehensive loss		-	-	(1,529,370)	-	(2,083,762)	(3,613,132)	(1,638,105)	(5,251,237)
Transactions with owners									
Repurchase of treasury shares	19	-	-	-	(1,791,455)	-	(1,791,455)	-	(1,791,455)
Dividend paid	33	-	-	-	-	(33,703,340)	(33,703,340)	-	(33,703,340)
Dividend paid to non-controlling interest of a subsidiary	9	-	-	-	-	-	-	(1,500,000)	(1,500,000)
Total transactions with owners		-	-	-	(1,791,455)	(33,703,340)	(35,494,795)	(1,500,000)	(36,994,795)
Balance as at 31 December 2014		88,910,700	7,342,201	-	(7,319,773)	18,239,708	107,172,836	4,198,084	111,370,920

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

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2015 (Cont'd)

		Non-distributable			Distributable			
Group	**Note**	**Share capital RM**	**Share premium RM**	**Treasury shares RM**	**Retained earnings RM**	**Total attributable to owners of the parent RM**	**Non-controlling interests RM**	**Total equity RM**
Balance as at 1 January 2015		88,910,700	7,342,201	(7,319,773)	18,239,708	107,172,836	4,198,084	111,370,920
Profit for the financial year		-	-	-	11,014,688	11,014,688	1,151,303	12,165,991
Other comprehensive income, net of tax		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	11,014,688	11,014,688	1,151,303	12,165,991
Transactions with owners								
Repurchase of treasury shares	19	-	-	(300,945)	-	(300,945)	-	(300,945)
Acquisition of additional interest in Subsidiary	36	-	-	-	44,162	44,162	(1,407,084)	(1,362,922)
Dividend paid to non-controlling interest of a subsidiary	9	-	-	-	-	-	(1,950,000)	(1,950,000)
Disposal of a subsidiary	38	-	-	-	-	-	(1,992,303)	(1,992,303)
Total transactions with owners		-	-	(300,945)	44,162	(256,783)	(5,349,387)	(5,606,170)
Balance as at 31 December 2015		88,910,700	7,342,201	(7,620,718)	29,298,558	117,930,741	-	117,930,741

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

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2015 (Cont'd)

		← Non-distributable		→	Distributable	
Company	**Note**	**Share capital RM**	**Share premium RM**	**Treasury shares RM**	**Retained earnings RM**	**Total equity RM**
Balance as at 1 January 2014		88,910,700	7,342,201	(5,528,318)	43,275,067	133,999,650
Profit for the financial year		-	-	-	5,311,225	5,311,225
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	5,311,225	5,311,225
Transactions with owners						
Repurchase of treasury shares	19	-	-	(1,791,455)	-	(1,791,455)
Dividend paid	33	-	-	-	(33,703,340)	(33,703,340)
Total transactions with owners		-	-	(1,791,455)	(33,703,340)	(35,494,795)
Balance as at 31 December 2014		88,910,700	7,342,201	(7,319,773)	14,882,952	103,816,080
Profit for the financial year		-	-	-	2,122,547	2,122,547
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	2,122,547	2,122,547
Transaction with owners						
Repurchase of treasury shares	19	-	-	(300,945)	-	(300,945)
Total transaction with owners		-	-	(300,945)	-	(300,945)
Balance as at 31 December 2015		88,910,700	7,342,201	(7,620,718)	17,005,499	105,637,682

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax from:					
Continuing operations		10,615,761	219,142	2,130,547	5,312,694
Discontinued operations	32	3,062,946	(4,824,831)	-	-
Adjustments for:					
Bad debts written off	32(d)	-	3,908,955	-	-
Depreciation of property, plant and equipment	7	1,391,226	4,005,169	-	-
Dividend income		-	-	(5,850,000)	(5,500,000)
Fair value adjustments on:					
- derivative financial instruments	25(b)	(62,169)	7,769	-	-
- short term funds		-	(33,000)	-	-
- quoted shares		-	(305,400)	-	-
(Gain)/Loss on disposal of property, plant and equipment		(4,644,380)	138,887	-	-
Gain on disposal of quoted shares		-	(1,529,370)	-	-
Income distribution from short term funds		(1,499,110)	(1,026,645)	(548,659)	(479,202)
Interest expense		6,711	-	-	-
Interest income		(333,622)	(224,511)	(52,105)	(17,614)
Inventories written down	13	-	506,560	-	-
Inventories written off	13	-	90,064	-	-
Loss on disposal of a subsidiary	38	229,300	843,746	3,143,668	-
Net unrealised loss/(gain) on foreign exchange		441,982	(180,368)	-	-
Property, plant and equipment written off	7	311	2,038	-	-
Reversal of inventories previously written down	13	-	(10,295)	-	-
Share of losses/(profits) of a joint venture, net of tax	10	3,154	(134,815)	-	-
Operating profit/(loss) before changes in working capital		9,212,110	1,453,095	(1,176,549)	(684,122)
Changes in working capital:					
Property development costs		2,930,366	-	-	-
Land held for property development		(774,091)	-	-	-
Inventories		3,466,378	(524,552)	-	-
Trade and other receivables		8,339,441	18,303,809	3,477,000	-
Trade and other payables		(38,728,679)	(11,853,125)	(6,058)	(13,158)
Cash (used in)/generated from operations		(15,554,475)	7,379,227	2,294,393	(697,280)

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2015 (Cont'd)

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Tax paid		(1,516,827)	(862,692)	(4,686)	-
Tax refunded		144,032	1,375,422	49,617	512,924
Net cash (used in)/from operating activities		(16,927,270)	7,891,957	2,339,324	(184,356)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of additional interest in a subsidiary	36	(1,362,922)	-	-	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired		(28,307,320)	-	(29,042,855)	-
(Cash outflows)/inflows from disposal of a subsidiary, net of cash and cash equivalents disposed of	38	(2,152,080)	746,557	5,750,000	8,050,000
Dividends received from subsidiaries		-	-	5,850,000	5,500,000
Dividend received from a joint venture		-	2,249,500	-	-
Income distribution received from short term funds		1,499,110	1,026,645	548,659	479,202
Interest received		333,622	224,511	52,105	17,614
Purchase of property, plant and equipment	7	(482,094)	(1,857,324)	-	-
Proceeds from disposal of property, plant and equipment		28,050,000	1,575,833	-	-
Proceeds from sale of quoted shares		-	5,590,400	-	-
Repayments by a joint venture		223,783	20,306	-	-
(Advances to)/Repayments by subsidiaries		-	-	(2,706,411)	8,738,930
Withdrawals of short term funds		1,033,301	3,784,316	-	1,615,093
Net cash (used in)/from investing activities		(1,164,600)	13,360,744	(19,548,502)	24,400,839

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2015 (Cont'd)

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to:					
- ordinary shareholders of the Company	33	-	(33,703,340)	-	(33,703,340)
- non-controlling interest of a subsidiary		(1,950,000)	(1,500,000)	-	-
Repayment of:					
- hire purchase liabilities		(13,344)	-	-	-
- term loans		(1,137,660)	-	-	-
Repurchase of treasury shares	19	(300,945)	(1,791,455)	(300,945)	(1,791,455)
Interest paid		(6,711)	-	-	-
Net cash used in financing activities		(3,408,660)	(36,994,795)	(300,945)	(35,494,795)
Net decrease in cash and cash equivalents		(21,500,530)	(15,742,094)	(17,510,123)	(11,278,312)
Effects of exchange rate changes on cash and cash equivalents		(285,108)	387,901	-	-
Cash and cash equivalents at beginning of financial year		57,512,192	72,866,385	17,996,736	29,275,048
Cash and cash equivalents at end of financial year	16	35,726,554	57,512,192	486,613	17,996,736

The accompanying notes form an integral part of the 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, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200, Kuala Lumpur.

The principal place of business of the Company is located at No. 2, Jalan 1, Bandar Sultan Suleiman, Taiwanese Industrial Park, 42000 Port Klang, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2015 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 19 April 2016.

2. PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the discontinuance of the electrical equipment division as disclosed in Note 32 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 39 to 126 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 45 to the financial statements set out on page 127 has been 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 ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, the accounting policies of the subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

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

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

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

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

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.8(a) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods are as follows:

Factory buildings	50 years
Leasehold land	60 - 99 years
Plant, machinery and equipment	1 - 10 years
Office equipment	1 - 10 years
Furniture and fittings	1 - 10 years
Motor vehicles	5 years
Renovations and installations	1 - 10 years
Canteen equipment	1 - 10 years
Computers	1 - 10 years

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire purchase (continued)

(c) Leases of land and buildings (continued)

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.6 Property development activities

(a) Land held for property development

Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise all cost that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

Property development costs not recognised as an expense are recognised as an asset measured at the lower of cost and net realisable value.

When revenue recognised in profit or loss exceeds progress billings to purchasers, the balance is classified as accrued billings under current assets. When progress billings exceed revenue recognised in profit or loss, the balance is classified as progress billings under current liabilities.

4.7 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment losses. Put options written over non-controlling interests on the acquisition of subsidiary, if any, shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investments (continued)

(a) Subsidiaries (continued)

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture.

<u>Joint venture</u>

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint ventures.

In the separate financial statements of the Company, an investment in a joint venture is stated at cost less impairment loss.

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with MFRS 128 *Investments in Associates* and *Joint Ventures*.

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

(i) The structure of the joint arrangement;
(ii) The legal form of joint arrangements structured through a separate vehicle;
(iii) The contractual terms of the joint arrangement agreement; and
(iv) Any other facts and circumstances.

When there are changes in the facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Research and development costs

Expenditure on development activities of internally developed products is recognised as an intangible asset when it relates to the production of new or substantively improved products and processes and when the Group could demonstrate that it is technically feasible to develop the product or processes, adequate resources are available to complete the development and that there is an intention to complete and sell the product or processes to generate future economic benefits.

Development expenditure not satisfying the criteria mentioned and expenditure arising from research or from the research phase of internal projects are recognised in profit or loss as incurred.

Research expenditure shall be recognised as an expense in the period in which they are incurred.

4.9 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and a joint venture), inventories, deferred tax assets, land held for property development, property development cost and non-current assets classified as held for sale are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill that has an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Impairment of non-financial assets (continued)

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value-in-use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised.

An impairment loss on assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

Such reversals are recognised as income immediately in profit or loss.

4.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. The cost of raw materials comprises all cost of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

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

4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

A financial liability is any liability that is a contractual obligation to deliver cash or other financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

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

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(a) Financial assets (continued)

(iii) Loans and receivables (continued)

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

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the right of the Group to receive payment is established.

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments.

For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and fixed deposits pledged to financial institutions.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

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

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(b) Financial liabilities (continued)

At the end of each reporting period, the Group assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity

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

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Companies Act, 1965 in Malaysia.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial 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 loans and receivables is reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates 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 impairment reversed is recognised in profit or loss.

4.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

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

4.14 Income taxes

Income taxes include all domestic taxes on taxable profit and real property gains taxes payable on disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Income taxes (continued)

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

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

(i) The same taxable entity; or

(ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.15 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Provisions (continued)

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.17 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Company and its subsidiaries make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of 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, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and services and acceptance by customers.

(b) Dividend income

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

(c) Interest and rental income

Interest income and rental income are recognised on an accrual basis.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Revenue recognition (continued)

(d) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of each reporting period. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

4.20 Non-current assets classified as held for sale and discontinued operations

(a) Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amounts would be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets shall be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. The probability of shareholders' approval (if required in the jurisdiction) is considered as part of the assessment of whether the sale is highly probable.

The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale or otherwise.

Immediately before the initial classification as held for sale, the carrying amounts of the assets are measured in accordance with applicable MFRSs. On initial classification as held for sale, non-current assets (other than deferred tax assets) are measured at the lower of its carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

The Group measures a non-current asset classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute.

Non-current assets held for sale are classified as current assets in the statement of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current assets classified as held for sale is presented separately.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Non-current assets classified as held for sale and discontinued operations (continued)

(a) Non-current assets classified as held for sale (continued)

If the Group has classified an assets as held for sale but subsequently, the criteria for classification is no longer met, the Group ceases to classify the assets as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

(i) Its carrying amount before the assets was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the assets not been classified as held for sale; and

(ii) Its recoverable amount at the date of the subsequent decision not to sell.

(b) Discontinued operations

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the beginning of the comparative period.

4.21 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) The combined reported profit of all operating segments that did not report a loss; and

(ii) The combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Operating segments (continued)

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.22 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.23 Fair value measurements

The fair value of an asset or a liability (except for 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 fair value 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.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

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

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

Notes To The Financial Statements

31 December 2015 (Cont'd)

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements 2010 - 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements 2011 - 2013 Cycle*	1 July 2014

There is no material impact upon the adoption of these Amendments during the financial year.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2015

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective Date
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10 and 128 *Sales or Contribution of Assets between an investor and its Associates or Joint Venture*	Deferred
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012-2014 Cycle*	1 January 2016
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018

The Group is in the process of assessing the impact of implementing these Amendments and Standards, since the effects would only be observable for future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

Notes To The Financial Statements

31 December 2015 (Cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.2 Critical judgement made in applying accounting policies

The following are judgements made by management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.

(b) Classification of non-current borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The assumptions used are disclosed in Note 11 to the financial statements.

(b) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment in accordance with accounting policy stated in Note 4.4 to the financial statements. These are common life expectancies applied in this industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

(c) Investments in subsidiaries

Management reviews the investments in subsidiaries for impairment when there is an indication of impairment.

The recoverable amounts of the investments in subsidiaries are assessed by reference to the higher of their fair values less cost to sell and the value in use of the respective subsidiaries.

Notes To The Financial Statements

31 December 2015 (Cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(c) Investments in subsidiaries (continued)

Estimating a value in use requires management to make an estimate of the expected future cash flows to be derived from continuing use of the asset and from its ultimate disposal, expectations about possible variations in the amount, timing of those cash flows, the time value of money, price for inherent uncertainty risk and other relevant factors.

(d) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(e) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 42 to the financial statements.

(f) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

(g) Deferred tax assets

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

(h) Fair value measurement

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

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

(ii) 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

Notes To The Financial Statements

31 December 2015 (Cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(h) Fair value measurement (continued)

(iii) 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).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures these elements in the financial statements at fair value:

(i) Short term funds, Note 15 to the financial statements;

(ii) Derivative financial instruments, Note 25 to the financial statements; and

(iii) Financial instruments, Note 41 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2015	Balance as at 1.1.2015 RM	Additions RM	Disposals RM	Acquisition of a subsidiary (Note 37(a)) RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2015 RM
Carrying amount							
Factory buildings	16,081,930	-	(9,326,550)	-	-	(309,840)	6,445,540
Leasehold land	5,602,952	-	(2,117,443)	-	-	(75,533)	3,409,976
Plant, machinery and equipment	6,190,210	392,040	(4,851,376)	-	(95)	(499,481)	1,231,298
Office equipment	198,633	-	(176,172)	53,057	(36)	(15,568)	59,914
Furniture and fittings	42,693	-	(35,886)	35,092	(180)	(5,414)	36,305
Motor vehicles	571,823	-	-	318,989	-	(202,347)	688,465
Renovations and installations	2,015,640	90,054	(1,233,024)	54,623	-	(260,945)	666,348
Canteen equipment	91,771	-	-	-	-	(19,628)	72,143
Computers	-	-	-	85,462	-	(2,470)	82,992
	30,795,652	482,094	(17,740,451)	547,223	(311)	(1,391,226)	12,692,981

Notes To The Financial Statements

31 December 2015 (Cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	At 31.12.2015 Cost RM	At 31.12.2015 Accumulated depreciation RM	At 31.12.2015 Carrying amount RM
Factory buildings	9,328,064	(2,882,524)	6,445,540
Leasehold land	3,722,318	(312,342)	3,409,976
Plant, machinery and equipment	7,728,038	(6,496,740)	1,231,298
Office equipment	252,770	(192,856)	59,914
Furniture and fittings	153,128	(116,823)	36,305
Motor vehicles	1,884,410	(1,195,945)	688,465
Renovations and installations	2,287,609	(1,621,261)	666,348
Canteen equipment	245,797	(173,654)	72,143
Computers	118,517	(35,525)	82,992
	25,720,651	(13,027,670)	12,692,981

Group 2014	Balance as at 1.1.2014 RM	Additions RM	Disposals RM	Disposal of a subsidiary (Note 38(b)) RM	Written off RM	Depreciation charge for the financial year RM	Reclassified as assets classified as held for sale (Note 17) RM	Balance as at 31.12.2014 RM
Carrying amount								
Factory buildings	20,789,215	-	-	(1,034,780)	-	(511,460)	(3,161,045)	16,081,930
Leasehold land	8,409,488	-	-	(623,073)	-	(125,312)	(2,058,151)	5,602,952
Plant, machinery and equipment	9,244,870	1,150,282	(1,677,335)	(180,826)	(463)	(2,346,318)	-	6,190,210
Office equipment	408,004	8,837	(33,281)	(59,164)	(1,530)	(124,233)	-	198,633
Furniture and fittings	70,819	540	(2,634)	(6,420)	(45)	(19,567)	-	42,693
Motor vehicles	210,968	583,302	(1)	(63,370)	-	(159,076)	-	571,823
Renovations and installations	3,899,293	114,363	-	(852,777)	-	(699,265)	(445,974)	2,015,640
Canteen equipment	113,178	-	(1,469)	-	-	(19,938)	-	91,771
	43,145,835	1,857,324	(1,714,720)	(2,820,410)	(2,038)	(4,005,169)	(5,665,170)	30,795,652

Notes To The Financial Statements

31 December 2015 (Cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Cost RM	At 31.12.2014 Accumulated depreciation RM	Carrying amount RM
Factory buildings	21,655,915	(5,573,985)	16,081,930
Leasehold land	6,205,511	(602,559)	5,602,952
Plant, machinery and equipment	35,384,729	(29,194,519)	6,190,210
Office equipment	1,172,885	(974,252)	198,633
Furniture and fittings	271,137	(228,444)	42,693
Motor vehicles	1,563,170	(991,347)	571,823
Renovations and installations	7,003,668	(4,988,028)	2,015,640
Canteen equipment	250,869	(159,098)	91,771
	73,507,884	(42,712,232)	30,795,652

(a) During the financial year, a subsidiary of the Company, Formosa Prosonic Technics Sdn. Bhd. ("FPT"), entered into a Sale and Purchase Agreement ("SPA") to dispose of its property, plant and equipment as follows to a related party, Formosa Prosonic Industries Berhad for a consideration of RM20,050,000.

	Carrying amount RM
Factory buildings	9,326,550
Leasehold land	2,117,443
Plant, machinery and equipment	4,851,376
Office equipment	176,172
Furniture and fittings	35,886
Renovations and installations	1,233,024
	17,740,451

(b) In the previous financial year, a subsidiary of the Company, Formosa Prosonic Equipment Sdn. Bhd. ("FPEQ"), entered into a Comprehensive Manufacturing Asset Purchase Agreement ("CMAPA") and a Sale and Purchase Agreement ("SPA") to dispose of its entire manufacturing assets and leasehold land and factory building respectively to a third party for considerations of RM1,560,000 and RM8,000,000 respectively. The disposal of manufacturing assets vide the CMAPA was completed on 15 October 2014, while the disposal of leasehold land and factory building was completed in the current financial year and were classified as non-current assets classified as held for sale as disclosed in Note 17 to the financial statements.

(c) In the previous financial year, the title deed for a piece of leasehold land of FPEQ with a carrying amount of RM2,070,360 was in the process of being transferred and registered in the name of FPEQ. The leasehold land was reclassified as non-current assets classified as held for sale in the previous financial year as disclosed in Note 17 to the financial statements.

Notes To The Financial Statements

31 December 2015 (Cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(d) The carrying amount of the property, plant and equipment of the Company Under finance lease agreements are as follows:

Group	2015 RM
Motor vehicles	302,207

Details of the terms and conditions of the finance lease arrangements are disclosed in Note 22 to the financial statements.

8. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM	Development costs RM	2015 RM
At cost			
At beginning of financial year	-	-	-
Acquisition of subsidiaries	53,518,512	-	53,518,512
Additions	-	1,755,579	1,755,579
At end of financial year	53,518,512	1,755,579	55,274,091

(a) Land held for property development with carrying amount of RM55,274,091 has been pledged as security for borrowings as disclosed in Note 21 to the financial statements.

9. INVESTMENTS IN SUBSIDIARIES

	Company 2015 RM	Company 2014 RM
Unquoted shares - at cost	78,475,206	58,326,019
Less: Impairment losses	(1,824,074)	(1,824,074)
	76,651,132	56,501,945

Notes To The Financial Statements

31 December 2015 (Cont'd)

9. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries, which are all incorporated in Malaysia are as follows:

Name of company	Interest in equity held by Company 2015 %	Company 2014 %	Subsidiary 2015 %	Subsidiary 2014 %	Principal activities
Formosa Prosonic Technics Sdn. Bhd. ('FPT')*	100	100	-	-	Manufacturing and assembly of speaker units, multi-media speaker systems and moulded plastic parts
Formosa Prosonic Equipment Sdn. Bhd. ('FPEQ')	-	75	-	-	Manufacturing of electrical equipment
Teras Eco Sdn. Bhd. ('TE')*	100	-	-	-	Property development
JM Cemerlang Sdn. Bhd. ('JMC')*	100	-	-	-	Property development
Subsidiary of FPT					
Aerotronic Sdn. Bhd. (Aerotonic)*	-	-	100	58.19	Manufacturing of voice coils and related products for use in speaker units and multimedia speaker systems

* *Audited by BDO in Malaysia.*

(b) On 10 February 2015, FPT, a wholly-owned subsidiary of the Company, acquired 41.81% equity interest in Aerotonic for a cash consideration of RM1,362,922. Upon completion of the acquisition, Aerotonic became a wholly-owned subsidiary of FPT.

(c) During the financial year, the Group completed the acquisition of the following two companies:

(i) On 15 July 2015, the Group acquired 100% equity interest in Teras Eco Sdn. Bhd. ("TE") for a cash consideration of RM13,500,000 as disclosed in Note 37(a) to the financial statements.

(ii) On 30 October 2015, the Group acquired 100% equity interest in JM Cemerlang Sdn. Bhd. ("JMC") for a cash consideration of RM15,500,000 as disclosed in Note 37(b) to the financial statements.

(d) On 13 November 2015, the Group completed the disposal of its entire 75% equity interest in FPEQ for a cash consideration of RM5,750,000 as disclosed in Note 38 to the financial statements.

Notes To The Financial Statements

31 December 2015 (Cont'd)

9. INVESTMENTS IN SUBSIDIARIES (continued)

(d) The subsidiaries of the Group that have non-controlling interests ('NCI') were as follows:

	Formosa Prosonic Equipment Sdn. Bhd.	Aerotonic Sdn. Bhd.	Total
2015			
Profit allocated to NCI (RM)	1,151,303	-	1,151,303
2014			
NCI percentage of ownership interest and voting interest	25.00%	41.81%	
Carrying amount of NCI (RM)	2,791,000	1,407,084	4,198,084
Loss allocated to NCI (RM)	(1,540,097)	(98,008)	(1,638,105)

(e) 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:

	Formosa Prosonic Equipment Sdn. Bhd. RM	Aerotonic Sdn. Bhd. RM
2015		
Profit for the financial period	4,605,212	-
Total comprehensive profit	4,605,212	-
Dividend paid to NCI	(1,950,000)	-
2014		
Assets and liabilities		
Non-current assets	226,937	97,059
Current assets	12,642,596	7,620,477
Current liabilities	(1,705,533)	(4,352,111)
Net assets	11,164,000	3,365,425

Notes To The Financial Statements

31 December 2015 (Cont'd)

9. INVESTMENTS IN SUBSIDIARIES (continued)

(e) 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 (continued):

	Formosa Prosonic Equipment Sdn. Bhd. RM	Aerotonic Sdn. Bhd. RM
2014 (continued)		
Revenue	4,312,008	9,826,538
Loss for the financial year	(6,160,388)	(234,413)
Total comprehensive loss	(6,160,388)	(234,413)
Cash flows from operating activities	462,384	(256,535)
Cash flows used in investing activities	(1,810,429)	448,816
Cash flows used in financing activity	(6,000,000)	-
Net decrease in cash and cash equivalents	(7,348,045)	192,281
Dividend paid to NCI	(1,500,000)	-

10. INVESTMENT IN A JOINT VENTURE

	Group	
	2015 RM	2014 RM
Unquoted shares, at cost	1,816,048	1,816,048
Share of post acquisition reserves, net of dividends received	(1,592,265)	(1,589,111)
Return on investment	(223,783)	-
	-	226,937

The details of the joint venture, which is incorporated in Malaysia are as follows:

Name of company	Interest in equity held by a subsidiary 2015 %	2014 %	Principal activities
Elkay Pacific Rim (Malaysia) Sdn. Bhd. ("EPR") *	-	50	Sale of water coolers and related spare parts

* *EPR ceased its business operations in November 2014.*

Notes To The Financial Statements

31 December 2015 (Cont'd)

10. INVESTMENT IN A JOINT VENTURE (continued)

In the previous financial year, the Group received net dividend income of RM2,249,500 from its investment in the joint venture.

Elkay Pacific Rim Sdn. Bhd. ('EPR'), the only joint venture in which the Group participates, is an unlisted separate structured entity whose quoted market price is not available. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with EPR. Upon completion of the disposal of manufacturing assets in the current financial period, EPR ceased to be a joint venture of the Group.

The summarised financial information of the joint venture, adjusted for any differences in accounting policies, if any, and reconciliation to the carrying amount in the consolidated financial statements, is as follows:

	Group	
	2015	**2014**
	RM	**RM**
Assets and liabilities		
Current assets	-	461,874
Current liabilities	-	(8,000)
Net assets	-	453,874
Proportion of the ownership of the Group	-	50%
Carrying amount of the investment in a joint venture	-	226,937
Results		
Revenue	-	4,211,186
Cost of sales	-	(3,328,693)
Gross profit	-	882,493
Administrative expenses	(9,234)	(548,713)
Finance costs	(114)	(5,232)
Profit before tax	(9,348)	328,548
Tax income/(expense)	3,040	(58,917)
(Loss)/Profit for the financial year	(6,308)	269,631
Share of (loss)/profit by the Group for the financial year, net of tax	(3,154)	134,815

The joint venture had no capital commitments as at 31 December 2015 and 31 December 2014. It cannot distribute its profits until it obtains the consent from the two venture partners.

Notes To The Financial Statements

31 December 2015 (Cont'd)

11. GOODWILL

Group	Balance as at 1.1.2015 RM	Acquisition of subsidiaries RM	Balance as at 31.12.2015 RM
Carrying amount			
Goodwill	-	23,469,424	23,469,424

Goodwill arising from business combination has been allocated to one cash-generating unit ('CGU') for impairment testing as follows:

2015	Property development RM
Goodwill, gross	23,469,424
Less: Impairment loss	-
Goodwill, net	23,469,424

For the purpose of impairment testing, goodwill is allocated to the operating division of the Group which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of the CGU has been determined based on value-in-use calculations, which exceeded its carrying amount and hence, no impairment is required.

Value-in-use was determined by discounting the future cash flows generated from the continuing use of the CGU and was based on the following assumptions:

(i) Pre-tax cash flow projections based on the management's most recent four (4) years business plan.

(ii) Pre-tax discount rate of 5.6% was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the weighted average cost of capital of the Group.

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the unit to materially exceeded its recoverable amount.

Notes To The Financial Statements

31 December 2015 (Cont'd)

12. PROPERTY DEVELOPMENT COSTS

Group	Freehold land, at cost RM	Development costs RM	2015 RM
Cumulative property development costs			
Balance as at 1 January 2015	-	-	-
Acquistion of subsidiaries	16,222,508	18,119,184	34,341,692
Incurred during the financial year	-	17,342,446	17,342,446
Balance as at 31 December 2015	16,222,508	35,461,630	51,684,138
Cumulative cost recognised in the statement of profit or loss and other comprehensive income			
Balance as at 1 January 2015	-	-	-
Recognised during the financial year	(6,680,277)	(13,592,535)	(20,272,812)
Balance as at 31 December 2015	(6,680,277)	(13,592,535)	(20,272,812)
Property development costs as at 31 December 2015	9,542,231	21,869,095	31,411,326

(a) Included in the property development costs are the following charges incurred during the financial year:

	Group 2015 RM
Interest expense	854,282

Interest is capitalised in property development cost at a rate of 6.21% per annum.

(b) Freehold land under development has been charged to financial institutions for credit facilities granted to a subsidiary of the Company, Teras Eco Sdn. Bhd. as disclosed in Note 21 to the financial statements.

Notes To The Financial Statements

31 December 2015 (Cont'd)

13. INVENTORIES

	Group 2015 RM	Group 2014 RM
At cost		
Raw materials	5,320,701	6,219,034
Work-in-progress	305,215	1,037,466
Finished goods	2,225,647	3,499,239
	7,851,563	10,755,739
At net realisable value		
Finished goods	51,502	613,704
	7,903,065	11,369,443

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM64,064,876 (2014: RM122,843,654). In addition, the amounts recognised in the cost of sales include the following:

	Group 2015 RM	Group 2014 RM
Inventories written off	-	90,064
Inventories written down	-	506,560
Reversal of inventories previously written down	-	(10,295)
	-	586,329

(b) The Group reversed Nil (2014: RM10,295) in respect of inventories previously written down as the Group was able to sell these inventories above their carrying amounts.

14. TRADE AND OTHER RECEIVABLES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Trade receivables				
Third parties	6,466,506	12,573,286	-	-
Related parties	14,660,553	15,015,908	-	-
	21,127,059	27,589,194	-	-
Accrued billings in respect of property development	9,076,457	-	-	-

Notes To The Financial Statements

31 December 2015 (Cont'd)

14. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other receivables				
Subsidiaries	-	-	29,941,000	26,234,589
Related party	91,465	-	-	-
Deposits	306,662	198,542	-	1,000
Other receivables	743,139	5,510,936	-	3,476,000
	1,141,266	5,709,478	29,941,000	29,711,589
Loans and receivables	31,344,782	33,298,672	29,941,000	29,711,589
Prepayments				
Prepayments	395,446	404,028	-	-
	31,740,228	33,702,700	29,941,000	29,711,589

(a) Trade receivables, including amounts owing by related parties, are non-interest bearing and the normal trade credit terms granted by the Group range from 14 to 120 days (2014: 30 to 120 days) from the date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(b) Non-trade balances owing by subsidiaries and related party represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(c) In the previous financial year, included in other receivables of the Group and of the Company was an amount of RM3,450,000 owing by a third party, which represents remaining balance of the sales consideration for the disposal of FPC as disclosed in Note 38(b) to the financial statements. The amount was fully settled in the current financial year.

(d) Information on financial risks of trade and other receivables are disclosed in Note 42 to the financial statements.

(e) The currency exposure profile of receivables (excluding prepayments) is as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Ringgit Malaysia	15,355,276	23,043,499	29,941,000	29,711,589
US Dollar	15,989,506	10,255,173	-	-
	31,344,782	33,298,672	29,941,000	29,711,589

Notes To The Financial Statements

31 December 2015 (Cont'd)

14. TRADE AND OTHER RECEIVABLES (continued)

(f) The ageing analysis of trade receivables of the Group are as follows:

	Group 2015 RM	Group 2014 RM
Neither past due nor impaired	16,547,394	25,626,010
Past due, not impaired		
1 to 30 days	1,888,906	1,852,981
31 to 60 days	407,658	103,050
61 to 90 days	1,843,614	4,750
More than 90 days	439,487	2,403
	4,579,665	1,963,184
	21,127,059	27,589,194

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payments history, as well as receivables related to progress billings to be settled by end-buyers' financiers.

The trade receivables of the Group that are past due but not impaired are unsecured in nature.

15. SHORT TERM FUNDS

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Financial assets at fair value through profit or loss				
Fixed income trust funds in Malaysia	30,058,203	43,011,104	-	17,756,568

(a) Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.

Notes To The Financial Statements

31 December 2015 (Cont'd)

15. SHORT TERM FUNDS (continued)

(b) Included in the short term funds of the Group and of the Company are amounts of RM30,058,203 (2014: RM41,977,804) and Nil (2014: RM17,756,568) respectively representing investments in highly liquid money market, which are readily convertible to a known amounts of cash, which are subject to insignificant risk of changes in value, hence, meet the definition to be classified as cash and cash equivalents.

(c) Information on financial risks of short term funds is disclosed in Note 42 to the financial statements.

(d) The currency exposure profile of short term funds is as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Ringgit Malaysia	11,147,435	43,011,104	-	17,756,568
US Dollar	18,910,768	-	-	-
	30,058,203	43,011,104	-	17,756,568

16. CASH AND BANK BALANCES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash and bank balances	2,358,351	4,847,288	156,613	240,168
Deposits with licensed banks	3,310,000	10,687,100	330,000	-
	5,668,351	15,534,388	486,613	240,168

(a) Information on financial risks of cash and bank balances are disclosed in Note 42 to the financial statements.

(b) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Ringgit Malaysia	4,496,489	13,570,415	486,613	240,168
US Dollar	1,171,862	1,963,973	-	-
	5,668,351	15,534,388	486,613	240,168

Notes To The Financial Statements

31 December 2015 (Cont'd)

16. CASH AND BANK BALANCES (continued)

(c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash and bank balances	2,358,351	4,847,288	156,613	240,168
Deposits with licensed banks (not more than three months)	3,310,000	10,687,100	330,000	-
Short term funds (Note 15)	30,058,203	41,977,804	-	17,756,568
	35,726,554	57,512,192	486,613	17,996,736

17. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The property, plant and equipment of FPEQ were presented as non-current assets classified as held for sale following the SPA entered into in the previous financial year by the Group to dispose of its leasehold land and factory building to Angel Water System Technology Sdn. Bhd. (formerly known as Grand Offshore Sdn. Bhd.), a company incorporated in Malaysia for a consideration of RM8,000,000. The disposal was completed during the financial year. As at the end of the previous reporting period, the non-current assets classified as held for sale were as follows:

	Group 2014 RM
Non-current assets classified as held for sale	
Property, plant and equipment (Note 7)	5,665,170

The carrying amounts of property, plant and equipment of the non-current assets classified as held for sale were the same as the carrying amounts before they were being reclassified to current assets.

	Group 2014 RM
Property, plant and equipment classified as held for sale comprise the following:	
Cost	8,731,899
Accumulated depreciation	(3,066,729)
	5,665,170

Notes To The Financial Statements

31 December 2015 (Cont'd)

18. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.50 each:				
Authorised	400,000,000	200,000,000	400,000,000	200,000,000
Issued and fully paid	177,821,400	88,910,700	177,821,400	88,910,700

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

19. TREASURY SHARES

The shareholders of the Company, by way of a resolution passed at the Annual General Meeting held on 23 April 2015 renewed the authority given to the Directors to repurchase up to 10% of the issued and paid-up ordinary share capital of the Company ("Share Buy-Back"). The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 452,700 (2014: 2,928,400) ordinary shares of RM0.50 each of its issued shares from the open market. The average price paid for the ordinary shares repurchased was approximately RM0.66 (2014: RM0.61) per ordinary share. The repurchase transactions were financed by internally generated funds. The ordinary shares repurchased are held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965.

The Company has the right to cancel, resell and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended. None of the treasury shares repurchased have been sold as at 31 December 2015.

As at 31 December 2015, the Company held 9,757,400 (2014: 9,304,700) treasury shares at a total cost of RM7,620,718 (2014: RM7,319,773).

20. RESERVES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-distributable:				
Share premium	7,342,201	7,342,201	7,342,201	7,342,201
Distributable:				
Retained earnings	29,298,558	18,239,708	17,005,499	14,882,952
	36,640,759	25,581,909	24,347,700	22,225,153

Notes To The Financial Statements

31 December 2015 (Cont'd)

20. RESERVES (continued)

Retained earnings

The Company had moved to the single tier system, and as a result, there is no restriction on the distribution of dividends out of its entire retained earnings as at the end of the reporting period.

21. TERM LOANS

	Group	
	2015 RM	2014 RM
Term loan I repayable by 24 equal monthly instalments of RM496,000 each commencing 14 July 2013	671,434	-
Term loan II repayable by 24 equal monthly instalments of RM62,545 each commencing 10 January 2014	3,229,667	-
Term loan III repayable by 84 equal monthly instalments of RM78,963 each commencing 14 March 2014	4,150,854	-
Term loan IV repayable by 84 equal monthly instalments of RM91,472 each commencing 14 March 2014	4,874,163	-
Term loan V repayable by 60 equal monthly instalments of RM168,712 each commencing 14 July 2014	8,500,000	-
Term loan VI repayable by 24 equal monthly instalments of RM180,000 each commencing 1 December 2014	4,300,000	-
Term loan VII repayable by 24 equal monthly instalments of RM317,000 each commencing 11 February 2015	7,600,000	-
	33,326,118	-
Repayable as follows:-		
Current liabilities:-		
- not later than one (1) year	8,053,320	-
Non-current liabilities:-		
- later than one (1) year but not later than five (5) years	25,272,798	-
	33,326,118	-

Notes To The Financial Statements

31 December 2015 (Cont'd)

21. TERM LOANS (continued)

(a) Term loans of the Group are secured by the following:

(i) Legal charges over land held for property development and property development costs of the Group as disclosed in Notes 8 and Note 12 to the financial statements; and
(ii) Jointly and severally guaranteed by all Directors of JM Cemerlang Sdn. Bhd. and Teras Eco Sdn. Bhd., which are subsidiaries of the Group.

(b) Information on financial risk of term loans and its remaining maturity is disclosed in Note 42 to the financial statements.

(c) Term loans are denominated in RM.

22. HIRE-PURCHASE CREDITORS

	Group 2015 RM	Group 2014 RM
Minimum hire-purchase payments:-		
- not later than one (1) year	48,132	-
- later than one (1) year but not later than five (5) years	192,528	-
- later than five (5) years	75,837	-
Total minimum hire-purchase payments	316,497	
Less:- Future interest charges	(46,622)	-
Present value of hire-purchase liabilities	269,875	-
Repayable as follows:-		
Current liabilities:		
- not later than one (1) year	35,967	-
Non-current liabilities:		
- later than one (1) year but not later than five (5) years	163,698	-
- later than five (5) years	70,210	-
	233,908	-
	269,875	-

(a) Information on financial risk of hire-purchase and its remaining maturity is disclosed in Note 42 to the financial statements.

(b) Hire-purchase creditors are denominated in RM.

Notes To The Financial Statements

31 December 2015 (Cont'd)

23. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2015	**2014**
	RM	**RM**
Balance as at 1 January	1,630,000	2,249,566
Recognised in profit or loss (Note 30)	(1,134,949)	(619,566)
Balance as at 31 December	495,051	1,630,000
Presented after appropriate offsetting:		
Deferred tax assets, net	(140,000)	(162,000)
Deferred tax liabilities, net	635,051	1,792,000
	495,051	1,630,000

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

	Other temporary differences RM
At 1 January 2015	162,000
Recognised in profit or loss	(22,000)
At 31 December 2015	140,000
At 1 January 2014	290,000
Recognised in profit or loss	(128,000)
At 31 December 2014	162,000

Notes To The Financial Statements

31 December 2015 (Cont'd)

23. DEFERRED TAX (continued)

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (continued):

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Other temporary differences RM	Total RM
At 1 January 2015	1,573,000	219,000	1,792,000
Recognised in profit or loss	(1,127,949)	(29,000)	(1,156,949)
At 31 December 2015	445,051	190,000	635,051
At 1 January 2014	2,235,000	43,000	2,278,000
Recognised in profit or loss	(662,000)	176,000	(486,000)
At 31 December 2014	1,573,000	219,000	1,792,000

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2015 RM	2014 RM
Unused tax losses	484,174	2,042,537
Unabsorbed capital allowances	142,326	142,326
Other temporary differences	-	55,198
	626,500	2,240,061

Deferred tax assets of the Group have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

The temporary differences do not expire under the current tax legislation.

Notes To The Financial Statements

31 December 2015 (Cont'd)

24. TRADE AND OTHER PAYABLES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Trade payables				
Third parties	27,540,961	18,972,958	-	-
Related parties	765,970	3,214,488	-	-
	28,306,931	22,187,446	-	-
Other payables				
Subsidiary	-	-	1,000,000	-
Related parties	-	61,618	1,020	357
Other payables	12,903,964	2,370,149	38,362	-
Accruals	4,771,706	3,675,732	394,367	439,450
	17,675,670	6,107,499	1,433,749	439,807
	45,982,601	28,294,945	1,433,749	439,807

(a) Trade payables, including amounts owing to related parties, are non-interest bearing and the normal trade credit terms granted range from 30 to 90 days (2014: 30 to 90 days) from the date of invoice.

(b) Included in other payables of the Group is amount owing to a director of RM9,081,904 (2014: Nil) arising from the purchases of land held for property development which is unsecured, interest-free and payable upon demand in cash and cash equivalents.

(c) Included in other payables of the Group was dividend payable to a non-controlling interest of a subsidiary amounting to RM553,984 in the previous financial year.

(d) Non-trade balances owing to a subsidiary and related parties represent payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(e) Information on financial risks of trade and other payables is disclosed in Note 42 to the financial statements.

(f) The currency exposure profile of payables is as follows:

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Ringgit Malaysia	36,048,350	15,808,357	1,433,749	439,807
US Dollar	9,897,720	12,479,231	-	-
Chinese Renminbi	18,632	3,784	-	-
New Taiwan Dollar	13,196	-	-	-
Thai Baht	4,703	3,573	-	-
	45,982,601	28,294,945	1,433,749	439,807

Notes To The Financial Statements

31 December 2015 (Cont'd)

25. DERIVATIVE FINANCIAL INSTRUMENTS

	2015		2014	
	Notional amounts RM	Assets RM	Notional amounts RM	Liabilities RM
Group				
Forward currency contracts	4,320,000	9,938	6,292,890	(52,231)

(a) Forward currency contracts have been entered into to operationally hedge forecast sales and purchases denominated in foreign currencies that are expected to occur at various dates within twelve (12) months from the end of the reporting period. The forward currency contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair values of these components have been determined based on the differences between the forward future rates and the strike rates discounted at the convenience yield of the instruments involved.

(b) During the financial year, the Group recognised total gain of RM62,169 (2014: losses of RM7,769) arising from fair value changes of derivatives. The fair value changes are attributable to changes in foreign exchange spot rates and forward foreign exchange rates. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 41 to the financial statements.

26. CAPITAL COMMITMENTS

	Group	
	2015 RM	2014 RM
Authorised capital expenditure not provided for in the financial statements		
Contracted		
- Purchase of property, plant and equipment	547,724	143,150

27. REVENUE

	Group		Company	
Continuing operations	2015 RM	2014 RM	2015 RM	2014 RM
Sale of goods	88,030,983	152,059,000	-	-
Property development revenue	20,374,398	-		
Dividend income from subsidiaries	-	-	5,850,000	5,500,000
	108,405,381	152,059,000	5,850,000	5,500,000

Notes To The Financial Statements

31 December 2015 (Cont'd)

28. COST OF SALES

	Group 2015 RM	Group 2014 RM
Sales of goods	74,093,157	142,258,877
Property development activities	20,272,812	-
	94,365,969	142,258,877

29. FINANCE COSTS

Continuing operations	Group 2015 RM	Group 2014 RM
Bank charges	19,317	29,873
Interest expense on:		
- hire purchase creditors	6,711	-
	26,028	29,873

30. PROFIT BEFORE TAX

Continuing operations	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- current year		69,000	66,800	25,000	25,000
- under provision in prior years		2,000	2,000	-	-
Depreciation of property, plant and equipment		1,391,226	3,144,907	-	-
Directors' remuneration:					
- Directors of the Company:					
- fees		263,334	300,000	263,334	300,000
- other emoluments		950,533	513,600	106,033	113,400
Fair value adjustment on derivative financial instruments	25	-	52,231	-	-
Interest expense on:					
- hire purchase creditors		6,711	-	-	-
Loss on disposal of a subsidiary	38	229,300	843,746	3,143,668	-
Property, plant and equipment written off		311	1,986	-	-
Realised loss on foreign exchange		37,000	-	-	-
Rental of premises		32,033	13,295	-	-
Research and development costs		201,706	417,710	-	-
Unrealised loss on foreign exchange		559,272	706,642	-	-

Notes To The Financial Statements

31 December 2015 (Cont'd)

30. PROFIT BEFORE TAX (continued)

Continuing operations	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
And after crediting:					
Dividend income from:					
- subsidiaries	27	-	-	5,850,000	5,500,000
Fair value adjustment on:					
- derivative financial instruments	25	62,169	-	-	-
- short term funds		-	33,000	-	-
Gain on disposal of property, plant and equipment		2,309,550	-	-	-
Interest income		148,160	60,331	52,105	17,614
Income distribution from short term funds		1,337,942	954,692	548,659	479,202
Reversal of inventories previously written down		-	8,532	-	-
Realised gain on foreign exchange		4,437,257	546,155	-	-
Rental income		305,000	330,000	-	-
Unrealised gain on foreign exchange		117,290	880,466	-	-

The estimated monetary value of benefits-in-kind other than in cash received or receivable by the Directors from the Company and the Group amounted to RM28,190 (2014: RM37,275) and RM28,190 (2014: RM37,275) respectively.

31. TAXATION

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Continuing operations				
Current tax expense				
- Based on profit for the financial year	2,536,820	147,000	12,000	4,000
- Under/(Over) provision in prior years	60,845	9,686	(4,000)	(2,531)
	2,597,665	156,686	8,000	1,469
Deferred tax (Note 23)				
- Relating to origination and reversal of temporary differences	(124,949)	266,000	-	-
- Over provision in prior years	(1,010,000)	(114,000)	-	-
	(1,134,949)	152,000	-	-
Total taxation from continuing operations	1,462,716	308,686	8,000	1,469

Notes To The Financial Statements

31 December 2015 (Cont'd)

31. TAXATION (continued)

	Group 2015 RM	Group 2014 RM
Discontinued operations		
Current tax expense		
- Based on profit for the financial year	50,000	42,713
- Over provision in prior year	-	(463,655)
	50,000	(420,942)
Deferred tax		
- Relating to origination and temporary differences	-	(778,646)
- Under provision in prior year	-	7,080
	-	(771,566)
Total taxation from discontinuing operations (Note 32)	50,000	(1,192,508)

(a) The Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated taxable profits for the fiscal year. The Malaysian statutory tax rate will be reduced to twenty-four percent (24%) for the fiscal year of assessment 2016 onwards. The computation of deferred tax as at 31 December 2015 has reflected these changes.

(b) The reconciliation between the effective tax rate and the applicable tax rate of the Group and of the Company is as follows:

	Group 2015 %	Group 2014 %	Company 2015 %	Company 2014 %
Applicable tax rate	25.0	25.0	25.0	25.0
Tax effects in respect of:				
Non-allowable expenses	5.9	263.5	50.7	3.3
Tax exempt dividend income	-	-	(68.6)	(25.9)
Deferred tax assets not recognised	-	23.8	-	
Non-taxable income	(8.2)	(114.8)	(6.5)	(2.3)
Tax incentives and allowances	-	(9.0)	-	-
	22.7	188.5	0.6	0.1
Under/(Over) provision in prior years				
- taxation	0.6	4.4	(0.2)	-
- deferred tax	(9.5)	(52.0)	-	-
Effective tax rate	13.8	140.9	0.4	0.1

Notes To The Financial Statements

31 December 2015 (Cont'd)

31. TAXATION (continued)

(c) Tax on each component of other comprehensive income was as follows:

	Group		
	Before tax RM	Tax effect RM	After tax RM
2014			
Fair value adjustment on available-for-sale financial assets	305,400	-	305,400
Adjustment on disposal of available-for-sale financial assets	(1,834,770)	-	(1,834,770)
	(1,529,370)	-	(1,529,370)

32. DISCONTINUED OPERATIONS

(a) In the previous financial year, a subsidiary of the Company, FPEQ entered into a CMAPA and a SPA to dispose of its entire manufacturing assets and leasehold land and factory building to Angel Water System Technology Sdn. Bhd. (formerly known as Grand Offshore Sdn. Bhd.), a company incorporated in Malaysia for considerations of RM1,560,000 and RM8,000,000 respectively. The disposal of manufacturing assets vide the CMAPA was completed on 15 October 2014 and the disposal of leasehold land and factory building was completed in the current financial year. The leasehold land and factory building were reclassified as non-current assets classified as held for sale as the end of the previous reporting period as disclosed in Note 17 to the financial statements. FPEQ ceased its business operations upon the completion of the disposal of its entire manufacturing assets. On 13 November 2015, the Company disposed of its entire equity interest in FPEQ for a cash consideration of RM5,750,000. The effects of the disposal are set out in Note 37 to the financial statements.

(b) On 30 September 2014, the Company disposed of its entire equity interest in a subsidiary, FPC, a company incorporated in Malaysia, which was engaged in the manufacturing and trading of specialised chemical paints for a cash consideration of RM11,500,000. The disposal of FPC was completed on 25 December 2014.

(c) Both operations were reported as part of the chemicals and electrical equipment divisions. An analysis of the results of the discontinued operations are as follows:

	Group	
	2015 RM	2014 RM
Revenue	-	20,256,803
Share of (loss)/profits of a joint venture, net of tax (Note 10)	(3,154)	134,815
Other income	3,116,624	2,276,186
Expenses	(50,524)	(27,492,635)
Profit/(Loss) before tax	3,062,946	(4,824,831)
Taxation (Note 31)	(50,000)	1,192,508
Profit/(Loss) for the financial year	3,012,946	(3,632,323)

Notes To The Financial Statements

31 December 2015 (Cont'd)

32. DISCONTINUED OPERATIONS (continued)

(d) The following amounts have been included in arriving at profit/(loss) before tax of the discontinued operations:

	Group 2015 RM	Group 2014 RM
Profit/(Loss) before tax is arrived at after charging:		
Auditors' remuneration	2,000	49,000
Bad debts written off	-	3,908,955
Depreciation of property, plant and equipment	-	860,262
Directors' remuneration		
- emoluments other than fees	-	397,500
Inventories written off	-	90,064
Inventories written down	-	506,560
Loss on disposal of property, plant and equipment	-	153,886
Property, plant and equipment written off	-	52
Research and development costs	-	300,714
Unrealised loss on foreign exchange	-	15,389
And after crediting :		
Fair value adjustment on		
- derivative financial instruments	-	44,462
- quoted shares	-	305,400
Bad debts recovered	128,980	-
Gain on disposal of		
- property, plant and equipment	2,334,830	14,999
- investment in quoted shares	-	1,529,370
Interest income	185,462	164,180
Income distribution from short term funds	161,168	71,953
Realised gain on foreign exchange	236,100	97,865
Rental income	-	15,900
Reversal of inventories previously written down	-	1,763
Unrealised gain on foreign exchange	-	21,933

(e) The cash flows attributable to the discontinued operations are as follows:

	Group 2015 RM	Group 2014 RM
Inflow/(outflow)		
Operating activities	166,389	1,423,650
Investing activities	2,884,724	825,741
Financing activities	(7,800,000)	(7,000,000)
	(4,748,887)	(4,750,609)

Notes To The Financial Statements

31 December 2015 (Cont'd)

33. DIVIDENDS

	Group and Company			
	2015		2014	
	Dividend per ordinary share sen	Amount of dividend RM	Dividend per ordinary share sen	Amount of dividend RM
Special single tier dividend in respect of financial year ended 31 December 2014	-	-	20.0	33,703,340

A first and final dividend in respect of the financial year ended 31 December 2015 of 2.5 sen per ordinary share, amounting to RM4,178,460 has been proposed by the Directors after the end of the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, would be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2016.

34. EARNINGS/(LOSS) PER ORDINARY SHARE

(a) Basic earnings/(loss) per ordinary share

Basic earnings/(loss) per ordinary share for the financial year is calculated by dividing the profit/(loss) for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding (adjusted for treasury shares) during the financial year.

	Group	
	2015	2014
Profit from continuing operations attributable to equity holders of the parent (RM)	9,153,045	8,464
Profit/(Loss) from discontinued operations attributable to equity holders of the parent (RM)	1,861,643	(2,092,226)
Profit/(Loss) attributable to equity holders of the parent (RM)	11,014,688	(2,083,762)
Weighted average number of ordinary shares outstanding (adjusted for treasury shares)	168,476,028	169,077,489
Basic earnings/(loss) per ordinary share for:		
Profit from continuing operations (sen)	5.43	0.01
Profit/(Loss) from discontinued operations (sen)	1.11	(1.24)
Basic earnings/(loss) per ordinary share (sen)	6.54	(1.23)

(b) Diluted earnings/(loss) per ordinary share

Diluted earning/(loss) per ordinary share is not applicable as there were no potential ordinary shares in issue as at 31 December 2015 and 2014.

Notes To The Financial Statements

31 December 2015 (Cont'd)

35. EMPLOYEE BENEFITS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries, wages and bonuses	15,760,863	28,929,842	126,033	113,400
Defined contribution plan	987,880	1,911,297	-	-
Other employee benefits	554,590	1,331,788	-	-
	17,303,333	32,172,927	126,033	113,400

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM1,517,212 (2014: RM911,100) and RM106,033 (2014: RM113,400) respectively.

36. TRANSACTION WITH NON-CONTROLLING INTERESTS

On 10 February 2015, Formosa Prosonic Technics Sdn. Bhd. ("FPT"), a wholly owned subsidiary of the Company, acquired 1,107,965 ordinary shares of RM1.00 each not owned by FPT, which represented 41.81% of the issued and paid-up share capital in Aerotronic Sdn. Bhd. ("Aerotonic") for a cash consideration of RM1,362,922. Upon completion of the acquisition, Aerotonic became a wholly-owned subsidiary of FPT.

Details of net assets acquired are as follows:

	RM
Carrying amounts of identifiable assets and liabilities of Aerotonic as at the date of acquisition	3,365,420
Less: Carrying amounts of 58.19% equity interest held previously as subsidiary	(1,958,336)
Carrying amounts of 41.81% equity interest held previously as non-controlling interests	1,407,084
Excess of interest in the carrying amounts of the identifiable assets and liabilities, over cost arising from additional interest acquired	(44,162)
Purchase consideration settled in cash	1,362,922

37. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Teras Eco Sdn. Bhd.

On 15 July 2015 (the 'acquisition date'), the Company has acquired 100% of the issued and paid-up ordinary share capital of Teras Eco Sdn. Bhd. ('TE'), a company incorporated in Malaysia which is engaged in property development, for a cash consideration of RM13,500,000 and stamp duty payable amounted to RM42,855.

The Group acquired TE on the basis that industrial property development was seen as a viable business to strengthen the Group's earnings base in the short term. In the long term, the acquisition of TE was seen as adding the Group's business capability and helping to create an alternative income stream.

Notes To The Financial Statements

31 December 2015 (Cont'd)

37. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of Teras Eco Sdn. Bhd. (continued)

(i) The fair value of identifiable assets and liabilities of TE as at the date of acquisition are as follows:

	RM
Property, plant and equipment	547,223
Land held for property development	17,018,512
Property development costs	34,341,692
Trade and other receivables	5,116,706
Cash and bank balances	715,138
Total identifiable assets	57,739,271
Borrowings	(22,200,190)
Trade and other payables	(33,537,202)
Total identifiable net assets	2,001,879
Goodwill arising from acquisition	11,540,976
Total purchase consideration	13,542,855

(ii) The considerations for the acquisition of TE are as follows:

	RM
Cash consideration	13,500,000
Stamp duty	42,855
Total cash considerations paid	13,542,855

(iii) The effects of the acquisition of TE on cash flows of the Group are as follows:

	RM
Total consideration settled in cash	13,542,855
Less: Cash and cash equivalents of subsidiary acquired	(715,138)
Net cash outflow on acquisition	12,827,717

Notes To The Financial Statements

31 December 2015 (Cont'd)

37. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of JM Cemerlang Sdn. Bhd.

On 30 October 2015 (the 'acquisition date'), the Company has acquired 100% of the issued and paid-up ordinary share capital of JM Cemerlang Sdn. Bhd. ('JMC'), a company incorporated in Malaysia which is engaged in property development, for a cash consideration of RM15,500,000.

The Group acquired JMC in order to strengthen its property development arm by investing into the acquisition of further industrial related land so as to ensure a steady stream of development work to be undertaken by its property development division.

(i) The fair value of identifiable assets and liabilities of JMC as at the date of acquisition are as follows:

	RM
Land held for property development	36,500,000
Other receivables	1,319,788
Cash and bank balances	20,397
Total identifiable assets	37,840,185
Borrowings	(12,546,807)
Other payables	(21,721,826)
Total identifiable net assets	3,571,552
Goodwill arising from acquisition	11,928,448
Total purchase consideration	15,500,000

(ii) The considerations for the acquisition of JMC are as follows:

	RM
Total cash considerations paid	15,500,000

(iii) The effects of the acquisition of JMC on cash flows of the Group are as follows:

	RM
Total consideration settled in cash	15,500,000
Less: Cash and cash equivalents of subsidiary acquired	(20,397)
Net cash outflow on acquisition	15,479,603

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31 December 2015 (Cont'd)

38. DISPOSAL OF SUBSIDIARIES

(a) On 13 November 2015, the Company disposed of its entire equity interest in a subsidiary, Formosa Prosonic Equipment Sdn. Bhd. ('FPEQ'), a company incorporated in Malaysia, which was engaged in the manufacturing of electrical equipment for a cash consideration of RM5,750,000, which is a discontinued operations as disclosed in Note 32 to the financial statements.

(i) The carrying amounts of the identifiable assets and liabilities of FPEQ as at the date of disposal are as follows:

	2015 RM
Other receivables	125,523
Cash and bank balances	7,902,080
Total identifiable assets	8,027,603
Other payables	(6,000)
Current tax liabilities	(50,000)
Total identifiable liabilities	(56,000)
Total identifiable net assets	7,971,603

(ii) The consideration for the disposal of FPEQ is as follows:

	RM
Total consideration in cash	5,750,000

(iii) The effects of the disposal of FPEQ on cash flows are as follows:

	RM
Total consideration for the subsidiary disposed of, in cash	5,750,000
Less: Net of cash and cash equivalents disposed of	(7,902,080)
Net cash outflow on disposal	(2,152,080)

(iv) The loss on disposal of the subsidiary during the financial year is as follows:

	Group RM	Company RM
Cost of investment	-	8,893,668
Total identifiable assets	8,027,603	-
Total identifiable liabilities	(56,000)	-
Total identifiable net assets/Carrying amount	7,971,603	8,893,668
Less: Non-controlling interest	(1,992,303)	-
	5,979,300	8,893,668
Net proceeds from disposal	5,750,000	5,750,000
Loss on disposal	(229,300)	(3,143,668)

Notes To The Financial Statements

31 December 2015 (Cont'd)

38. DISPOSAL OF SUBSIDIARIES (continued)

(b) On 30 September 2014, the Company disposed of its entire equity interest in a subsidiary, FPC, a company incorporated in Malaysia, which was engaged in the manufacturing and trading of specialised chemical paints for a cash consideration of RM11,500,000, which is a discontinued operations as disclosed in Note 32 to the financial statements. The disposal of FPC was completed on 25 December 2014.

(i) The carrying amounts of the identifiable assets and liabilities of FPC as at the date of disposal were as follows:

	2014 **RM**
Property, plant and equipment (Note 7)	2,820,410
Inventories	2,915,466
Trade and other receivables	3,158,581
Current tax assets	152,075
Cash and bank balances	7,303,443
Total identifiable assets	16,349,975
Trade and other payables	(4,006,229)
Total identifiable net assets	12,343,746

(ii) The consideration for the disposal of FPC was as follows:

	RM
Total consideration in cash	11,500,000

(iii) The effects of the disposal of FPC on cash flows were as follows:

	RM
Total consideration for the subsidiary disposed in cash	11,500,000
Less: Outstanding balance of sale consideration included in other receivables of theGroup and of the Company(Note 14)*	(3,450,000)
	8,050,000
Less: Net of cash and cash equivalents disposed of	(7,303,443)
Net cash inflow on disposal	746,557

* *The balance was fully settled in the current financial year.*

Notes To The Financial Statements

31 December 2015 (Cont'd)

38. DISPOSAL OF SUBSIDIARIES (continued)

(iv) The loss on disposal of the subsidiary during the financial year was as follows:

	Group RM	Company RM
Cost of investment	-	11,500,000
Total identifiable assets	16,349,975	-
Total identifiable liabilities	(4,006,229)	-
Net assets/Carrying amount	12,343,746	11,500,000
Net proceeds from disposal	11,500,000	11,500,000
Loss on disposal	(843,746)	-

39. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationships with its direct and indirect subsidiaries.

The Group also has related party relationships with the following parties:

Identities of related parties	Relationship
Formosa Prosonic Industries Berhad ('FPI')	A company with significant influence over the Company through its wholly-owned subsidiary, FPM (as defined below)
Formosa Prosonic Manufacturing Sdn. Bhd. ('FPM')	A corporate shareholder, which is wholly-owned by FPI, with significant influence over the Company
Energistic Sdn. Bhd. ('Energistic')	A subsidiary of FPI
FP Group Limited ('FPG')	A subsidiary of FPI (ceased to be a subsidiary of FPI on 1 October 2015)
FP Group (Dongguan) Limited	A subsidiary of FPG (ceased to be a subsidiary of FPI on 1 October 2015)
Acoustic Energy Limited ('AE')	A subsidiary of FPI
Elkay Pacific Rim (Malaysia) Sdn. Bhd. ('EPR')	A joint venture (ceased its business operations in November 2014)

Notes To The Financial Statements

31 December 2015 (Cont'd)

39. RELATED PARTY DISCLOSURES (continued)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with the related parties during the financial year:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Related parties:				
Commission payable	-	1,062,120	-	-
Purchase of products	14,064,512	26,842,335	-	-
Rental income received	305,000	345,900	-	-
Sale of products	44,633,588	71,212,077	-	-
Services rendered	154,800	614,046	154,800	52,800
Joint venture:				
Dividend received	-	2,249,500	-	-
Sale of products	-	3,311,760	-	-
Subsidiaries:				
Gross dividends received	-	-	5,850,000	5,500,000

(i) The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

(ii) Balances of the above related parties are disclosed in Notes 14 and 24 to the financial statements.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Short term employee benefits	1,481,429	1,352,795	126,033	113,400
Contribution to defined contribution plan	77,940	95,052	-	-
	1,559,369	1,447,847	126,033	113,400

Notes To The Financial Statements

31 December 2015 (Cont'd)

40. OPERATING SEGMENTS

Acoustech Berhad and its subsidiaries are principally engaged in manufacturing and trading of speaker units, multimedia speakers systems, electrical equipment and developing properties.

Acoustech Berhad has arrived at four (4) reportable segments that are organised and managed separately according to the business segments, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Audio division

Manufacturing, assembly and sales of speaker units and multimedia speaker systems, including component parts.

(ii) Property development division

Developing of properties. The acquisition of this segment was completed in the current financial year as disclosed in Note 37 to the financial statements.

(iii) Electrical equipment division

Manufacturing and distribution of electrical equipment. This segment ceased its business operations upon the completion of disposal of manufacturing assets and was reclassified as discontinued operations as disclosed in Note 32 to the financial statements.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Segment performance is evaluated based on operating profit, excluding non-recurring losses, and in certain respect as explained in the table below, it is measured differently from operating profit in consolidated financial statements.

Inter-segment revenue is carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties and is eliminated on the consolidated financial statements. These policies have been applied constantly throughout the current and previous financial years.

Segment assets exclude tax assets, investments and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities. Details are provided in the reconciliations from segment assets and liabilities to the financial position of the Group.

Notes To The Financial Statements

31 December 2015 (Cont'd)

40. OPERATING SEGMENTS (continued)

2015	Audio division RM	Property development division RM	Investment holding segment RM	Total continuing operations RM	Electrical equipment divisions (Discontinued operations) RM	Total RM
Revenue						
Total revenue	88,030,983	20,374,398	5,850,000	114,255,381	-	114,255,381
Inter-segment revenue	-	-	(5,850,000)	(5,850,000)	-	(5,850,000)
Revenue from external customers	88,030,983	20,374,398	-	108,405,381	-	108,405,381
Interest income	39,887	56,168	52,105	148,160	185,462	333,622
Interest expense	-	(6,711)	-	(6,711)	-	(6,711)
Net interest income/(expense)	39,887	49,457	52,105	141,449	185,462	326,911
Income distribution from short term funds	789,283	-	548,659	1,337,942	161,168	1,499,110
Results						
Segment profit/(loss) before tax	7,793,715	3,623,978	(801,932)	10,615,761	3,066,100	13,681,861
Share of loss of a joint venture, net of tax	-	-	-	-	(3,154)	(3,154)
	7,793,715	3,623,978	(801,932)	10,615,761	3,062,946	13,678,707

Notes To The Financial Statements

31 December 2015 (Cont'd)

40. OPERATING SEGMENTS (continued)

2015 (continued)	Audio division RM	Property development division RM	Investment holding segment RM	Total continuing operations RM	Electrical equipment divisions (Discontinued operations) RM	Total RM
Assets						
Segment assets	73,872,528	123,868,466	486,613	198,227,607	-	198,227,607
Liabilities						
Segment liabilities	17,324,183	61,820,662	433,749	79,579,842	-	79,578,594
Other information						
Capital expenditure	482,094	-	-	-	-	482,094
Depreciation of property, plant and equipment	1,377,164	14,062	-	-	-	1,391,226
Fair value adjustment on derivative financial instruments	(62,169)	-	-	-	-	(62,169)

Notes To The Financial Statements

31 December 2015 (Cont'd)

40. OPERATING SEGMENTS (continued)

2014	Audio division RM	Other operating segment RM	Total continuing operations RM	Chemical and electrical equipment divisions (Discontinued operations) RM	Total RM
Revenue					
Total revenue	160,946,763	5,550,000	166,446,763	20,318,503	186,765,266
Inter-segment revenue	(8,887,763)	(5,550,000)	(14,387,763)	(61,700)	(14,449,463)
Revenue from external customers	152,059,000	-	152,059,000	20,256,803	172,315,803
Interest income	42,717	17,614	60,331	164,180	224,511
Income distribution from short term funds	475,490	479,202	954,692	71,953	1,026,645
Results					
Segment profit/(loss) before tax	1,250,194	(1,031,052)	219,142	(4,959,646)	(4,740,504)
Share of profit of a joint venture, net of tax	-	-	-	134,815	134,815
	1,250,194	(1,031,052)	219,142	(4,824,831)	(4,605,689)
Assets					
Segment assets	105,993,776	21,473,736	127,467,512	12,610,945	140,078,457
Investment in a joint venture	-	-	-	226,937	226,937
	105,993,776	21,473,736	127,467,512	12,837,882	140,305,394
Liabilities					
Segment liabilities	27,805,042	439,807	28,244,849	102,327	28,347,176
Other information					
Bad debts written off	-	-	-	3,908,955	3,908,955
Capital expenditure	1,764,545	-	1,764,545	92,779	1,857,324
Depreciation of property, plant and equipment	3,144,907	-	3,144,907	860,262	4,005,169
Fair value adjustment on derivative financial instruments	52,231	-	52,231	(44,462)	7,769
Inventories written down	-	-	-	506,560	506,560
Inventories written off	-	-	-	90,064	90,064
Reversal of inventories previously written down	8,532	-	8,532	1,763	10,295

Notes To The Financial Statements

31 December 2015 (Cont'd)

40. OPERATING SEGMENTS (continued)

Reconciliations of reportable profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	2015 Continuing operations RM	2015 Discontinued operations RM	2015 Total RM	2014 Continuing operations RM	2014 Discontinued operations RM	2014 Total RM
Profit/(loss) for the financial year						
Total profit/(loss) before tax for for reportable segments	10,615,761	3,062,946	13,678,707	219,142	(4,824,831)	(4,605,689)
Taxation	(1,462,716)	(50,000)	(1,512,716)	(308,686)	1,192,508	883,822
(Loss)/Profit after tax	9,153,045	3,012,946	12,165,991	(89,544)	(3,632,323)	(3,721,867)
Non-controlling interests	-	(1,151,303)	(1,151,303)	98,008	1,540,097	1,638,105
Profit/(loss) for the financial year	9,153,045	1,861,643	11,014,688	8,464	(2,092,226)	(2,083,762)
Assets						
Total assets for reportable segments	198,227,607	-	198,227,607	127,467,512	12,837,882	140,305,394
Current tax assets	249,966	-	249,966	1,042,702	-	1,042,702
Group's assets	198,477,573	-	198,477,573	128,510,214	12,837,882	141,348,096
Liabilities						
Total liabilities for reportable segments	79,578,594	-	79,578,594	28,244,849	102,327	28,347,176
Deferred tax liabilities	495,051	-	495,051	1,630,000	-	1,630,000
Current tax liabilities	473,187	-	473,187	-	-	-
Group's liabilities	80,546,832	-	80,546,832	29,874,849	102,327	29,977,176

Geographical information

The Group operates wholly in Malaysia. The revenue disclosed in geographical segments is based on the geographical location of its customers. The composition of each geographical segment is as follows:

(i) Malaysia : Manufacturing, assembly and sales of speaker units and multimedia speaker systems, including component parts and investment holding, and property development.

(ii) Asia : Sales of speaker units and multimedia speaker systems, including component parts.

(iii) North America and Europe : Sales of speaker units and multimedia speaker systems, including component parts.

Notes To The Financial Statements

31 December 2015 (Cont'd)

40. OPERATING SEGMENTS (continued)

Geographical information (continued)

The following table provides an analysis of the revenue of the Group by geographical segments:

	Group	
	2015	**2014**
Continuing operation	**RM**	**RM**
Revenue		
Malaysia	102,123,020	146,446,671
Asia	6,282,361	5,544,458
North America and Europe	-	67,871
	108,405,381	152,059,000

All the assets and capital expenditure of the Group are located within Malaysia.

Major Customers

The following are major customers with revenue equal or more than ten percent (10%) of Group revenue:

	Revenue		
Continuing operations	**2015**	**2014**	**Segment**
	%	**%**	
- Customer A	55.6	46.1	Audio division
- Customer B	16.6	32.7	Audio division
	72.2	78.8	

41. FINANCIAL INSTRUMENTS

(a) Capital management

The objective of the capital management of the Group is to ensure that it maintains healthy ratios in order to support its business operations and to provide fair returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may, from time to time, adjust the dividend payout to shareholders or issue new share, where necessary. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2015 and financial year ended 31 December 2014.

Notes To The Financial Statements

31 December 2015 (Cont'd)

41. FINANCIAL INSTRUMENTS (continued)

(a) Capital management (continued)

The Group regards net debt to include all loans and borrowings, if any, less cash and bank balances (including deposits with licensed banks) and short term funds and capital to include all equities attributable to owners of the parent, details of which are as follows:-

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Short term funds	30,058,203	43,011,104	-	17,756,568
Cash and bank balances	5,668,351	15,534,388	486,613	240,168
	35,726,554	58,545,492	486,613	17,996,736
Less:				
Borrowings	(33,595,993)	-	-	-
Net cash	2,130,561	58,545,492	486,613	17,996,736
Equity attributable to owners of the parent	117,930,741	107,172,836	105,637,682	103,816,080

The Group is currently in net cash position. The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40,000,000. The Company has complied with this requirement for the financial year ended 31 December 2015.

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

(b) Financial instruments

<u>Categories of financial instruments</u>

Group 2015	**Loans and receivables RM**	**Fair value through profit or loss RM**	**Total RM**
Financial assets			
Derivative assets	-	9,938	9,938
Trade and other receivables, net of prepayments	31,344,782	-	31,344,782
Short term funds*	-	30,058,203	30,058,203
Cash and bank balances	5,668,351	-	5,668,351
	37,013,133	30,068,141	67,081,274

* *Represent fixed income trust funds in Malaysia.*

Notes To The Financial Statements

31 December 2015 (Cont'd)

41. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

Categories of financial instruments (continued)

Group 2015	Other financial liabilities RM	Fair value through profit or loss RM	Total RM
Financial liabilities			
Trade and other payables	45,982,601	-	45,982,601
Term loans	33,326,118	-	33,326,118
Hire-purchase creditors	269,875	-	269,875
	79,578,594	-	79,578,594

Group 2014	Loans and receivables RM	Fair value through profit or loss RM	Total RM
Financial assets			
Trade and other receivables, net of prepayments	33,298,672	-	33,298,672
Short term funds*	-	43,011,104	43,011,104
Cash and bank balances	15,534,388	-	15,534,388
	48,833,060	43,011,104	91,844,164

* *Represent fixed income trust funds in Malaysia.*

Group 2014	Other financial liabilities RM	Fair value through profit or loss RM	Total RM
Financial liabilities			
Derivative liabilities	-	52,231	52,231
Trade and other payables	28,294,945	-	28,294,945
	28,294,945	52,231	28,347,176

Notes To The Financial Statements

31 December 2015 (Cont'd)

41. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

Categories of financial instruments (continued)

Company 2015	**Loans and receivables RM**	**Fair value through profit or loss RM**	**Total RM**
Financial assets			
Trade and other receivables, net of prepayments	29,941,000	-	29,941,000
Cash and bank balances	486,613	-	486,613
	30,427,613	-	30,427,613

Company 2015	**Other financial liabilities RM**	**Total RM**
Financial liabilities		
Other payables	1,433,749	1,433,749
	1,433,749	1,433,749

Company 2014	**Loans and receivables RM**	**Fair value through profit or loss RM**	**Total RM**
Financial assets			
Trade and other receivables, net of prepayments	29,711,589	-	29,711,589
Short term funds*	-	17,756,568	17,756,568
Cash and bank balances	240,168	-	240,168
	29,951,757	17,756,568	47,708,325

* *Represent fixed income trust funds in Malaysia.*

Notes To The Financial Statements

31 December 2015 (Cont'd)

41. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

Categories of financial instruments (continued)

Company **2014**	**Other financial liabilities** **RM**	**Total** **RM**
Financial liabilities		
Other payables	439,807	439,807
	439,807	439,807

(c) Determination of fair values

Methods and assumptions used to estimate fair values

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values.

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables and trade and other payables are reasonable approximation of fair values due to their short-term nature.

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

(ii) Obligations under finance lease

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of leasing arrangements at the end of each reporting period.

(iii) Short term funds

The fair value of short term funds in Malaysia is determined by reference to the counter parties' quotes at the close of the business at the end of the reporting period.

(iv) Derivatives

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

Notes To The Financial Statements

31 December 2015 (Cont'd)

41. FINANCIAL INSTRUMENTS (continued)

(d) Fair values hierarchy

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

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).

(i) Derivatives

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

(ii) Non-derivative liabilities

Fair value of non-derivative liabilities, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

(iii) Short term funds

The fair value of short term funds in Malaysia is determined by reference to the counter parties' quotes at the close of the business at the end of the reporting period.

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).

Notes To The Financial Statements

31 December 2015 (Cont'd)

41. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
2015										
Group										
Financial assets										
Financial assets at fair value through profit or loss										
- Short term funds	-	30,058,203	-	30,058,203	-	-	-	-	30,058,203	30,058,203
- Forward currency contracts	-	9,938	-	9,938	-	-	-	-	9,938	9,938
	-	30,068,141	-	30,068,141	-	-	-	-	30,068,141	30,068,141
Financial liabilities										
Other financial liabilities										
- Term loans	-	-	-	-	-	33,326,118	-	33,326,118	33,326,118	33,326,118
- Hire purchase creditors	-	-	-	-	-	302,998	-	302,998	302,998	269,875
	-	-	-	-	-	33,629,116	-	33,629,116	33,629,116	33,629,116

Notes To The Financial Statements

31 December 2015 (Cont'd)

41. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (continued)

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
2014										
Group										
Financial assets										
Financial assets at fair value through profit or loss										
- Short term funds	-	43,011,104	-	43,011,104	-	-	-	-	43,011,104	43,011,104
	-	43,011,104	-	43,011,104	-	-	-	-	43,011,104	43,011,104
Financial liabilities										
Financial liabilities at fair value through profit or loss										
- Forward currency contracts	-	52,231	-	52,231	-	-	-	-	52,231	52,231
	-	52,231	-	52,231	-	-	-	-	52,231	52,231

Notes To The Financial Statements

31 December 2015 (Cont'd)

41. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (continued)

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value					
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Total fair value RM**	**Carrying amount RM**
2014										
Company										
Financial assets										
Financial assets at fair value through profit or loss										
- Short term funds	-	17,756,568	-	17,756,568	-	-	-	-	17,756,568	17,756,568
	-	17,756,568	-	17,756,568	-	-	-	-	17,756,568	17,756,568

(e) The Company has established control guidelines in respect to the measurement of fair values of financial instruments. The management regularly reviews significant unobservable inputs and valuation adjustments.

Notes To The Financial Statements

31 December 2015 (Cont'd)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Exposure to credit risk, liquidity and cash flow risk, interest rate risk, foreign currency risk and market price risk arises in the normal course of the businesses of the Group. The overall financial risk management objective of the Group is to minimise potential adverse effects on the financial performance of the Group.

The overall business strategies of the Group, its tolerance of risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. Financial risk management is carried out through risk review, internal control systems and adherence to the financial risk management policies of the Group. The Group does not have financial instruments for trading purposes.

The management policies of the Group for managing each of the financial risk are summarised below:

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure of the Group and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management annually.

<u>Exposure to credit risk</u>

The primary exposure of the Group to credit risk arises through its trade receivables. The carrying amount of financial assets as recorded in the financial statements, grossed up for any allowances for impairment losses, represents the maximum exposure of the Group to credit risk without taking account of the value of any collateral obtained.

<u>Credit risk concentration profile</u>

At the end of the reporting period, approximately:

- 88.2% (2014: 82.7%) of the trade receivables of the Group were owed by 1 major customer and 1 related party.
- 40.5% (2014: 44.6%) of the trade and other receivables of the Group were owed by related parties while 100.0% (2014: 88.3%) of the trade and other receivables of the Company were amounts owing by subsidiaries.

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 14 to the financial statements. Deposits with licensed banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

<u>Financial assets that are either past due or impaired</u>

Information regarding financial assets that are either past due or impaired is disclosed in Note 14 to the financial statements.

Notes To The Financial Statements

31 December 2015 (Cont'd)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risk

Liquidity risk is the risk that the Group is unable to service its cash obligations in future. To mitigate this risk, the management monitors and maintains a level of cash and cash equivalents deemed adequate to finance the operations and development activities of the Group.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations.

As at 31 December 2015	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities				
Trade and other payables	45,982,601	-	-	45,982,601
Term loans	10,485,363	26,446,330	3,798,081	40,729,774
Hire-purchase creditors	48,132	192,528	75,837	316,497
Total undiscounted financial liabilities	56,516,096	26,638,858	3,873,918	87,028,872
Company				
Financial liabilities				
Other payables	1,433,749	-	-	1,433,749
Total undiscounted financial liabilities	1,433,749	-	-	1,433,749
As at 31 December 2014				
Group				
Financial liabilities				
Trade and other payables	28,294,945	-	-	28,294,945
Total undiscounted financial liabilities	28,294,945	-	-	28,294,945
Company				
Financial liabilities				
Other payables	439,807	-	-	439,807
Total undiscounted financial liabilities	439,807	-	-	439,807

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group to market risk for changes in interest rates relates primarily to the interest-earning fixed deposits placed with licensed banks. The Group does not use derivative financial instruments to hedge its risk.

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

2015	Note	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Fixed rate instruments									
Deposits with licensed banks	16	3.04	3,310,000	-	-	-	-	-	3,310,000
Term loans	21	7.29	(8,053,320)	(8,896,297)	(4,744,719)	(3,900,561)	(4,209,797)	(3,521,424)	(33,326,118)
Hire purchase creditors	22	4.66	(35,967)	(37,950)	(39,933)	(41,916)	(43,899)	(70,210)	(269,875)
			(4,779,287)	(8,934,247)	(4,784,652)	(3,942,477)	(4,253,696)	(3,591,634)	(30,285,993)
2014									
Deposits with licensed banks	16	0.79	10,687,100	-	-	-	-	-	10,687,100

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rate had been 50 basis points higher or lower, with all the variable held constant, the profit/(loss) after tax of the Group for the financial year would have been approximately RM113,572 (2014: RM40,077) higher or lower. The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Notes To The Financial Statements

31 December 2015 (Cont'd)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Foreign currency risk

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

The Group is subject to foreign exchange fluctuations through the import of raw material and export of finished goods. The Group periodically uses foreign currency forward contracts to protect against the volatility associated with foreign currency transactions for receivables denominated in currencies other than the functional currency of the operating entities within the Group.

The Group also has cash and bank balances and payables denominated in foreign currencies.

During the financial year, the Group entered into foreign currency forward contracts to manage exposures to currency risk for receivables, which are denominated in a currency other than the functional currencies of the Group.

The notional amount and maturity date of the forward foreign exchange contracts outstanding are as follows:

		Group	
Contract	**Maturities**	**Contract amounts USD**	**RM equivalent**
At 31 December 2015			
Contracts used to hedge trade receivables	Less than one (1) year	1,000,000	4,320,000
At 31 December 2014			
Contracts used to hedge trade receivables	Less than one (1) year	1,800,000	6,292,890

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the profit/(loss) after tax of the Group to a 3% change in the United States Dollar ('USD'), Thailand Baht ('THB'), Chinese Reminbi ('RMB') and New Taiwan Dollar ('NTD') exchange rates against the Ringgit Malaysia ('RM') respectively, with all other variables held constant. 3% is the sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only significant outstanding balances denominated in foreign currencies.

If the relevant foreign currency strengthens by 3% against the functional currency of the Group as at the end of the reporting period, profit/(loss) after tax for the financial year would increase/(decrease) by the following amounts, mainly due to exposure as at end of the reporting period on monetary balances denominated in the respective foreign currencies.

Notes To The Financial Statements

31 December 2015 (Cont'd)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk (continued)

	Group	
	2015	**2014**
	RM	**RM**
	Profit after tax	**Loss after tax**
USD/RM	588,982	(5,534)
THB/RM	(106)	(80)
RMB/RM	(419)	(85)
NTD/RM	(395)	(85)

If the relevant foreign currency weakens by 3% against the functional currencies as mentioned, impact on the profit/(loss) for the financial year would be vice versa.

(v) Market price risk

Market price risk is the risk that the fair value of future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to market price risks arising from short term funds held by the Group and the Company, which are quoted.

In the previous financial year, the Group and the Company were exposed to market price risks arising from equity instruments and short term funds held by the Group and the Company. These quoted instruments in Malaysia were listed on Bursa Malaysia and short term funds were quoted. These instruments were classified as available-for-sale financial assets and financial assets designated at fair value through profit or loss respectively.

Sensitivity analysis for market price risk

Short term funds of the Group and of the Company are exposed to changes in market quoted prices. However, the volatility of these funds' prices is considered low, and hence, sensitivity analysis for equity price risk is not presented.

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 1 January 2015, Formosa Prosonic Technics Sdn. Bhd. ("FPT"), a wholly owned subsidiary of the Company, entered into a Comprehensive Manufacturing Asset Purchase Agreement with FPT's subsidiary, Aerotronic Sdn. Bhd. ("Aerotronic"), to acquire its entire manufacturing assets for a cash consideration of RM97,059. The acquisition was completed on 1 January 2015.

(b) On 10 February 2015, FPT acquired 1,107,965 ordinary shares of RM1.00 each not owned by FPT ("Acquisition"), which represented 41.81% of the issued and paid-up share capital in Aerotronic for a cash consideration of RM1,362,922. Upon completion of the Acquisition, Aerotronic became a wholly-owned subsidiary of FPT.

Notes To The Financial Statements

31 December 2015 (Cont'd)

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(c) On 25 March 2015, the Group's wholly owned subsidiary, FPT, entered into a Sales and Purchase Agreement ("SPA") to dispose of its manufacturing assets and equipment ("Manufacturing Assets") located at address plot 236, 238 & 240 Kawasan Perusahaan LPK, Taman Ria Jaya, 08000 Sungai Petani, Kedah ("SP Factory"), to its related party, Formosa Prosonic Industries Berhad ("FPI"), for a cash consideration of RM4,500,000. FPT, which represents major part of the audio division of the Group, will cease a major part of its manufacturing business in the SP Factory upon completion of the disposal of Manufacturing Assets.

Upon the fulfilment of the terms of the SPA, FPT entered into a Tenancy Agreement with FPI, whereby FPI would rent the factory building and leasehold land located at the SP Factory ("Demised Premises"). Under the terms of the Tenancy Agreement, FPI was given an option during the tenure of the tenancy to purchase the Demised Premises at the purchase price to be based on the market value determined by an independent valuer.

Subsequently, on 12 August 2015, FPI exercised the option to purchase the Demised Premises and as such, FPT entered into two (2) Sale and Purchase Agreements to dispose of the Demised Premises and a double story link semi-detached house located at Sungai Petani to FPI for a cash consideration of RM15,000,000 and RM550,000 respectively.

(d) On 15 July 2015 ('the acquisition date'), the Company has acquired 100% of the issued and paid-up ordinary share capital of Teras Eco Sdn. Bhd. ("TE"), a company incorporated in Malaysia which is engaged in property development for a cash consideration of RM13,542,855 as disclosed in Note 36 to the financial statements.

(e) On 30 October 2015 ('the acquisition date'), the Company has acquired 100% of the issued and paid-up ordinary share capital of JM Cemerlang Sdn. Bhd. ("JMC"), a company incorporated in Malaysia which is engaged in property development for a cash consideration of RM15,500,000 as disclosed in Note 36 to the financial statements.

(f) On 13 November 2015, the Company disposed of its entire equity interest in a subsidiary, FPEQ, a company incorporated in Malaysia, which was engaged in the manufacturing of electrical equipment for a cash consideration of RM5,750,000. The effects of the disposal are set out in Note 37 to the financial statements.

44. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) On 18 January 2016, the Group announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that its wholly owned subsidiary, FPT, entered into a Sales and Purchase Agreement ("SPA") on 18 January 2016 to dispose of its leasehold land with title particulars PM 4012, Lot No. 40702, Bandar Sultan Sulaiman, Daerah Klang, Negeri Selangor with address known as Lot 2D, Jalan Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Sulaiman, 42000 Pelabuhan Klang, Selangor Darul Ehsan together with buildings constructed thereon to Full Sprint Sdn. Bhd. ("FS"), for a cash consideration of RM11,000,000 ("Proposed Disposal").

Upon the fulfilment of the terms of the SPA, FPT entered into a Tenancy Agreement with FS, whereby FPT would rent the leasehold together with the buildings constructed thereon. Under the terms of the Tenancy Agreement, FPT was to pay FS a monthly rental stipulated in the SPA during the tenure of the tenancy.

Notes To The Financial Statements

31 December 2015 (Cont'd)

45. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained earnings of Acoustech Berhad and its subsidiaries:				
- Realised	42,922,593	39,210,059	17,005,499	14,882,952
- Unrealised	(874,864)	(1,468,563)	-	-
	42,047,729	37,741,496	17,005,499	14,882,952
Total share of retained earnings from a joint venture				
- Realised	-	(1,592,566)	-	-
- Unrealised	-	3,455	-	-
	42,047,729	36,152,385	17,005,499	14,882,952
Less: Consolidation adjustments	(12,749,171)	(17,912,677)	-	-
Total Group/Company retained earnings as per Consolidated/ Company financial statements	29,298,558	18,239,708	17,005,499	14,882,952

Analysis of Shareholdings

As at 31 March 2016

Authorised	: RM200,000,000
Issued & Fully Paid-Up	: RM88,910,700
Class of Shares	: Ordinary shares of RM0.50
Voting Rights	: One vote per ordinary share

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	48	1.330	2,424	0.001
100 - 1,000	291	8.068	244,791	0.147
1,001 - 10,000	2,210	61.270	11,059,384	6.617
10,001 - 100,000	917	25.423	29,043,524	17.377
100,001 - 8,356,919 (*)	140	3.881	101,017,181	60.439
8,356,920 AND ABOVE (**)	1	0.028	25,771,096	15.419
TOTAL :	3,607	100.000	167,138,400	100.000

REMARK : * - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

SUBSTANTIAL HOLDERS

Name	Direct No. of Shares	Percentage(^)	Indirect No. of Shares	Percentage
ACTE Properties Sdn Bhd	25,771,096	15.419	-	-
Leong Ngai Seng	4,805,956	2.875	28,468,186	17.033
Toh Kie Ho	150,000	0.090	25,771,096	15.419

DIRECTORS INTEREST

Name	Direct No of Shares	% *	Indirect No of Shares	%
Leong Ngai Seng	4,805,956	2.875	28,468,186	17.033
Ong Li Tak	-	-	-	-
Soon Kwai Choy	400,000	0.239	610,000	0.365
Ahmad Rahizal Bin Dato' Ahmad Rasidi	-	-	-	-
Chua Teck Leong	-	-	-	-

* Excluding treasury shares

List of Top 30 Shareholders

As at 31 March 2016

No.	Name	No. of Shares Held	Percentage
1	ACTE PROPERTIES SDN BHD	25,771,096	15.419
2	YEOH PHEK LENG	7,000,000	4.188
3	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO CHAI HOCK	6,000,000	3.590
4	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG NGAI SENG	4,505,956	2.696
5	LEE BOON LENG	3,846,154	2.301
6	LEE HONG PENG	3,200,000	1.915
7	WANG, CHUN-CHENG	3,048,200	1.824
8	ADSCORE SDN.BHD.	2,697,090	1.614
9	CHONG SIEW KIM	2,402,400	1.437
10	LOW BOON FIN	2,402,400	1.437
11	TAN BEE LENG	2,402,400	1.437
12	LEE BOON LENG	2,323,062	1.390
13	LIM AH PENG	2,000,000	1.197
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG NGAI HOONG	1,800,000	1.076
15	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO TANG SENG	1,651,000	0.988
16	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAM TEK YANG	1,620,000	0.969
17	TAN YAN TEN	1,617,800	0.968
18	LEONG NGAI HOONG	1,573,806	0.942
19	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HSU TONG KEY	1,567,000	0.938
20	CHUA ENG GUAN	1,538,462	0.921
21	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YAN TEN	1,500,000	0.898
22	KUMAR A/L ELLAYA	1,488,000	0.890
23	C.L.P. INDUSTRIES SDN BHD	1,478,000	0.884
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UBS AG HONG KONG FOR TEE KIAM POON	1,421,800	0.851
25	JOHAN ENTERPRISE SDN. BHD.	1,400,000	0.838
26	CHEN PO HSIUNG	1,136,000	0.680
27	LIM YING YING	1,125,400	0.673
28	LEE BOON FIE	1,072,136	0.641
29	SIA AH CHEW	1,050,000	0.628
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG TENG NGO	1,046,000	0.625
TOTAL		**91,684,162**	**54.855**

List Of Properties

As at 31 December 2015

	Location	Description	Tenure	Valuation/ Acquisition/ Completion Date	Approximate Age of Building (Years)	Approximate Site Area (Sq.Ft.)	Built-up/ Lettable Area (Sq.Ft.)	Carrying Amount RM	Existing Use
FPT	No. 2 Lebuh 1 Bandar Sultan Suleiman Taiwanese Industrial Park 42000 Port Klang Selangor Darul Ehsan	Four Storey Office Block	Leasehold (99 years expiring 21/9/2093)	15/6/2001	20	188,217	106,064	9,855,516	For Office
		Single Storey Factory (Old)		27/4/2000	24				For Factory
		Single Storey Factory (New)		27/4/2000	20				For Factory
		Single Storey Sports Hall		15/6/2001	22				For Recreation
		Single Storey Canteen		15/6/2001	22				For Meal and Drinks
		Container Yard		15/6/2001	22				For Storage of Containers
		Single Storey Guardhouse		15/6/2001	22				For Security
		And TNB Station		15/6/2001	22				For Electricity Supply
JMC	Lot 2668, Geran 101544, Mukim Plentong, Johor Bahru	Development Land	Freehold	20 July 2015 (Valuation)	-	5.3292 hectares	-		Vacant
	Lot 2667 Geran 101543, Mukim Plentong, Johor Bahru	Development Land	Freehold	20 July 2015 (Valuation)	-	5.8656 hectares	-		Vacant
	Lot 409 Geran Mukim 1171, Mukim Plentong, Johor Bahru	Development Land	Freehold	20 July 2015 (Valuation)	-	1.8843 hectares	-		Vacant
	Lot 408 Geran Mukim 1170, Mukim Plentong, Johor Bahru	Development Land	Freehold	20 July 2015 (Valuation)	-	2.2764 hectares	-		Vacant
Total								29,923,020	

Proxy Form

Acoustech Berhad
(Company No. 496665-W)
(Incorporated in Malaysia under the Companies Act 1965)

CDS Account No.	
No. of shares held	

I/We, ………………………………….......................……………………….. I.C./Passport/Company No. ………………..........………..

of ………………………………………………………...............................………………………………………………….........................

being a member of **ACOUSTECH BERHAD**, do hereby appoint ………………….................................…………………………………..

………………………………….......................................………. I.C. / Passport No. ………………………………………………………..

of ………………………………….....................................……………………..……………………………………………….........................

or failing *him/her the Chairman of the Meeting as *my/our proxy to vote for *me/us on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at **The Loft, Level P, The Royale Chulan Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur** on **Wednesday, 1 June 2016** at **11.30 a.m.** and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

RESOLUTIONS	**FOR**	**AGAINST**
Resolution 1		
Resolution 2		
Resolution 3		
Resolution 4		
Resolution 5		
Resolution 6		
Resolution 7		
Resolution 8		
Resolution 9		
Resolution 10		

Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as *he/she thinks fit.

Signed this ………….. day of ……………..

....
Signature/Common Seal of Member(s)

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1	....	%
Proxy 2	....	%
Total		100%

Notes:

1. *A Member of the Company who is entitled to attend and vote at the meeting may appoint not more than two (2) proxies to attend and vote instead of him.*
2. *A Member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
3. *A Member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
4. *Where a Member or the authorized nominee appoints two (2) proxies, or where an exempt authorized nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
5. *A proxy need not be a member of the Company. A proxy appointed to attend and vote shall have the same rights as the Member to speak at the meeting.*
6. *The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or in some other manner approved by its Directors.*
7. *The instrument of proxy must be deposited at the Share Registrar's Office situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
8. *For the purpose of determining a Member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 24 May 2016 and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.*

please fold along this line (1)

STAMP

The Share Registrar
ACOUSTECH BERHAD
(Company No. 496665-W)
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

please fold along this line (2)

Acoustech Berhad (Company No.496665-W)

Registered office
Unit 30-01, Level 30
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur