Smarter Solutions of Tomorrow

ANNUAL REPORT 2015

PENTAMASTER CORPORATION BERHAD
(572307-U)

IDENTITY

An integrated consulting and automation engineering technology solutions provider.

MISSION

We are dedicated to delivering high quality and cost effective products with value-added services. In our effort to meet our mission, we strive to provide benefits and satisfaction to our customers, vendors, employees and the community as a whole.

VISION

To provide world-class automation solutions to companies in the manufacturing, electrical and electronics industries worldwide.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHUAH CHOON BIN
Executive Chairman

CHUAH CHONG EWE
Chief Executive Officer

GAN PEI JOO
Finance Executive Director

LOH NAM HOOI
Non-Executive Independent Director

SIM SENG LOONG @ TAI SENG
Non-Executive Independent Director

LENG KEAN YONG
Non-Executive Independent Director

AUDIT COMMITTEE

Chairman
SIM SENG LOONG @ TAI SENG
Non-Executive Independent Director

Members
LOH NAM HOOI
Non-Executive Independent Director

LENG KEAN YONG
Non-Executive Independent Director

COMPANY SECRETARIES

LIM KIM TECK (MAICSA 7010844)
KONG SOWN KAEY (MAICSA 7047655)

AUDITORS

GRANT THORNTON
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

HEAD OFFICE

Plot 18 & 19, Technoplex
Medan Bayan Lepas
Taman Perindustrian Bayan Lepas, Phase IV
11900 Penang
Tel : 04-646 9212
Fax : 04-646 7212
Website : www.pentamaster.com

REGISTERED OFFICE

35, 1st Floor, Jalan Kelisa Emas 1
Taman Kelisa Emas
13700 Seberang Jaya, Penang
Tel : 04-397 6672
Fax : 04-397 6675

SHARE REGISTRAR

SECURITIES SERVICES (HOLDINGS) SDN. BHD.
Suite 18.05, MWE Plaza
No. 8, Lebuh Farquhar
10200 Penang
Tel : 04-263 1966
Fax : 04-262 8544

BANKERS

UNITED OVERSEAS BANK (MALAYSIA) BERHAD
RHB BANK BERHAD
HSBC BANK MALAYSIA BERHAD
PUBLIC BANK BERHAD
MALAYAN BANKING BERHAD

STOCK EXCHANGE LISTING

MAIN MARKET OF THE
BURSA MALAYSIA SECURITIES BERHAD
Sector : Technology
Stock Name : Penta
Stock Code : 7160

PENTAMASTER CORPORATION BERHAD
(572307-U)

- 100% **PENTAMASTER TECHNOLOGY (M) SDN. BHD.** (336488-H)
- 100% **PENTAMASTER SMART SOLUTION SDN. BHD. (625497-H)** *(formerly known as Pentamaster Information Technology Sdn. Bhd.)*
- 100% **PENTAMASTER EQUIPMENT MANUFACTURING SDN. BHD.** (749166-A)
- 100% **ORIGO VENTURES (M) SDN. BHD.** (1104082-X)
- 60% **PENTAMASTER INSTRUMENTATION SDN. BHD.** (637373-M)

DEAR SHAREHOLDERS,

I am pleased to present this report which provides an overview of our performance and the actions taken that have strengthened and grown our business.

BUSINESS OVERVIEW

2015 has been an eventful year for the Company. In the year under review, the Group continued to deliver another year of good underlying financial performance by making steady progress in improving its revenue, growing its profitability and strengthening its cash generation during the year. Strong execution in engineering design, new product development and operational excellence underpinned by the rapid development of the information and communications technology sector has resulted in significant value creation and growth in revenue by the Group. The emergence of the new technologies and businesses, particularly in Internet of Things which generated demand for Smart IC Devices such as Camera, Microphone, Position Sensor MEMS, Light Sensors etc, magnified the impact and substitution effect on the traditional semiconductor IC test handler sector. Against this backdrop, the Group has adhered to its strategy of speeding up its strategic transformation and innovation to focus on and invest in the area of Smart IC Devices Testing. We are heartened that such strategic initiatives have enabled the Group to achieve good performance in its operating results as well as penetrate more key premium customers in the area of Smart IC Devices Test solution.

The Smart Building System enables limitless smart building possibilities. The Group is pursuing opportunity arising from the increase in demand for Smart Building Control for Factories and Resident Homes. Noting the fact that the Smart Building market has witnessed a profound growth over the last five years, the Group through one of its subsidiaries, restructured to fully focus on the business and development for the Smart Building solutions. It is worth to note that the global Smart Buildings market was valued at $20.38 billion in 2014 and is expected to reach $58.68 billion by 2020.

RESEARCH AND DEVELOPMENT

Research and development ("R&D") is instrumental in fuelling the growth of the Group. With the R&D activities undertaken, the Group is able to widen its range of semiconductor backend process equipment

by creating new or improved technology products with upgraded mechanical and software features. It is important for the Group to continue moving up the automation technology value chain where innovation continues at a relentless pace. Change in the business environment and technology is at an exponential rate. It is therefore essential for the Group to place continuous emphasis and investment in R&D activities to improve our products with higher technology.

Earlier in the year, we have taken initiative with a major step forward to hire more R&D engineers for new products development as well as for the engagement of latest process know-how for our customers in the area of Smart Devices Testing and Intelligent Automated Manufacturing System.

Our Intelligent Automated Manufacturing System is in line with the Fourth Industrial Revolution or Industry 4.0 that embraces a number of contemporary automation, data exchange and intelligent manufacturing technologies. Our Intelligent Automated Manufacturing System which is based on Internet of Things, vision technologies and automated robotic system is capable of transforming the production floor in today's context through the integration, automation and interconnectedness of the isolated automated equipment and optimised cells for greater efficiency

in an optimised production flow. Such intelligent automated manufacturing system radically improve efficiency and visibility in manufacturing where each unit of production can be "seen" at each step in the production process and all available information along the supply chain is captured on a real time basis and made visible before they are turned into actionable insights. With the availability of the information, real time feedback to the production floor is made fast. Such automation is expected to reduce reliance on human capital by more than 70% while increasing manufacturing effectiveness and productivity.

With the DISF (Domestic Investment Strategic Fund) Grant received from MIDA (Malaysian Investment Development Authority) in 2014, we have equipped our design and development centre with the latest software systems and instruments for research and development and modernization of manufacturing facilities. We are extremely grateful towards MIDA for the grant and support extended to local companies like us. The grant from MIDA is timely in assisting us to fulfil our aspiration to become one of the premium test solution providers for the smart devices in the global market.

CORPORATE DEVELOPMENT

On 10 July 2015, the Company announced the disposal of its wholly owned subsidiaries namely Pentamaster Engineering (M) Sdn Bhd ("PESB") and Pentamaster Solutions Sdn Bhd ("PSSB"). The corporate proposal is in line with the objective of the Group to rationalise its financial and capital resources as PESB and PSSB had incurred losses for a few years resulting in working capital support required from the Group for their ongoing operations. The disposal of the subsidiaries enabled the Group to streamline its structure for better efficiency and channel its financial and capital resources for better investment and returns. The Group subsequently acquired Origo Ventures (M) Sdn Bhd with the objective to venture into Smart Home and Building Solutions in a more effective, efficient and risk mitigated approach, whereby it allows the Group to expand its Smart Home and Building Solutions' offerings into sectors that the Group foresee huge market potentials.

FINANCIAL PERFORMANCE

The Group delivered another set of good results in 2015 which is the best since 2010. It is worth to note the growth in operating profit of RM14.7 million on the back of RM83.6 million in revenue, an increase of 93.1% as compared to the financial performance in 2014 despite the fact that the Group had to contend with intensified competition. In the year under review, the Group witnessed modest growth in revenue, an increase of 3.2% as compared to RM81.0 million in the preceding year in spite of the disposal of PESB and PSSB during the year. This was primarily attributable to the improvement in market condition and stronger demand for our integrated manufacturing solution from our existing and new customers as well as the revenue contribution from smart control solution system through our new subsidiary.

This year saw our operating expenses trimming down to RM13.4 million from RM15.6 million in 2014. The reduction in operating expenses was partially attributable to the cost rationalisation arising from the divestment of PESB and PSSB. Adding to the positive impact was the gain on foreign exchange derived from the favourable movement in exchange rate for our export sales denominated in foreign currency.

From a bottom line perspective, the Group closed its financial year with a pre-tax profit of RM14.7 million as opposed to a pre-tax profit of RM7.4 million in 2014 which translated to an increase in earnings per share to 8.97 sen from 3.40 sen a year ago. The improved financial performance in 2015 was mainly driven by better product mix secured during the year coupled with the increase in turnover.

On the balance sheet front, the Group will continuously minimise its borrowing unless necessary and put continuous effort in adopting prudent cost management via leaner human resource and manufacturing process, implementation of lean methodology and securing businesses of good collection and better profit margin.

CHALLENGING AND FAST GROWING ENVIRONMENT

Effectively, the challenges facing business organisations today are continuous with each year differing in the nature of the opportunities seen and the uncertainties faced. Through our journey as an automation solution provider, the threshold of our customers' expectations, the complexity of technology, the speed of change as well as the degree of market volatility have risen significantly.

The demand for automation technology especially from the manufacturing sector is growing and fast changing. Given the fast evolving customer needs and changing landscape in our industry, it is a critical capability to be able to adapt and evolve to meet the changing and rising demand of the market. However on the demand side, we face increased competition in terms of technology, cost and short delivery lead time from countries like China, Taiwan and Korea who have better supply of skilled engineers, better R&D Institutions support and closer proximity to the manufacturing sites of the customers. From the supply perspective, our industry requires suppliers who are able to supply materials of good quality, high technology with precision, competitive pricing and short delivery time.

The shape and dynamics of the semiconductor market have changed dramatically, mainly driven by the surging demand for smart and connected devices with better features and functions. In order to drive differentiation, products are becoming increasingly sophisticated with more embedded and integrated systems. Such increase in product complexity requires the Company to collaborate with numerous vendors in this ecosystem to achieve this integration.

OUTLOOK

The perceived China's economic woes since the beginning of 2015 had affected the outlook of the semiconductor industry worldwide. Despite the United States having strong momentum from last year's GDP growth and a drop in unemployment rate, the outlook in the semiconductor industry remains cautious.

The general view is that there will only be likelihood of growth in the semiconductor industry when China's economic situation comes off from the downside.

Looking ahead and despite the challenging economic climate, we are cautiously optimistic that year 2016 will be another good year for Pentamaster with new business opportunities in high end Smart IC devices test solutions and demand from the fast growing medical glove industry. The Group will continue to focus on growth in its core competencies and product development to broaden its product portfolio to stay ahead of competition and remain relevant.

In view of our future expansion requirement where bigger space is required for assembly and testing activities, we expect to increase our current production capacity by another 100% in years to come when the construction of the new extension facilities with manufacturing floor space measuring at 90,000sqft on the piece of industrial land sized at 3.23 acres in Batu Kawan Industrial park is completed.

DIVIDEND

The Board of Directors does not recommend any dividend payment for the financial year ended 31 December 2015.

APPRECIATION

If we want to be different, do not let anyone to tell us how and who we have to be. As a company, I continue to believe that "Be what we are, Be unique in our technology and services to our customers" because however we are or whoever we are, we are made unique in the eye of God. I have everything to be thankful to God for this year, our Board of Directors, our customers, our vendors, our shareholders, the government agencies and authorities especially MIDA and lastly our employees and families of the employees.

CHUAH CHOON BIN
Executive Chairman

CHUAH CHOON BIN
Executive Chairman

Chuah Choon Bin, aged 55, a Malaysian citizen, was appointed to the Board of the Company on 30 November 2002 and is currently the Executive Chairman.

He is a professional engineer and co-founder of Pentamaster Group. He graduated with a Bachelor Degree (Hons.) and a Master Degree majoring in Electronics and Electrical from University of Auckland, New Zealand. In 2012, he received his Honorary Doctorate Degree for his contribution in BioMedical Engineering from Allianze University College of Medical Sciences (AUCMS).

Prior to setting up of the Group, he served as an Automation Engineer for National Semiconductor and Intel Technology Malaysia. With his vast experience in the design and manufacturing of automation equipment and vision inspection system, he has developed the Group to its present level of success, from a simple automation house to a high technology Group specialising in providing factory automation equipment and systems and information communication technology solutions to industrial and commercial customers.

He is an entrepreneur of remarkable accomplishment and has successfully built strong, sustainable, innovative and dynamic businesses and to continue growing these businesses. His excellence in entrepreneurship has steered the Group to bag numerous prestigious domestic and international awards. Among the notable ones are winner for the Enterprise 50 Award 2002 organised by Accenture and SMIDEC, and Quality Management Excellence Award 2003 for the category of local company with annual sales turnover exceeding RM25 million to RM200 million at the Industry Excellence Award 2003 organised by Ministry of International Trade and Industry. For his personal recognition, he won the First Malaysian Ernst & Young Emerging Entrepreneur of the Year Award Malaysia 2002.

Currently, he is the Chairman for Community Care Focus, Board Chairman of SJK Kwang Hwa Penang School Board and sits in the Board of Penang Charis Hospice Home. He is also appointed to the school board as Director for Chung Ling High School and Phor Tay High School. He also holds directorships in all the subsidiary companies of the Company.

He does not have any family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences in the past ten (10) years.

CHUAH CHONG EWE
Chief Executive Officer

Chuah Chong Ewe, aged 49, a Malaysian citizen, was appointed to the Board of the Company on 23 June 2015 and is currently the Chief Executive Officer.

He is a graduate from University of Malaya with a degree in LLB (Hons). He was admitted to the Malaysian Bar Council on 26 February 1993 and has approximately 19 years of experience in legal practice.

He joined Seal Incorporated Berhad in year 2005 as an Advisor before being promoted as Group CEO. Throughout the years, and with his Leadership Vision and Strategic Direction, coupled with his strong legal background, he spearheaded the strategic move and transformational restructuring in Seal Incorporated Berhad from a heavily indebted position into profitable net cash position with diversified earnings base, coupled with an optimal balance sheet structures that is reflective of its book value.

He left Seal Incorporated Berhad in October 2014 prior to joining Pentamaster Corporation Berhad.

He does not have any family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences in the past ten (10) years.

GAN PEI JOO
Finance Executive Director

Gan Pei Joo, aged 40, a Malaysian citizen, was appointed to the Board of the Company on 1 March 2014 and is currently the Finance Executive Director.

She graduated with a Bachelor of Commerce majoring in Accounting from Curtin University of Technology, Perth, Australia in 1998. She is a Chartered Accountant from the Malaysian Institute of Accountants and a member of the Certified Practising Accountants, Australia.

She commenced her career at PricewaterhouseCoopers in 2000 and left as a Senior Associate in 2003 after having acquired extensive auditing and consulting exposure to companies in various industries. She joined Pentamaster Corporation Berhad as the Group Accountant in 2003 and her responsibilities include leading the corporate exercise, finance, treasury and accounting operations of the Group. She was subsequently promoted to Group Finance Manager in 2005 and later promoted to Group Financial Controller in 2009.

She does not have any family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offences in the past ten (10) years.

LOH NAM HOOI
Non-Executive Independent Director

Loh Nam Hooi, aged 55, a Malaysian citizen, was appointed to the Board of the Company on 30 November 2002 and is currently the Chairman of the Remuneration Committee and the Nominating Committee. He is also a member of the Audit Committee.

He holds a Bachelor of Commerce (Honour) degree from Carleton University, Ottawa, Canada. Upon his graduation in 1984, he has since been working in a property development company as a Manager. He was a board member of the Penang Water Authority from 1997 to 1999. In 1996, he was appointed as a Director in Kwong Wah Yit Poh Press Bhd. He also sits on the board of several private companies.

He does not have any family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences in the past ten (10) years.

SIM SENG LOONG @ TAI SENG
Non-Executive Independent Director

Sim Seng Loong @ Tai Seng, aged 49, a Malaysian citizen, was appointed to the Board of the Company on 1 August 2014 and is currently the Chairman of the Audit Committee and member of the Nominating Committee.

He started his career with Ernst & Young for 15 years before joining R.K. & Associates as a Lead Partner in 2004. He subsequently joined Eaton Industries Pty Ltd (Australia) as Accounting Manager before being transferred to Shanghai Eaton Engine Components Ltd (China) as Financial Controller. Thereafter in 2012, he was appointed as Chief Operating Officer and Chief Financial Officer for The BIG Group Sdn Bhd. He is now currently the Chief Financial Officer for Petrol One Resources Berhad.

He is a Chartered Accountant under Malaysian Institute of Accountant, a Certified Public Accountant under Malaysia Institute of Certified Public Accountant and member of the Certified Practising Accountants of Australia. He also holds various other certifications through training and updates in the fields of accountancy and taxation obtained throughout his career.

He does not have any family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences in the past ten (10) years.

LENG KEAN YONG
Non-Executive Independent Director

Leng Kean Yong, aged 41, a Malaysian citizen, was appointed to the Board of the Company on 1 August 2014 and is currently a member of the Audit Committee, Remuneration Committee and the Nominating Committee.

He has been in the finance and marketing field for over 18 years. He is highly experienced in the areas of business strategy, ranging from financial matters to business planning and marketing. He has successfully executed projects for small-medium sized industries to listed entities on Bursa Malaysia to Multinational corporations, on both local and global scale. Such projects encompass IPO exercise, industry research report, the development of a 5-year business plan, marketing strategy blue print, customer relationship management implementation, market entry and feasibility studies, and mergers and acquisitions evaluations.

He is currently a Director at L3 Consulting Sdn Bhd. Prior to this, he was a Project Director for Synovate Sdn Bhd and prior to that, as Senior Manager for ACNielsen Malaysia Sdn Bhd. During his tenure at ACNielsen, he was awarded with 3 ACNielsen awards for his contribution in successfully implementing / executing key strategies for the firm's local operations. He started his career with BBMB Securities Sdn Bhd and he has also advised and managed discretionary fund for private companies and high net worth individuals.

He is a graduate of Western Michigan University (cum laude) with a BBA in Finance. He also holds various other certifications through training and updates in the fields of marketing obtained throughout his career with the various global marketing research consultancy firms.

He does not have any family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences in the past ten (10) years.

At Pentamaster, the Group is mindful of its responsibility to the communities in which it operates and is committed to progressively embed Corporate Social Responsibility ("CSR") best practice into the Group's operation. The Group believes that integrating its social and environmental responsibilities into its business strategies and practices assist in ensuring sustainable growth for the Group. Our CSR programs cover the areas of the environment, community, marketplace and workplace.

ENVIRONMENT

The Group remains committed to ensuring that we play our role in sustaining a greener environment. During the year under review, the Group continued with the recycling and waste management initiative whereby recycle bins are provided to spur waste segregation for proper recycling and disposal purposes. Our employees are educated on the concept of "Reduce, Reuse and Recycle" which is an excellent way of saving energy and conserving the environment.

COMMUNITY

In its responsibility to society and the community in which it operates, the Group especially cares for the wellbeing of the underprivileged towards the betterment of their health and education. Our contributions, financial or otherwise, to activities for the benefit of the welfare of the community have been geared towards benefiting as many in the community as possible within our capacity.

For the year under review, the Group contributed almost RM35,000 to the Christian Caring Fellowship for the charity work undertaken to help the Orang Asli in Gentak. The Group, through its contribution, aimed to assist the Orang Asli community in securing their livelihoods, supporting the running cost of their education and strengthening their traditional culture. Another CSR initiative included the participation of our employees in the relief mission trip to Kelantan to support volunteers from the Buddhist Tzu Chi Merit Society Malaysia in helping victims of the east coast flood disaster. In addition to this, Pentamaster had also made monetary contribution to other charitable organisations such as Eden Handicap Service Centre, National Council for the Blind, Asia Community Service and Community Care Focus Centre during the year to support the running costs of these centres established for the wellbeing of the needy and the less fortunate.

Besides charitable contributions to the welfare of the needy and the less fortunate, other CSR activities of the Group included support of projects and events that promote education, healthcare and social needs designed to enhance quality of life. In keeping with our past programmes, Pentamaster contributed to The Star's NIE (Newspaper in Education)/Step Up package sponsoring 6,250 copies of newspaper to SJK(C) Kwang Hwa, Penang with the aim to support the goal to help students foster reading and writing as well as provide opportunities for the development and promotion of literacy skills in the English language. Other support included monetary contribution to a few schools and associations namely SMJK Chung Ling, SMJK Heng Ee, SJK(C) Kwang Hwa, Penang Chinese Football Association and Lions Club of George Town as their sponsor for various events and programs carried out.

As in previous years, we continue to support the internship program by providing industrial training to students from universities, colleges, polytechnics and other technical/vocational institutions.

MARKETPLACE

As part of promoting investor relations, the Group maintains an online platform via its website which provides information on the Group encompassing formal announcements, quarterly financial results and updates on the Group's performance and development with the objective of fostering and maintaining good relations with and providing timely information to various stakeholders of the Group.

WORKPLACE

As for our working environment, the Group is committed to providing and maintaining a healthy and safe working environment for its employees. Occupational Safety and Health committees organized quarterly safety audit and ensure continuous health and safety improvements in all of the Group's business operations. Training sessions including emergency first –aid are provided to Emergency Response Team (ERT) and Employee Safety and Health (ESH) Committee and fire drill is to be carried out at least once a year within the Group.

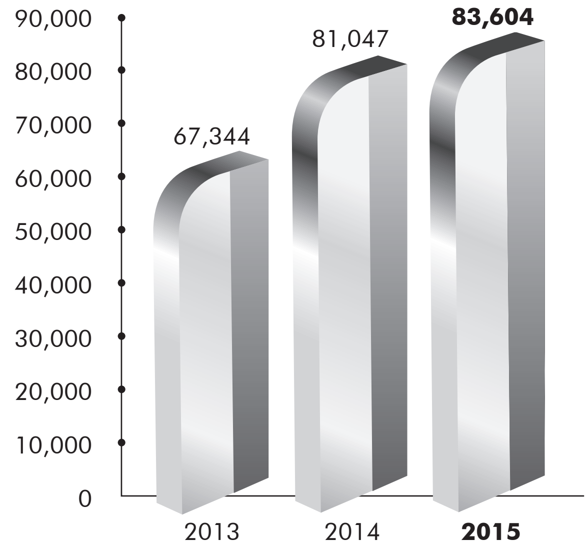
The welfare of the employees is also of paramount importance to the Group. To improve job performance and enhance job satisfaction, the Group constantly upgrades the employees' skills, knowledge and experience by regularly organising external and internal training programmes. The Group has also constructed an in-house child care centre to provide free child care services for all employees. This nursery sanctuary is aimed at providing conducive and convenient working environment to the working parents and to promote employees' engagement.

The Group recognises the criticality in maintaining highly motivated and competent employees. Since 2009, Pentamaster has implemented an incentive scheme which rewards employees based on both the business performance and the employee's individual performance.

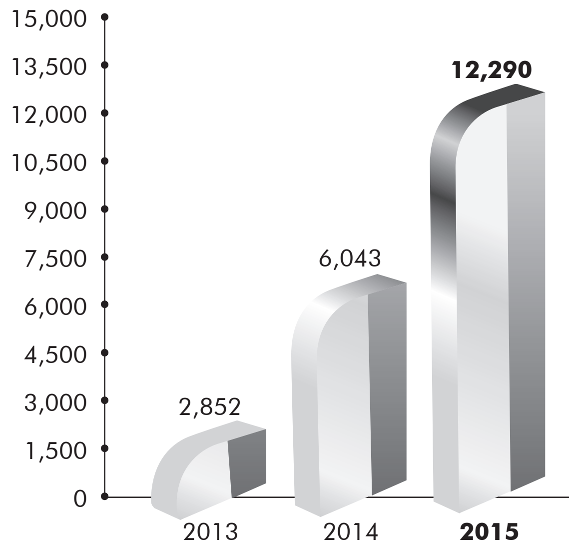
Acknowledging the importance of work life balance and that healthy body promotes healthy mind, management and the employees are actively encouraged to participate in sports activities such as the internally organised badminton games to foster closer interaction and team cohesiveness.

	Group 2015 RM'000	Group 2014 RM'000	Group 2013 RM'000
Revenue	**83,604**	81,047	67,344
Profit Before Taxation	**14,682**	7,351	3,918
Profit After Taxation	**12,290**	6,043	2,852
Number of Shares in Issue	**137,240**	133,243	133,243
Shareholders' Funds	**77,851**	62,942	56,879
Earnings per Share - basic (sen)	**8.97**	3.40	1.79

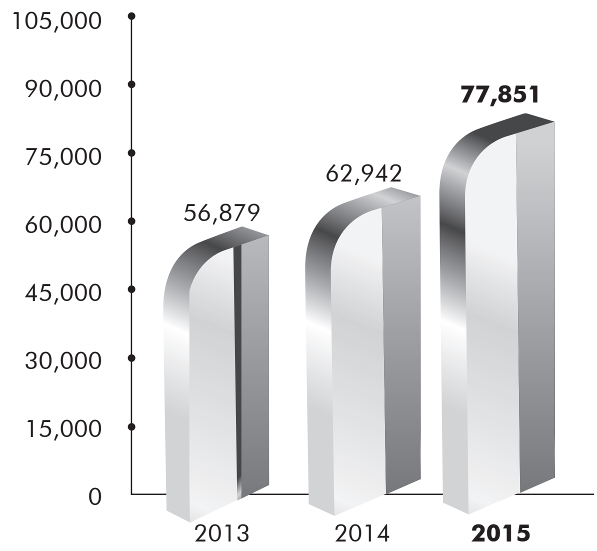
REVENUE (RM'000)



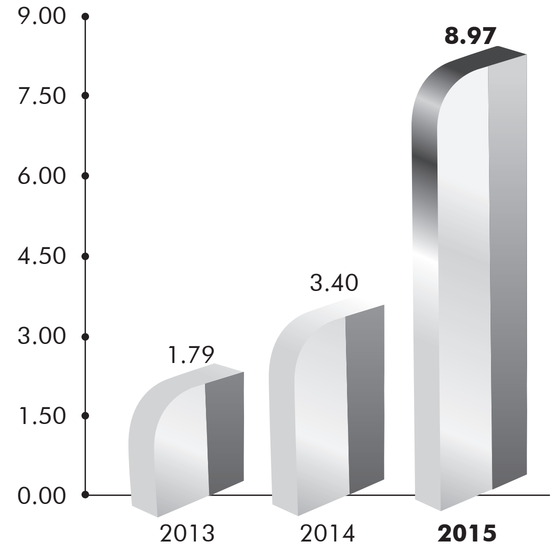
PROFIT AFTER TAXATION (RM'000)



SHAREHOLDERS' FUNDS (RM'000)



EARNINGS PER SHARE-BASIC (SEN)



The Board of Directors recognises the importance of good corporate governance and the need to ensure that it is observed and practised throughout the Group. It strives to continually improve and comply with the principles and recommendations on corporate governance as articulated in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

This Statement sets out the details on how the Group has applied the Principles and Recommendations mentioned above.

Principle 1: Establish clear roles and responsibilities

Functions reserved for the Board
The Board is responsible for guiding and monitoring the Company on behalf of its shareholders. The Board has adopted a Board Charter that sets out the division of responsibilities between the Executive Directors, the Non-Executive Directors and the management team. The Board delegates the day-to-day management of the business to the Executive Directors and the management team. However, certain functions are specifically reserved for the Board which include the following:

- in conjunction with management, establishing a vision and strategies for the Group;
- approving the Group's annual business plan and budget;
- approving specific items of material capital expenditure and investments and disinvestments;
- appointing Directors to the Board;
- appointing and approving the terms and conditions of appointment of the Chief Executive Officer (CEO);
- approving any significant changes to accounting policies;
- approving the quarterly financial statements;
- approving the annual financial statements
- approving any interim dividends and recommending any final dividends to shareholders;
- approving all circulars, statements and corresponding documents sent to shareholders;
- approving the terms of reference and membership of Board Committees; and
- approving Company policies which may be developed from time to time.

Roles and responsibilities
In fulfilling its function, the Board assumes, among others, the following responsibilities:

- Providing leadership and strategic directions for the Group
- Overseeing the proper conduct of the business
- Ensuring prudent and effective controls and risk management system
- Reviewing the performance of management
- Overseeing the development and implementation of shareholder communication policy

After the consolidation of the Group's operations, the Board continues to monitor the execution of the strategies adopted on restructuring the Group's operations to remain cost efficient with a view to improve profitability. This strategy which is delegated to the Executive Directors to implement has to be reported back to the Board on a periodical basis. In executing the strategy, the Board will constantly advise management to be mindful of inventory levels and credit risks on receivables. The Board monitors these two important areas regularly at its quarterly meetings. The Audit Committee assists the Board to monitor other areas of internal control over material areas of the Group's operations through the internal audit function. Areas of concern and recommendations put forward by the internal auditors are reported back to the Audit Committee and the Board for appropriate action to be taken.

In looking into future growth, the Group continues to grow its customer base into industries other than the semiconductor industry by leveraging on its core competencies in building equipment. This strategy of customer risk diversification and penetration into other industries is a risk strategy to mitigate against the highly cyclical nature of the semiconductor industry and also to ensure that the Group's earnings is not too dependent on a single industry.

Code of conduct
The Board is committed to uphold compliance with relevant requirements of laws, its Memorandum and Articles of Association and the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") in the conduct of the business of the Company. In addition, the Directors observe a Code of Ethics, which was developed by the Board based substantially on the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

Sustainability
In setting the Group's overall business strategy, the Board took into consideration and implemented strategies and practices that would promote sustainable growth for the Group. These strategies are integrated into the Group's Corporate Social Responsibility practices which cover the areas of the environment, community, marketplace and workplace. The efforts of the Group in these areas are detailed in the Corporate Social Responsibility Statement in this Annual Report.

Access to information and advice
All Directors have full and timely access to information with Board papers distributed in advance of meetings. Agenda and discussion papers, including quarterly and annual financial statements, minutes of meetings and board papers which include reports relevant to the issues of the meetings covering the areas of strategic, financial and operational matters are circulated prior to Board Meetings to allow the Directors to study and evaluate the matters to be discussed.

If required, the Directors may take independent professional advice in the furtherance of their duties at the Company's expense. Before incurring the professional fee, the Director concerned must seek the approval of the Board. The Directors may access all information within the Group in furtherance of their duties.

Company Secretary
The Directors have direct access to the advice and the services of the Company Secretaries to enable them to discharge their duties. The Company Secretaries update the Directors periodically when new statutes and requirements are issued by the regulatory authorities to ensure that the Directors are aware of regulatory developments that affect them in carrying out their responsibilities. The Company Secretaries also make announcements to Bursa Malaysia on behalf of the Company and brief the Board on proposed contents of material announcements prior to their release.

The Company Secretaries convene all Board meetings and at least one of them attends all Board meetings to ensure that Board procedures are followed and accurate records of the proceedings and resolutions passed are maintained. The Company Secretaries also ensure that the statutory registers are properly maintained at the registered office of the Company. The Board believes that the current Company Secretaries who are qualified and experienced are capable of carrying out their duties to assist the Board in ensuring adherence to Board policies and procedures.

Board Charter
The Board has formally adopted a Board Charter which provides guidance to the Board in the fulfillment of its roles, duties and responsibilities which are in line with relevant legislations, regulations and the principles of good corporate governance. The Board Charter outlines the composition and structure of the Board, the appointment of new Directors to the Board, the Board's powers duties and responsibilities including the division of responsibilities between executive and non-executive directors and management, establishment of Board Committees, remuneration of Directors and processes and procedures for convening Board meetings. The Board Charter also underlines the Board's commitment to compliance with laws, regulations and its internal Code of Ethics. The Board Charter is subject to periodic review and will be updated from time to time to reflect changes to the Company's policies, procedures and processes as well as changes to legislations and regulations. The Board Charter is available on the Company's website at http://www.pentamaster.com.my.

Principle 2: Strengthen composition

Nominating Committee
The Nominating Committee comprises wholly of independent Non-Executive Directors. This Committee is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director and the Directors to fill the seats on Board Committees. The Nominating Committee will assess the effectiveness of the Board of Directors as a whole, the Board Committees and contribution of each individual Director on an annual basis. In developing such recommendations, the Nominating Committee will consult all Directors and reflects that consultation in any recommendation of the Nominating Committee brought forward to the Board.

Currently, the members of the Nominating Committee are Mr. Loh Nam Hooi (Chairman), Mr. Leng Kean Yong and Mr. Sim Seng Loong @ Tai Seng.

Mr. Loh Nam Hooi has been designated as the Senior Independent Non-Executive Director to whom concerns may be conveyed. Any matters of concern may be raised to the Senior Independent Non-Executive Director through regular mail to the Company's registered address.

The Nominating Committee has met once during the financial year, in carrying out an annual review of the Board, its Committees and the contribution of individual Directors to the Company.

Criteria used in recruitment and annual assessment
The Nominating Committee's responsibilities include the development and review of the criteria to be used in the recruitment of Board members and the annual assessment of Directors. The Nominating Committee has developed the following procedure for considering potential Board candidates:

(a) the skills and experience appropriate for a candidate will be determined, having regard to those of the existing directors and any other likely changes to the Board;

(b) upon identifying a potential candidate, the following will be considered:
- qualifications and competencies of the candidate;
- character and integrity of the candidate;
- other directorships and time availability of the candidate;
- independence of the candidate, if an Independent Directors is being considered;
- the effect that the appointment would have on the overall balance and diversity (including gender diversity) of the composition of the Board will be considered; and

(c) the proposed appointee must be approved by all existing Board members.

An annual assessment of the Board is undertaken following the completion of the financial year. The evaluation is carried out by way of questionnaires sent to each Director. The questionnaires cover the composition, role, procedures and practices of the Board as a whole and the assessment of each Director's performance by each of his peers. The individual responses to the questionnaires are confidential to each Director, with questionnaire responses sent to the Company Secretary for summarization for consideration by the Nominating Committee and subsequent report back to the Board.

An evaluation of the Board took place following the end of the financial year in accordance with the processes described above.

Remuneration policies and procedures
The Remuneration Committee which consists mainly of Non-Executive Directors recommends the remuneration for the Executive Directors. The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole. Individual Directors abstain from deliberations and voting on the decision in respect of their own remuneration.

The Board recognises that the remuneration package should be sufficient to attract, retain and motivate Directors of calibre needed to run the Group successfully. The remuneration of Directors is generally based on market conditions, responsibilities held and the Group's overall financial performance. Decisions and recommendations of the Committee are reported back to the Board for approval and where required by the rules and regulations governing the Company, for approval of shareholders at the Annual General Meeting.

Currently, the Remuneration Committee members are Mr. Loh Nam Hooi (Chairman) and Mr. Leng Kean Yong.

The Remuneration Committee has met once during the financial year.

Directors' Remuneration
The details of the Directors' remuneration for the financial year ended 31 December 2015 are as follows:-

Type of remuneration	Aggregate remuneration (in RM) paid / payable to	
	Executive Directors	Non-Executive Directors
Directors' Fees	84,000	144,000
Other Emoluments:		
- Salaries, bonus, allowances & perquisite	2,224,170	17,500
- Contribution by employer to Provident Fund	266,918	-
- Benefits-in-kind (based on estimated money value)	15,628	-
Total	**2,590,716**	**161,500**

The analysis on Directors' remuneration by remuneration band is as follows:

Remuneration Band (in RM)	No. of Recipient/s	
	Executive Directors	Non-Executive Directors
50,000 to 100,000	-	3
300,000 to 350,000	1	
400,000 to 450,000	1	
550,000 to 600,000	1	-
1,250,000 to 1,300,000	1	
Total	**4**	**3**

Principle 3: Reinforce independence

Annual assessment of independent directors
The role of the Independent Directors is to bring independent and objective judgment to the Board which mitigates risks arising from conflict of interest or undue influence from interested parties and protects the interest of minority shareholders. The Board recognizes that it is important to periodically assess whether a Director who is designated as independent continue to satisfy such designation. Towards this end, an assessment of independence is carried out on each of the Independent Directors annually by every other member of the Board.

During the financial year, the Board carried out an assessment on each of the Independent Director. Each Independent Director was required to declare his compliance with the criteria of independence as set out in the Board Charter. In addition all the Board members were required to evaluate whether each of the Independent Director had continued to show independent and objective judgment in deliberations at Board meetings as well as his conduct outside of Board meetings in matters relating to the Group's affairs.

Tenure of independent directors
The MCCG 2012 recommends that the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.

Mr. Loh Nam Hooi has served on the Board as an Independent Director for a tenure of thirteen (13) years. During the financial year, the Board carried out an assessment of the Independent Director and determined that Mr. Loh Nam Hooi satisfied the criteria of independence recognized by the Board. The Board had thus determined that Mr. Loh Nam Hooi should continue to serve as an Independent Director.

Shareholders' approval to retain independent director
Accordingly, the Board recommends that Mr. Loh Nam Hooi seek shareholders approval to continue to be designated as an Independent Director at the forthcoming Annual General Meeting of the Company in accordance with the recommendation of MCCG 2012.

Separation of position of Chairman and Chief Executive Officer
The positions of the Executive Chairman and the Chief Executive Officer ("CEO") are held by different individuals. The Executive Chairman is responsible for the conduct of Board meetings and ensures that Board discussions are conducted in a manner that all views are taken into account before a decision is made. The Executive Directors have the general responsibility for day-to-day running of the Group's business, implementation of Board policies and making of operational decisions duly assisted by the Management team.

The Chairman is an executive member of the Board and this is not in compliance with the recommendation of MCCG 2012 which advocates that the Chairman should be a non-executive member of the Board. As the Board consists of a sufficient number of Non-Executive Directors, it is of the opinion that the shareholders' interests are properly safeguarded.

Composition of Board
The Board presently has six (6) members which consists of three (3) Executive Directors and three (3) Independent Non-Executive Directors. Although the Board composition does not have a majority of Independent Non-Executive Directors as recommended under MCCG 2012 for a Board where the Chairman is an Executive Director, the Board believes that there is a sufficient number of Non-Executive members on the Board such that no individual or group of individuals dominates the Board's decision making. The Board also believes that the number of Directors reflects fairly the investment of the shareholders.

Given the nature and scope of the Group's operations, the Board considers that the current composition of the Board is of the appropriate size and with the right mix of skills and experience in meeting the Group's current needs and requirements. A profile of each Director is presented on pages 7 to 8.

Principle 4: Foster commitment

Time commitment of directors

The Board meets at least four times a year to review and approve the quarterly and year end financial results. Additional meetings are convened as necessary, when there are urgent and important matters that require the Board's deliberation. Board members may also be nominated to serve on Board Committees which hold their own meetings. Directors and Board Committee members are furnished with papers, reports and material relevant to the issues to be discussed prior to the meetings and are expected to review such material beforehand so that meaningful discussion can take place during meetings. This expectation of time commitment is communicated to new Board members before they are appointed. Directors should also notify the Chairman before accepting any new directorship in other listed companies to assess whether they will be able to devote sufficient time to the Company.

During the financial year ended 31 December 2015, there were four (4) Board meetings held. The commitment of the Directors in carrying out their duties is reflected in full attendance of the Directors at Board meetings held during the financial year as shown below:-

Name of Director	Designation	Attendance
Chuah Choon Bin	Executive Chairman	4/4
Chuah Chong Ewe (appointed on 23 June 2015)	Chief Executive Officer	2/2
Tan Boon Teik (resigned on 23 June 2015)	Executive Director	2/2
Gan Pei Joo	Finance Executive Director	4/4
Loh Nam Hooi	Independent Non-Executive Director	4/4
Leng Kean Yong	Independent Non-Executive Director	4/4
Sim Seng Loong @ Tai Seng	Independent Non-Executive Director	4/4

Continuing education programmes

All Directors have completed the Mandatory Accreditation Programme prescribed by the Bursa Malaysia Securities Berhad ("Bursa Securities"). The Directors recognise the need to continue to undergo relevant training programmes to update their knowledge and enhance their skills where relevant to enable them to sustain their active participation as a Board member.

During the financial year ended 31 December 2015, the current Directors of the Company had either attended an in-house training programme, seminar or conference organised externally. The programmes attended by the current Directors during the year, include the following:-

Principle 4: Foster commitment (cont'd)

Continuing education programmes (cont'd)

Name of Directors	Name of Course	Mode of training	Number of day (s) spent
Chuah Choon Bin	• Budget 2016 and GST briefing	Briefing	0.5
Chuah Chong Ewe	• Budget 2016 and GST briefing	Briefing	0.5
Gan Pei Joo	• Risk Management and Internal Control • Upclose with Budget 2016	Workshop Workshop	1 1
Loh Nam Hooi	• Budget 2016 and GST briefing	Briefing	0.5
Leng Kean Yong	• Risk Management and Internal Control • Budget 2016 and GST briefing	Workshop Briefing	1 0.5
Sim Seng Loong @ Tai Seng	• Risk Management and Internal Control • Budget 2016 and GST briefing	Workshop Briefing	1 0.5

Principle 5: Uphold integrity in financial reporting

Compliance with applicable financial reporting standards
The Directors aim to present a fair assessment of the Group's financial performance, position and prospects primarily through the quarterly reports to Bursa Securities as well as the Annual Report to shareholders.

Pursuant to the Companies Act, 1965, the Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements, the Group has adopted appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards.

The Board aims to ensure that it fulfills its responsibility in the area of financial reporting by appointing a suitably qualified finance manager who is guided by the Finance Director to oversee the financial reporting function. The Board is also assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting. Towards this end, the Audit Committee meets to discuss and review the quarterly results and the year end financial statements together with the Finance Director and the external auditors where applicable before the financial reports are recommended to the Board for approval and public release.

Principle 5: Uphold integrity in financial reporting (cont'd)

Suitability and independence of external auditors
The external auditors fulfill an essential role in giving assurance to the shareholders and other parties of the reliability of the financial statements of the Company. The Company has always maintained a formal and transparent relationship with the external auditors in ensuring the Company's compliance with applicable approved accounting standards and statutory requirements.

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee's terms of reference as detailed on pages 25 to 29 of the Annual Report.

The Audit Committee is responsible for recommending the appointment or re-appointment of external auditors. In assessing the suitability of external auditors, the Audit Committee will ensure that only firms which have experience in the audit of listed companies and are registered with the Audit Oversight Board will be considered.

The Audit Committee recognizes that the regular provision of non-audit services by the external auditors may lead to impairment of the external auditors' independence and objectivity. The external auditors are therefore not normally engaged for non-audit related services. However, the external auditors may be engaged for services related to corporate exercises carried out by the Group from time to time, which are not regular in nature, for which the engagement of the external auditors may be deemed to be more effective for the Group. The external auditors have affirmed that members of their engagement team and the firm have complied with the relevant ethical requirements regarding independence in the conduct of their audit engagement.

Principle 6: Recognise and manage risks

Framework to manage risks
The Board is responsible for establishing a sound framework to manage risks and maintaining a sound system of internal controls to safeguard shareholders' investment and the Company's assets as required by the MCCG 2012. The Directors also have a general responsibility for taking reasonable steps to prevent and detect fraud and other irregularities. The Statement on Risk Management and Internal Control set out on pages 22 to 24 of this Annual Report, provides an overview of risk management and the state of internal control within the Group.

Internal audit function
The Board has outsourced its internal audit activities to a professional service firm to support the internal audit function. The Audit Committee Report set out on pages 25 to 29 of this Annual Report provides a summary of the internal audit function and the internal audit activities carried out during the financial year.

Principle 7: Ensure timely and high quality disclosure

Corporate disclosure policies and procedures
The Board abides with the corporate disclosure policies as set out in the Listing Requirements. It is the policy of the Company that immediate disclosure is made of material information. Information is considered material if it is reasonable to expect that it will have a material effect on the price, value or market activity of the Company's securities or it will affect the decision of an investor or holder of the Company's securities in determining his choice of action. The Board members will be kept informed of material matters which require disclosure and appropriate announcement will be drafted by management. Announcements of material matters will be circulated to the Board for buy-off before public release.

Principle 7: Ensure timely and high quality disclosure (cont'd)

Corporate disclosure policies and procedures (cont'd)
However, in exceptional circumstances, the Company may temporarily withhold the disclosure of material information to a more appropriate time such as instances where immediate disclosure would affect the ability of the Company to pursue its corporate objectives, when the facts of the matter at hand is in a state of flux or where company or securities laws may restrict the extent of permissible disclosure. Material information which is withheld will be restricted to persons on a strict need-to-know basis and all persons with such information will be informed of the requirement to maintain strict confidentiality. In the event that material information that has been withheld has or is believed to have been inadvertently disclosed or where the information has become generally available to the public, the Company will immediately announce the information. The Company will also monitor the market activity of its securities during a period where information is withheld. Should there be unusual price movement, trading activity, or both ("unusual market activity") in its securities which is believed to signify a "leak" of the information or when rumours or reports concerning the information have appeared or where the Company learns that there are signs that insider trading may be taking place, the Company will take steps to announce the information that has been withheld immediately.

The Company strives to ensure that information that is released is in a manner that would obtain wide public dissemination. Disclosure of material information by the Company is first made by an announcement to Bursa Malaysia via the BURSA LINK. All announcements are also made available on the Company's website. Press conferences may be held if the Board is of the opinion that it would draw better attention to the information that is to be disseminated. However, the Company will ensure that any such information will be first released or simultaneously released to Bursa Malaysia. The Company will ensure that material information will not be made on an individual or selective basis to any individual or group if it has not been disclosed and disseminated to the public.

While the Company endeavours to provide information to its shareholders and stakeholders it is also mindful of the requirement to refrain from misleading promotional disclosure activity. The Board will not approve any announcement that may mislead investors and cause unwarranted price movement and activity in the Company's securities.

If the Company becomes aware of any rumour or report, whether true or false, that contains material information on the Company or the Group, the Company will make due enquiry among the Board members and senior management and publicly clarify, confirm or deny the rumour or report as soon as possible.

Where unusual market activity of the Company's securities occurs, the Company will undertake a due enquiry among the Board members and senior management to seek the cause of the unusual market activity. The Company will consider whether there is any information that has been publicly disclosed, has not been publicly disclosed or is the subject matter of a rumour or report that would account for the unusual market activity and accordingly take appropriate action to make an announcement to clarify matters, make further disclosure, deny any rumour or report, inform the public that there is no undisclosed development that would account for the unusual market activity. If the Company determines that the unusual market activity results from material information that has already been publicly disclosed, it will take no further action.

All Board members and parties who are insiders are aware of the provisions of the Capital Markets and Services Act 2007 and the Companies Act, 1965 with regards to prohibition of trading in the securities of the Company on the basis of material information which is not known to the public. In addition, affected persons are notified of the restrictions in dealing in the Company's securities while in possession of price-sensitive information and during closed periods unless the procedures for dealings during closed periods as set out in the Listing Requirements have been complied with.

Principle 7: Ensure timely and high quality disclosure (cont'd)

Use of information technology to disseminate information
Shareholders and investors are kept informed of all major development within the Group by way of announcements via the BURSA LINK. Announcements are also made of the Company's quarterly results, Annual Reports and other circulars to shareholders, where appropriate, and all these announcements are available to shareholders electronically at Bursa Malaysia's website. Shareholders can also access the Company's website, http://www.pentamaster.com.my for up to date information about the Company and its business as well as announcements made to Bursa Malaysia.

Principle 8: Strengthen relationship between Company and shareholders

Shareholder participation at general meetings
The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. Notice of AGM and Annual Reports are sent to shareholders at least 21 days before the meeting.

During the AGM, shareholders are given opportunities to enquire and comment on matters relating to the Group's business. The shareholders are encouraged to participate in the open question and answer session in the AGM pertaining to the resolutions being proposed at the meeting and the financial performance and business operation in general. The Directors are available to provide responses to questions from the shareholders during the meeting.

In addition, Extraordinary General Meetings ("EGMs") are held as and when needed to obtain shareholders' approval on certain business or corporate proposals. Adequate notice of EGM, in compliance with regulatory requirements, are sent to shareholders together with comprehensive Circulars/Statements setting out details and explaining the rationale with regards to the matters for which shareholders approval are being sought.

Poll voting
At the commencement of each general meeting, the Chairman will inform the shareholders of their right to demand a poll vote. The Board will consider putting substantive resolutions to vote by poll, even without demand from shareholders, if it feels that it is necessary to gauge the support of shareholders for particular resolutions. When a resolution has been put to vote by poll, the Chairman will announce the number of votes cast for and against the resolution at the general meeting and an announcement of such result will also be made to Bursa Malaysia. The Board will consider employing electronic means for poll voting when the infrastructure for employing such means becomes available at reasonable cost and taking into consideration the number of attendees who normally attend general meetings.

Communication and proactive engagement with shareholders
AGMs and EGMs where appropriate remain the most common platform for the Company and the Board to have effective communication and engagement with shareholders about performance, corporate governance and other matters affecting shareholders' interest. In addition, the Board may hold press conference where appropriate to keep shareholders informed of the Group's affairs. Information released to the public will also be made available on the Company's website for shareholders to have easy access.

Compliance Statement
Save as disclosed, throughout the financial year ended 31 December 2015, the Group has complied with all the principles and recommendations of the MCCG 2012.

This statement was made in accordance with a Board of Directors' resolution dated 21 April 2016.

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Board of Directors is pleased to provide the following statement on the state of internal control of the Group, which had been prepared in accordance with the "Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers".

Board's Responsibility

The Board of Directors is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board recognises the importance of good corporate governance and is committed to maintaining a sound system of internal control and risk management. This includes the establishment of an appropriate control environment and risk management framework, processes and structures and continually reviewing the adequacy and integrity of the said systems to safeguard shareholders' investment and the Group's assets. The Board is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the year.

The system of risk management and internal control covers finance, operations, management information systems and compliance with relevant laws, regulations, policies and procedures. There is an ongoing process to identify, evaluate and manage significant risk faced or potentially to be encountered by the Group. The process is regularly reviewed by the Board.

Due to the limitations that are inherent in any system of internal controls, these systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives and it can only provide reasonable and not absolute assurance against material misstatement or loss.

The implementation of the risk management and internal control system within the Group inclusive of design, operation, identification, assessment, mitigation and control risks, are operated with the assistance of Management throughout the period. The Board has received assurance from the Chief Executive Officer ("CEO") and the Finance Director ("FD") that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

The key features of the risk management and internal control systems are described under the following headings:-

Risk Management and Internal Control Structure

The Group has an ongoing process for the identification, evaluation, reporting, managing, monitoring and reviewing of the major strategic, business and operation risks within the Group, covering both wholly and partially owned subsidiaries. Both the Audit Committee and Board of Directors review the effectiveness of the risk management function and deliberate on the risk management and internal control frameworks, functions, processes and reports on a regular basis. The framework is continually monitored to ensure it is responsive to the changes in the business environment and clearly communicated to all levels.

The Board has established a Risk Management Committee ("RMC") which comprises the CEO, FD and senior management to assist in the risk management process within the Group.

The Group has an established internal control structure and is committed to evaluating, enhancing and maintaining the structure to ensure effective control over the Group's business operations and to safeguard the value and security of the Group's assets. There is a clearly defined operating structure with lines of responsibilities and delegated authority in place to assist the Board to maintain a proper control environment. The control structure and environment are supported by the following activities:-

Risk Management and Internal Control Structure (Cont'd)

(a) An organisation structure with clearly defined lines of responsibility, authority and accountability;

(b) Documented internal policies, guidelines, procedures and manuals, which are updated from time to time;

(c) Regular Board and management meetings where information is provided to the Board and management covering financial performance and operation;

(d) Quarterly review of financial results by the Board and Audit Committee;

(e) Regular training and development programmes attended by employees with the objective of enhancing their knowledge and competency;

(f) Existence of risk management team to enhance its risk management practice; and

(g) Ongoing reviews on the system of internal controls by an independent internal audit function. Results of such reviews are reported to the Audit Committee, which in turn reports to the Board.

In addition, the Executive Directors have day to day involvement with the business and are responsible for monitoring risks affecting the business and control activities. These are supplemented by comprehensive and independent reviews undertaken by the internal audit function on the controls in operation in each individual business. The internal auditors independently report to the Audit Committee on the outcome and findings from their reviews.

Risk Management Process

The Board regards risk management as an integral part of business operations. For the period under review, the RMC is assisted by the senior management team from various divisions to effectively embed risk management and control into the corporate culture, processes and structures within the Group. The RMC has identified and reviewed the major business risk factors affecting the Group and derive risk management strategies to manage and mitigate the risks identified. The following factors were considered in the risk assessment:

(a) The nature and extent of risks facing the Group;

(b) The extent and categories of risk which it regards as acceptable for the Group to bear;

(c) The likelihood of the risks concerned materializing; and

(d) The Group's ability to reduce the incidence of risks that may materialise and their impact on the business.

Control Environment

The Group has in place a proper control environment which emphasizes on quality and performance of the Group's employees through the development and implementation of human resource policies and programmes designed to enhance the effectiveness and efficiency of the individual and the organisation.

The Board believes that a sound internal control system reduces, but cannot eliminate, the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Internal Audit Function

The Board outsourced its internal audit function to a professional firm of consultants to support its internal audit function to provide much of the assurance required regarding the effectiveness as well as the adequacy and integrity of the Group's system of internal controls. Internal audit function adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group. The internal audit plan was presented to and approved by Audit Committee. Periodic internal audit review is carried out and the audit findings are presented to the Audit Committee via internal audit reports whilst Management formulates action plans to address issues noted from internal audit to improve the system of internal controls.

The Board of Directors is of the opinion that the Group's system of internal controls is generally adequate based on the report and findings in the internal auditors' report for the financial year ended 31 December 2015. Nevertheless, the internal control systems will continue to be reviewed, added on or updated in line with changes in the operating environment.

Review of the Statement by External Auditors

Pursuant to paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the Annual Report for the Financial Year ended 31 December 2015 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Conclusion

The Board is of the opinion that the system of internal control and risk management is in place for the year under review, and up to the date of this Statement is sound and sufficient to safeguard shareholders' investment and the Group's assets.

This statement was made in accordance with a Board of Directors' resolution dated 21 April 2016.

MEMBERS OF THE AUDIT COMMITTEE

Members of the Audit Committee are as follows:-

Chairman	: Sim Seng Loong @ Tai Seng	-	Independent Non-Executive Director
Members	: Loh Nam Hooi	-	Independent Non-Executive Director
	: Leng Kean Yong	-	Independent Non-Executive Director

TERMS OF REFERENCE

The Directors have approved and adopted the following Terms of Reference, which set out the roles and responsibilities of the Audit Committee.

OBJECTIVES

- To assist in discharging the Board of Directors' responsibilities as they relate to the Group's management including risk management, internal control, financial reporting and compliance with statutory and legal requirements;
- To provide, by way of regular meetings, a direct line of communication between the Board of Directors, senior management and external and internal auditors;
- To oversee and review the quality of the audits conducted by the external and internal auditors; and
- To enhance the perceptions held by interested parties, such as shareholders, regulators, creditors and employees, of the credibility and objectivity of the financial reports.

COMPOSITION

- The Audit Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and must consist of not less than three (3) members. All the Audit Committee members must be Non-Executive Directors with a majority of them being Independent Non-Executive Directors. No Alternate Directors shall be appointed a member of the Audit Committee.
- At least one member of the Audit Committee:-
  - (i) Must be a member of the Malaysian Institute of Accountants; or
  - (ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience; and
    - he must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
    - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

Chairman

- The Chairman shall be an independent director elected by the members of the Audit Committee.

Secretary

- One of the Company Secretaries shall be the Secretary of the Audit Committee.

Quorum

- A quorum shall be two (2) members and a majority of the members must be independent directors. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present.

Meetings

- The Audit Committee shall regulate its own proceedings. The Committee shall meet at least four (4) times a year. The Audit Committee has the discretion to invite relevant personnel to its meeting. The presence of senior management and external and internal auditors may be requested, if required. Other members of the Board of Directors may attend meetings upon the invitation of the Audit Committee.

- The Committee is able to convene meetings with external auditors, without executive Board members being present at least twice a year. The external and internal auditors may request a meeting by notifying the Chairman of the Audit Committee if they consider it necessary.

Authority

- The Audit Committee is authorised by the Board of Directors to investigate any matter within its terms of reference. The Committee shall have the resources which are required to perform its duties and have full and unrestricted access to any information and personnel pertaining to the Group. The Committee has direct communication channels with the external and internal auditors and may obtain independent professional advice as and when necessary to discharge its duties subject to the prior approval of the Board of Directors.

Term of Office

- If a member of the Committee for any reason ceases to be a member of the Committee with the result that the number of members is reduced to below three (3), the Board of Directors shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Functions

The primary functions of the Audit Committee shall be: -

- To review and discuss with the external auditors the following:-
  (i) the external audit plan (including the nature and scope of audit);
  (ii) their audit reports;
  (iii) their evaluation of the system of internal controls;
  (iv) problems and reservations arising from their external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary); and
  (v) their management letter and management's response.
- Recommend the nomination, appointment and suitability of re-appointment of external auditors, their fees and any questions on resignation and dismissal.
- Review the quarterly results and year end financial statements, prior to submission to the Board of Directors for approval, focusing particularly on:-
  (i) changes in major accounting policies and practices;
  (ii) major judgemental areas, significant and unusual events;
  (iii) the going concern assumption;
  (iv) significant adjustments arising from the audit; and
  (v) compliance with accounting standards, regulatory and other legal requirements.
- Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity, and to ensure that the Directors report such transactions annually to the shareholders vide the Annual Report.
- Review and approve the draft Annual Report prior to presentation to the Board of Directors for approval.
- Review the following in respect of the internal audit functions:-
  (i) internal audit plan including the nature and scope of audit;
  (ii) adequacy of the scope and resources of the internal audit function and whether it has the necessary authority to carry out its work;
  (iii) the results of the internal audit findings, and the adequacy of management's response and corrective actions to be taken;
  (iv) effectiveness of the internal audit function; and
  (v) appointment or termination of senior staff member of the internal audit function and to provide the resigning staff an opportunity to submit his reasons for resigning.
- Prepare reports, if the circumstances arise or at least once a year, to the Board of Directors summarising the work performed in fulfilling the Audit Committee's primary responsibilities.
- Act on any matters as may be assigned by the Board of Directors.

Summary of Activities During the Financial Year

The Audit Committee met four (4) times during the financial year ended 31 December 2015 and details of attendance are as follows: -

Name of Director	Designation	Attendance
Sim Seng Loong @ Tai Seng	Independent Non-Executive Director	4/4
Loh Nam Hooi	Independent Non-Executive Director	4/4
Leng Kean Yong	Independent Non-Executive Director	4/4

The main activities undertaken by the Audit Committee for the financial year ended 31 December 2015 were as follows:

- Reviewed the adequacy of the Company's risk management system for identifying and managing the risk.
- Reviewed the external auditors' scope of work and audit plans for the year.
- Recommended to the Board of Directors the appointment and remuneration of the external auditors.
- Met with the external auditors without the presence of Management to discuss any matters that they may wish to present.
- Reviewed the quarterly results, annual audited financial statements of the Company and Group including announcements and made relevant recommendations to the Board for approval prior to their release to the Bursa Securities.
- Reviewed the internal auditors' scope of work and audit plans for the year.
- Reviewed internal audit reports, which highlighted audit issues and findings, recommendations and Management's response. Discussed with Management on the corrective actions taken to improve the system of internal controls based on improvement opportunities identified in the internal audit reports.
- Appraised the adequacy of actions taken by Management in resolving the reported audit issues and in implementing suggested improvement measures.

INTERNAL AUDIT FUNCTION

The Board has outsourced its internal audit activities to a professional service firm to support the internal audit function. The internal auditors report functionally to the Audit Committee, assisting it in discharging its duties and responsibilities. Its key role is to provide an independent and objective assurance of the adequacy and integrity of the system of internal controls.

During the financial year ended 31 December 2015, internal audit reviews have been carried out according to the internal audit plan, which has been approved by the Audit Committee. The internal audit reviews covered the areas of project management, quality control management, material planning, purchasing and labour hour/overtime management. The findings and recommendations were highlighted to management for their comments and further action. Internal audit reports were presented to the Audit Committee, which in turn reported to the Board. The cost incurred for the internal audit function in respect of the financial year is RM35,760.

MATERIAL CONTRACTS

On 15 April 2015, Origo Ventures (M) Sdn Bhd ("OVSB") was awarded a Project Finance and Management Contract by Maarij Development Sdn Bhd ("MDSB") for the project management of a mixed development project in the new township of Tunjong in Kelantan Darul Naim, with an approximate size of nine point eight eight (9.88) acres ("Contract"). The Gross Development Value for the development is approximately RM164 million and OVSB was awarded the project management based on the following remuneration of:

(i) RM10 million payable progressively based on stage of work done of the development; and
(ii) balance thereof upon practical completion of the development.

Total remuneration for the project management agreement shall equate to sixty percentum (60%) of the net profit generated from the development. OVSB will bill MDSB progressively for services performed based upon completion of stages of work done.

Subsequent to the contract, OVSB became a wholly owned subsidiary company of Pentamaster Corporation Berhad ("PMCB"). Chuah Chong Boon, a Director of MDSB and a person who has an indirect interest in MDSB, is the brother of Chuah Chong Ewe, a Director and Chief Executive Officer of PMCB. Save for their relationship as siblings, Chuah Chong Ewe does not have any interest in MDSB and Chuah Chong Boon does not have any interest in PMCB and its subsidiaries.

Save as disclosed above, the Company and its subsidiaries do not have any material contracts involving the interest of its Directors and major shareholders, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

MATERIAL CONTRACTS RELATING TO LOANS
The Company and its subsidiaries do not have any material contracts relating to loan involving the interest of its Directors and major shareholders.

UTILISATION OF PROCEEDS
The Company received approximately RM2.6 million from the first tranche of the Private Placement on 31 December 2015. None of the proceeds had been utilised during the financial year.

SHARE BUY-BACK
There was no share buy-back exercise carried out by the Company for the financial year ended 31 December 2015.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES
There were no options, warrants or convertible securities issued or exercised during the financial year.

DEPOSITORY RECEIPT PROGRAMME
During the financial year, the Company did not sponsor any depository receipt programme.

IMPOSITION OF SANCTION/PENALTIES
There was no sanction and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year.

NON-AUDIT FEES
The amount of non-audit fees paid and payable to the external auditors for the financial year is RM3,000.

VARIATION IN RESULTS
There was no variation of 10% or more between the results of the financial year and the audited results.

PROFIT GUARANTEE
The Company did not give any profit guarantee during the financial year ended 31 December 2015.

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 principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year unless as otherwise stated in Note 5 to the financial statements.

RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) for the financial year	12,290,352	(10,292,758)
Attributable to:		
Owners of the Company	11,953,018	(10,292,758)
Non-controlling interests	337,334	-
	12,290,352	(10,292,758)

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 December 2015** have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIVIDENDS

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

The directors do not recommend any dividend payment for the financial year.

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURE

During the financial year, the issued and paid-up ordinary share capital was increased from RM66,621,525 to RM68,620,175 by way of issuance of 3,997,300 new ordinary shares of RM0.50 each at an issue price of RM0.67 per ordinary share pursuant to a private placement exercise undertaken (refer to Note 34 to the financial statements). The new ordinary shares issued rank pari passu with the existing ordinary shares of the Company.

Other than the foregoing, the Company did not issue any share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

DIRECTORS

The directors who served since the date of the last report are as follows:

Chuah Choon Bin
Gan Pei Joo
Leng Kean Yong
Loh Nam Hooi
Sim Seng Loong @ Tai Seng
Chuah Chong Ewe (appointed on 23.6.15)
Tan Boon Teik (resigned on 23.6.15)

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares of RM0.50 each			
	Balance at 1.1.15	**Bought**	**Sold**	**Balance at 31.12.15**
The Company				
Direct Interest				
Chuah Choon Bin	30,642,000	-	-	30,642,000
Chuah Chong Ewe	2,664,861#	3,997,290	-	6,662,151
Loh Nam Hooi	90,000	-	-	90,000
Gan Pei Joo	79,100	-	-	79,100
Indirect Interest				
Chuah Choon Bin	28,500*	-	-	28,500

Balance at date of appointment.
* Interest held by spouse treated as interest of the directors in accordance with Section 134 of the Companies Act 1965.

By virtue of his shareholdings in the Company, Mr. Chuah Choon Bin is deemed interested in the shares of its related corporations to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than 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 a 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 those related party transactions disclosed in the notes to the financial statements.

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

OTHER STATUTORY INFORMATION

Before the financial statements 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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts, and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances:

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, and

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and

(iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and

(iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

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

AUDITORS

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

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

....	....
Chuah Choon Bin	**Chuah Chong Ewe**
Director	**Director**

Penang,

Date: 21 April 2016

In the opinion of the Directors, the financial statements set out on pages 38 to 93 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 December 2015** and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the supplementary information set out on page 94 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.

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

....
Chuah Choon Bin

....
Chuah Chong Ewe

Date: 21 April 2016

STATUTORY DECLARATION

I, **Gan Pei Joo**, the Director primarily responsible for the financial management of **Pentamaster Corporation Berhad** do solemnly and sincerely declare that the financial statements set out on pages 38 to 93 and the supplementary information set out on page 94 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 Penang, this **21st**)
day of **April 2016**.)

....
Gan Pei Joo

Before me,

....
Commissioner for Oaths

Report on the Financial Statements

We have audited the financial statements of **Pentamaster Corporation Berhad**, which comprise the statements of financial position as at **31 December 2015** of the Group and of the Company, and the statements of 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 38 to 93.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act,

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

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

Other Reporting Responsibilities

The supplementary information set out on page 94 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.

Grant Thornton
No. AF: 0042
Chartered Accountants

John Lau Tiang Hua, DJN
No. 1107/03/18 (J)
Chartered Accountant

Penang

Date: 21 April 2016

		GROUP		COMPANY	
		2015	2014	**2015**	2014
	NOTE	**RM**	RM	**RM**	RM
ASSETS					
Non-current assets					
Property, plant and equipment	**4**	**42,042,482**	41,819,269	**1,531**	2,162
Investment in subsidiaries	**5**	**-**	-	**27,973,822**	36,311,722
Intangible assets	**6**	**10,856,140**	3,810,980	**-**	-
Deferred tax assets	**7**	**-**	650,000	**-**	-
		52,898,622	46,280,249	**27,975,353**	36,313,884
Current assets					
Inventories	**8**	**6,543,349**	11,105,201	**-**	-
Trade receivables	**9**	**15,905,629**	20,123,542	**-**	-
Other receivables, deposits and prepayments	**10**	**5,818,756**	2,588,731	**2,292,944**	31,647
Amount due from subsidiaries	**11**	**-**	-	**8,683,287**	11,798,146
Other investments	**12**	**-**	1,359,900	**-**	1,359,900
Derivative financial assets	**13**	**5,900**	-	**-**	-
Tax recoverable		**188**	2,765	**148**	530
Cash and cash equivalents	**14**	**15,382,118**	8,382,388	**3,534,177**	580,845
		43,655,940	43,562,527	**14,510,556**	13,771,068
TOTAL ASSETS		**96,554,562**	89,842,776	**42,485,909**	50,084,952
EQUITY AND LIABILITIES					
Share capital	**15**	**68,620,175**	66,621,525	**68,620,175**	66,621,525
Share premium	**16**	**5,544,700**	4,865,159	**5,544,700**	4,865,159
Exchange translation reserve	**17**	**-**	59,630	**-**	-
Retained profits/(Accumulated losses)		**1,864,666**	(10,088,352)	**(32,630,437)**	(22,337,679)
		76,029,541	61,457,962	**41,534,438**	49,149,005
Non-controlling interests		**1,821,385**	1,484,051	**-**	-
Total equity		**77,850,926**	62,942,013	**41,534,438**	49,149,005
Non-current liabilities					
Finance lease liabilities	**18**	**141,388**	56,632	**-**	-
Deferred income	**19**	**1,130,697**	1,949,568	**-**	-
Deferred tax liabilities	**7**	**2,505,000**	2,050,000	**-**	-
		3,777,085	4,056,200	**-**	-
Current liabilities					
Trade payables	**20**	**4,520,478**	9,600,566	**-**	-
Other payables, accruals and provision	**21**	**9,169,958**	11,608,032	**951,471**	935,947
Derivative financial liabilities	**13**	**198,960**	1,305,875	**-**	-
Finance lease liabilities	**18**	**101,219**	131,776	**-**	-
Provision for taxation		**935,936**	198,314	**-**	-
		14,926,551	22,844,563	**951,471**	935,947
		18,703,636	26,900,763	**951,471**	935,947
TOTAL EQUITY AND LIABILITIES		**96,554,562**	89,842,776	**42,485,909**	50,084,952

The notes set out on pages 44 to 93 form an integral part of these financial statements.

		GROUP		COMPANY	
		2015	2014	**2015**	2014
	NOTE	**RM**	RM	**RM**	RM
Revenue	**22**	**83,603,848**	81,047,183	**3,833,000**	3,265,000
Cost of goods sold		**(59,288,729)**	(59,808,896)	**-**	-
Gross profit		**24,315,119**	21,238,287	**3,833,000**	3,265,000
Other income		**3,769,270**	1,956,469	**25,846**	2,573
Distribution costs		**(2,209,292)**	(2,333,742)	**-**	-
Administrative expenses		**(10,813,460)**	(13,145,972)	**(14,074,562)**	(8,810,095)
Other operating expenses		**(369,648)**	(105,498)	**(77,042)**	(88,221)
Operating profit/(loss)		**14,691,989**	7,609,544	**(10,292,758)**	(5,630,743)
Finance costs		**(9,786)**	(258,077)	**-**	-
Profit/(Loss) before taxation	**23**	**14,682,203**	7,351,467	**(10,292,758)**	(5,630,743)
Taxation	**24**	**(2,391,851)**	(1,308,615)	**-**	1,504
Profit/(Loss) for the financial year		**12,290,352**	6,042,852	**(10,292,758)**	(5,629,239)
Other comprehensive (loss)/income					
Item that will be reclassified subsequently to profit and loss:					
Currency translation differences on foreign operations		**(59,630)**	20,244	**-**	-
Total comprehensive income/(loss) for the financial year		**12,230,722**	6,063,096	**(10,292,758)**	(5,629,239)
Profit/(Loss) attributable to:					
Owners of the Company		**11,953,018**	4,531,342	**(10,292,758)**	(5,629,239)
Non-controlling interests		**337,334**	1,511,510	**-**	-
		12,290,352	6,042,852	**(10,292,758)**	(5,629,239)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**11,893,388**	4,551,586	**(10,292,758)**	(5,629,239)
Non-controlling interests		**337,334**	1,511,510	**-**	-
		12,230,722	6,063,096	**(10,292,758)**	(5,629,239)
Earnings per share attributable to owners of the Company (Sen):-					
- Basic/Diluted	**25**	**8.97**	3.40		

The notes set out on pages 44 to 93 form an integral part of these financial statements.

	NOTE	Share Capital RM	Share Premium RM	Exchange Fluctuation Reserves RM	Retained profits/ (Accumulated Losses) RM	Total RM	Non-Controlling Interests RM	Total Equity RM
		|---------- Attributable to Owners of the Parent			----------|			
			|---Non-distributable---	---|	|-Distributable-|			
GROUP								
2015								
Balance at beginning		**66,621,525**	**4,865,159**	**59,630**	**(10,088,352)**	**61,457,962**	**1,484,051**	**62,942,013**
Transaction with owners:								
Issuance of shares at premium	**15/16**	**1,998,650**	**679,541**	**-**	**-**	**2,678,191**	**-**	**2,678,191**
Total comprehensive income for the financial year:								
Profit for the financial year		**-**	**-**	**-**	**11,953,018**	**11,953,018**	**337,334**	**12,290,352**
Foreign currency translation differences on foreign operations		**-**	**-**	**(59,630)**	**-**	**(59,630)**	**-**	**(59,630)**
		-	**-**	**(59,630)**	**11,953,018**	**11,893,388**	**337,334**	**12,230,722**
Balance at end		**68,620,175**	**5,544,700**	**-**	**1,864,666**	**76,029,541**	**1,821,385**	**77,850,926**
2014								
Balance at beginning		66,621,525	4,865,159	39,386	(14,619,694)	56,906,376	(27,459)	56,878,917
Total comprehensive income for the financial year:								
Profit for the financial year		-	-	-	4,531,342	4,531,342	1,511,510	6,042,852
Foreign currency translation differences on foreign operations		-	-	20,244	-	20,244	-	20,244
		-	-	20,244	4,531,342	4,551,586	1,511,510	6,063,096
Balance at end		66,621,525	4,865,159	59,630	(10,088,352)	61,457,962	1,484,051	62,942,013

The notes set out on pages 44 to 93 form an integral part of these financial statements.

	NOTE	Share Capital RM	Non-distributable Share Premium RM	Accumulated Losses RM	Total Equity RM
2015					
Balance at beginning		**66,621,525**	**4,865,159**	**(22,337,679)**	**49,149,005**
Transaction with owners:					
Issuance of shares at premium	**15/16**	**1,998,650**	**679,541**	**-**	**2,678,191**
Total comprehensive loss for the financial year		**-**	**-**	**(10,292,758)**	**(10,292,758)**
Balance at end		**68,620,175**	**5,544,700**	**(32,630,437)**	**41,534,438**
2014					
Balance at beginning		66,621,525	4,865,159	(16,708,440)	54,778,244
Total comprehensive loss for the financial year		-	-	(5,629,239)	(5,629,239)
Balance at end		66,621,525	4,865,159	(22,337,679)	49,149,005

The notes set out on pages 44 to 93 form an integral part of these financial statements.

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	**14,682,203**	7,351,467	**(10,292,758)**	(5,630,743)
Adjustments for:				
Amortisation of intangible assets	**1,845,018**	1,321,336	**-**	-
Bad debts	**5,865**	-	**-**	-
Deferred income released	**(818,871)**	(834,612)	**-**	-
Depreciation	**2,591,209**	2,606,203	**630**	630
Gain from bargain purchase of a subsidiary	**(2,595,407)**	-	**-**	-
Loss/(Gain) on disposal of property, plant and equipment	**41,921**	(33,992)	**-**	-
(Gain)/Loss from changes in fair value of foreign currency forward contracts	**(1,112,815)**	1,141,413	**-**	-
Loss on disposal of investment in subsidiaries	**217,142**	-	**9,117,900**	-
Loss on disposal of other investment	**24,298**	-	**24,298**	-
Intangible assets written off	**10**	-	**-**	-
Interest expense	**9,786**	258,077	**-**	-
Interest income	**(163,057)**	(78,486)	**(25,806)**	(2,573)
Inventories written down - addition	**298,804**	-	**-**	-
- reversal	**(11,079)**	(668,379)	**-**	-
Inventories written off	**-**	154,640	**-**	-
Impairment loss on receivables - addition	**372,997**	977,600	**-**	-
- reversal	**(36,000)**	(101,001)	**-**	-
Impairment loss on investment in a subsidiary	**-**	-	**-**	4,351,671
Property, plant and equipment written off	**16,600**	-	**1**	-
Provision for warranty - current year	**17,000**	127,000	**-**	-
- reversal	**(92,000)**	-	**-**	-
Unrealised gain on foreign exchange	**(796,130)**	(518,304)	**-**	-
Operating profit/(loss) before working capital changes	**14,497,494**	11,702,962	**(1,175,735)**	(1,281,015)
Decrease in inventories	**1,479,837**	146,481	**-**	-
(Increase)/Decrease in receivables	**(5,412,746)**	(2,933,507)	**(2,261,297)**	25,781,245
(Decrease)/Increase in payables	**(1,471,679)**	3,297,725	**15,524**	53,971
Net changes in related companies balance	**-**	-	**3,114,859**	-
Cash generated from/(used in) operations	**9,092,906**	12,213,661	**(306,649)**	24,554,201
Government grants received	**-**	402,500	**-**	-
Interest paid	**(9,786)**	(258,077)	**-**	-
Tax refunded	**1,640**	123,074	**530**	8,168
Tax paid	**(1,198,292)**	(519,210)	**(148)**	(530)
Net cash from/(used in) operating activities/ Balance carried forward	**7,886,468**	11,961,948	**(306,267)**	24,561,839

The notes set out on pages 44 to 93 form an integral part of these financial statements.

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Balance brought forward	**7,886,468**	11,961,948	**(306,267)**	24,561,839
CASH FLOWS FROM INVESTING ACTIVITIES				
Additional investment in subsidiaries	**-**	-	**-**	(24,550,000)
Acquisition of a subsidiary	**-**	-	**(5,780,000)**	-
Net cash outflow from acquisition of a subsidairy (Note 5 (ii))	**(5,778,928)**	-	**-**	-
Net cash inflow from disposal of subsidiaries (Note 5 (iii))	**3,810,591**	-	**-**	-
Interest received	**163,057**	78,486	**25,806**	2,573
Development expenditure paid (*)	**(504,098)**	(1,030,590)	**-**	-
Proceeds from disposal of property, plant and equipment	**330,980**	54,917	**-**	-
Proceeds from disposal of investment in subsidiaries	**-**	-	**5,000,000**	-
Proceeds from disposal of other investment	**1,335,602**	-	**1,335,602**	-
Purchase of computer software	**(205,943)**	(686,360)	**-**	-
Purchase of property, plant and equipment	**(3,080,204)**	(408,365)	**-**	-
Net cash (used in)/from investing activities	**(3,928,943)**	(1,991,912)	**581,408**	(24,547,427)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of share capital	**2,678,191**	-	**2,678,191**	-
Repayment of short term borrowings	**-**	(6,380,984)	**-**	-
Payment of finance lease liabilities	**(141,795)**	(125,882)	**-**	-
Net cash from/(used in) financing activities	**2,536,396**	(6,506,866)	**2,678,191**	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	**6,493,921**	3,463,170	**2,953,332**	14,412
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**505,809**	20,244	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING	**8,382,388**	4,898,974	**580,845**	566,433
CASH AND CASH EQUIVALENTS AT END	**15,382,118**	8,382,388	**3,534,177**	580,845
*** Development expenditure paid**				
Addition to development expenditure (Note 6.2)	**504,098**	1,045,773	**-**	-
Less: Depreciation capitalised	**-**	(15,183)	**-**	-
	504,098	1,030,590	**-**	-

The notes set out on pages 44 to 93 form an integral part of these financial statements.

1. CORPORATE INFORMATION

General

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 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Penang.

The principal place of business of the Company is located at Plot 18 & 19, Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 April 2016.

Principal Activities

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year unless as otherwise stated in Note 5 to the financial statements.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

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

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

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

2.2 **Basis of Measurement (cont'd)**

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

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

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

2.3 **Functional and Presentation Currency**

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

2.4 **Adoption of New MFRS, Amendments/Improvements to MFRS, IC Interpretations ("IC Int") and Amendments to IC Int**

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial period except for the adoption of the following Standards that are mandatory for the current financial year:

Amendments to MFRSs effective 1 July 2014

Amendments to MFRS 119	*Defined Benefit Plans: Employee Contributions*
Amendments to MFRSs	*Annual improvements to MFRSs 2010-2012 Cycle*
Amendments to MFRSs	*Annual improvements to MFRSs 2011-2013 Cycle*

Initial application of the above standards did not have any material impact to the financial statements of the Group and of the Company.

2.5 **Standards Issued But Not Yet Effective**

The Group and the Company have not applied the following Standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Effective for annual periods beginning on or after 1 January 2016

MFRS 14	*Regulatory Deferral Accounts*
Amendments to MFRS 10, MFRS 12 and MFRS 128	*Investment Entities: Applying the Consolidation Exception*
Amendments to MFRS 10 and MFRS 128	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to MFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to MFRS 101	*Disclosure Initiative*
Amendments to MFRS 116 and MFRS 138	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to MFRS 116 and MFRS 141	*Agriculture: Bearer Plants*
Amendments to MFRS 127	*Equity Method in Separate Financial Statements*
Amendments to MFRS	*Annual Improvements to MFRS 2012–2014 Cycle*

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

2.5 **Standards Issued But Not Yet Effective (cont'd)**

Effective for annual periods beginning on or after 1 January 2018

MFRS 9	*Financial Instruments (IFRS 9 issued by IASB in July 2014)*
MFRS 15	*Revenue from Contracts with Customers*
Amendments to MFRS 7	*Mandatory Date of MFRS 9 and Transition Disclosures*

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption except as mentioned below:

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in *MFRS 139*, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of *MFRS 9*, financial assets will be measured at either fair value or amortised cost.

The adoption of *MFRS 9* will result in a change in accounting policy and is expected to affect the measurement of its other investments which is presently categorised as available-for-sale financial asset.

MFRS 15 Revenue from Contracts with Customers

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

The adoption of *MFRS 15* will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting *MFRS 15*.

2.6 **Significant Accounting Estimates and Judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements, other than the following:

Classification of leasehold land

In applying the classification of leases in *MFRS 117*, management considers the leases of leasehold land as finance lease arrangements. The lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership, in accordance with *MFRS 117 Leases*.

2.6.2 Key sources of estimation uncertainty

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

(i) **Useful lives of depreciable assets**

Machineries and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates that the useful life of the machineries and equipment to be between 3 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of machineries and equipment. Therefore the future depreciation charges could be revised.

(ii) **Impairment of property, plant and equipment and intangible assets**

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying amount of the property, plant and equipment and intangible assets do not exceed their recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from the cash generating units to which the assets belongs. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate, product life cycle and discount rate.

(iii) **Deferred tax assets**

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

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

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.2 Key sources of estimation uncertainty (cont'd)

(iv) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

(v) Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimate is made. Possible changes in these estimates could result in revisions to the valuations of inventories.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

3.1 Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

Upon disposal of investment in subsidiaries, the difference between the net disposal proceeds and their carrying amount is included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of Consolidation (cont'd)

(ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed

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

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserve.

(iv) Loss of control

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

(v) Non-controlling interests

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

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of Consolidation (cont'd)

(vi) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with associate are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Property, Plant and Equipment

Property, plant and equipment are initially stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Leasehold land and buildings erected on leasehold land are depreciated on a straight line basis over the lease period of the land of 60 years. Depreciation on other property, plant and equipment is calculated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Machineries and equipment	10% - 33.33%
Furniture, fittings and office equipment	10% - 18%
Computers	20% - 50%
Electrical installation	10%
Motor vehicles	18% - 20%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The residual value, useful life 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.

Fully depreciated items of property, plant and equipment are retained in the accounts until the item are no longer in use.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

3.3 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Leases (cont'd)

Finance lease

A finance lease which includes hire purchase arrangement, is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Title may or may not eventually be transferred.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold land and land use right which in substance is a finance lease is classified as property, plant and equipment.

Operating Leases

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

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

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

3.4 Intangible Assets

Project Management Right

The project management right was identified as an identifiable intangible asset acquired through a business combination. The project management right entails the Group to manage the construction of a phase of a property development project in Malaysia and in return will receive project management fee and share of profit generated by the developer from the project.

The project management right is measured at fair value on initial recognition at acquisition date. Following initial recognition, the project management right is carried at cost less accumulated amortisation and accumulated impairment losses.

The useful life of the project management right is assessed to be finite and amortised on a straight-line basis over the estimated economic useful life of the asset. The amortisation expense is recognised in the profit or loss.

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

3.4 **Intangible Assets (cont'd)**

The amortisation period and method are reviewed at the end of each reporting period to ensure that the expected useful lives of the assets are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of intangible assets. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates being accounted on a prospective basis.

Research and Development

Research expenditure on internal projects is recognised as an expense when it is incurred.

Expenditure incurred on projects to develop new products is capitalised as development costs and deferred only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are recognised in profit or loss as incurred.

Capitalised development costs comprise direct attributable costs incurred for development. Capitalised development costs, considered to have finite useful lives, are stated at cost less accumulated amortisation and any accumulated impairment losses. Development costs are amortised using the straight-line basis over the commercial lives of the underlying products from the commencement of the commercialisation of the products.

The amortisation period and method are reviewed at the end of each reporting period to ensure that the expected useful lives of the assets are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of intangible assets.

Computer software

The cost of computer software licences are capitalised as an intangible asset. Costs include their purchase prices and any directly attributable costs of preparing the assets for their intended use. These costs are amortised on a straight line basis over the period the asset is expected to generate economic benefits.

Cost associated with developing computer software programs that will generate probable future economic benefits from the use thereof are recognised as intangible assets. Costs comprised all directly attributable development costs including an appropriate portion of relevant overheads. Computer software development cost is amortised when the asset is available for use over the period the asset is expected to generate economic benefits.

3.5 **Impairment of Non-Financial Assets**

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired. For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

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

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.6 **Inventories**

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

Costs of all inventories are determined on the first-in, first-out basis.

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes direct labour and attributable production overheads.

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.

3.7 **Financial Instruments**

3.7.1 **Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(i) **Loans and receivables**

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

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

(ii) **Available-for-sale financial assets**

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Financial liabilities are classified as current liabilities, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

3.7.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

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

3.7 **Financial Instruments (cont'd)**

3.7.4 **Derivative financial instruments**

The Group enters into derivative financial instruments such as foreign currency forward contracts to manage its exposure to foreign currency risks.

Derivatives are initially recognised at fair value at the date the derivative contract is entered and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group has not designated any derivatives as hedging instruments.

3.7.5 **Derecognition**

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

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

3.7.6 **Offsetting of financial instruments**

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

3.8 **Impairment of Financial Assets**

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

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

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

3.10 Government Grants

Government grants, including non-monetary grants, shall not be recognised until there is reasonable assurance attaching to the grants will be complied with and the grants will be received.

Grants related to assets are set up as deferred income and recognised as income on a systematic basis over the estimated useful lives of the assets. Grants related to expenses are recognised as income in the period the grants become receivable. Grants related to future costs are deferred and recognised in the profit or loss in the same period as the related costs.

3.11 Provision for Liabilities and Warranty Costs

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for warranty costs is made in respect of goods sold and still under warranty at the end of the reporting period based on the terms of warranty and historical claim experience.

3.12 Income Recognition

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

Sale of goods

Revenue from sales of goods is recognised upon transfer of risks and rewards of ownership to the buyer of the goods, based on invoiced value, net of discounts and returns.

Revenue from rendering of services

Revenue from consulting is recognised when the services are provided by reference to the stage of completion of the contract at the end of the reporting period. The stage of completion is assessed by management by taking into consideration all information available at the end of the reporting period. In this process, management considers milestone, actual work performed and the estimated costs to complete the work. Where the contact outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

Project management fee

Project management fee is recognised based on the stage of completion by reference to surveys of work performed.

Dividend income

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

Interest income

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

3.14 Employee Benefits

Short term benefits

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

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

3.15 Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available to set-off against the unutilised tax incentive.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Goods and Services Tax

Goods and Services Tax ("GST") is a consumption tax based on the value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input tax that a company pays on business purchases is offset against output tax.

Revenue, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with GST inclusive.

The net GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.17 Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income.

3.18 Share Capital

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 equity instruments.

Share capital represents the nominal value of shares that have been issued. Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of unappropriated profits and recognised as a liability in the period in which they are declared.

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

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

3.19 **Segment Reporting**

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

3.20 **Contingencies**

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

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

3.21 **Related Parties**

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

(a) A person or a close member of that person's family is related to the Company if that person :
   (i) Has control or joint control over the Company;
   (ii) Has significant influence over the Company; or
   (iii) Is a member of the key management personnel of the ultimate holding company of the Company, or the Company.

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

   (i) The entity and the Company are members of the same group.
   (ii) One entity is an associate or joint venture of the other entity.
   (iii) Both entities are joint ventures of the same third party.
   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   (v) The entity is a post-employment benefit plan for the benefits of employees of either the Company or an entity related to the Company.
   (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
   (vii) A person identified in (a)(i) above has significant influence over the Company or is a member of the key management personnel of the ultimate holding company or the Company.

4. **PROPERTY, PLANT AND EQUIPMENT**

GROUP

	Leasehold land RM	Buildings on leasehold land RM	Machineries and equipment RM	Furniture, fittings and office equipment RM	Computers RM	Electrical installation RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
2015									
At cost									
Balance at beginning	**3,689,959**	**43,093,476**	**15,565,171**	**3,565,262**	**1,864,008**	**2,325,464**	**3,118,253**	**-**	**73,221,593**
Acquisition of a subsidiary	**-**	**-**	**-**	**4,815**	**4,968**	**-**	**230,400**	**-**	**240,183**
Additions	**-**	**497,185**	**889,870**	**170,519**	**311,275**	**-**	**208,257**	**1,003,098**	**3,080,204**
Disposals	**-**	**-**	**(52,310)**	**(388,406)**	**-**	**-**	**(609,955)**	**-**	**(1,050,671)**
Disposal of subsidiaries	**-**	**-**	**(10,419)**	**(1,145,985)**	**(4,954)**	**-**	**-**	**-**	**(1,161,358)**
Written off	**-**	**-**	**(931,036)**	**(166,428)**	**(234,356)**	**-**	**-**	**-**	**(1,331,820)**
Balance at end	**3,689,959**	**43,590,661**	**15,461,276**	**2,039,777**	**1,940,941**	**2,325,464**	**2,946,955**	**1,003,098**	**72,998,131**
Accumulated depreciation									
Balance at beginning	**817,429**	**7,910,540**	**13,029,554**	**3,300,721**	**1,691,090**	**1,874,642**	**2,778,348**	**-**	**31,402,324**
Current charge	**61,499**	**769,180**	**1,122,436**	**112,718**	**125,325**	**228,859**	**171,192**	**-**	**2,591,209**
Disposals	**-**	**-**	**(37,975)**	**(293,260)**	**-**	**-**	**(346,535)**	**-**	**(677,770)**
Disposal of subsidiaries	**-**	**-**	**(883)**	**(1,040,433)**	**(3,578)**	**-**	**-**	**-**	**(1,044,894)**
Written off	**-**	**-**	**(922,142)**	**(158,763)**	**(234,315)**	**-**	**-**	**-**	**(1,315,220)**
Balance at end	**878,928**	**8,679,720**	**13,190,990**	**1,920,983**	**1,578,522**	**2,103,501**	**2,603,005**	**-**	**30,955,649**
Carrying amount	**2,811,031**	**34,910,941**	**2,270,286**	**118,794**	**362,419**	**221,963**	**343,950**	**1,003,098**	**42,042,482**
2014									
At cost									
Balance at beginning	3,689,959	43,072,376	16,226,214	3,550,912	1,724,499	2,325,464	3,118,253	-	73,707,677
Additions	-	21,100	233,406	14,350	139,509	-	-	-	408,365
Disposals	-	-	(894,449)	-	-	-	-	-	(894,449)
Balance at end	3,689,959	43,093,476	15,565,171	3,565,262	1,864,008	2,325,464	3,118,253	-	73,221,593
Accumulated depreciation									
Balance at beginning	755,931	7,143,741	12,441,954	3,088,995	1,643,925	1,643,451	2,676,381	-	29,394,378
Current charge	61,498	766,799	1,201,040	211,726	47,165	231,191	101,967	-	2,621,386
Disposals	-	-	(613,440)	-	-	-	-	-	(613,440)
Balance at end	817,429	7,910,540	13,029,554	3,300,721	1,691,090	1,874,642	2,778,348	-	31,402,324
Carrying amount	2,872,530	35,182,936	2,535,617	264,541	172,918	450,822	339,905	-	41,819,269

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

COMPANY

	Computers RM	Motor vehicles RM	Total RM
2015			
At cost			
Balance at beginning	**17,201**	**73,665**	**90,866**
Written off	**(1,414)**	**-**	**(1,414)**
Balance at end	**15,787**	**73,665**	**89,452**
Accumulated depreciation			
Balance at beginning	**15,041**	**73,663**	**88,704**
Current charge	**630**	**-**	**630**
Written off	**(1,413)**	**-**	**(1,413)**
Balance at end	**14,258**	**73,663**	**87,921**
Carrying amount	**1,529**	**2**	**1,531**
2014			
At cost	17,201	73,665	90,866
Accumulated depreciation			
Balance at beginning	14,411	73,663	88,074
Current charge	630	-	630
Balance at end	15,041	73,663	88,704
Carrying amount	2,160	2	2,162

(i) The carrying amount of property, plant and equipment pledged as securities for banking facilities granted to the Group is as follows:

	GROUP	
	2015 RM	2014 RM
Trade financing facilities:		
Leasehold land	**-**	2,872,530
Buildings on leasehold land	**-**	35,182,936
	-	38,055,466

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

(ii) The carrying amount of property, plant and equipment acquired under finance lease is as follows:

	GROUP	
	2015	2014
	RM	RM
Motor vehicles	**172,800**	339,891

(iii) The allocation of the current depreciation charge is as follows :-

	GROUP	
	2015	2014
	RM	RM
Capitalised under development expenditure	**-**	15,183
Charged to profit or loss	**2,591,209**	2,606,203
	2,591,209	2,621,386

5. **INVESTMENT IN SUBSIDIARIES**

	COMPANY	
	2015	2014
	RM	RM
Unquoted shares, at cost		
Balance at beginning	**53,533,006**	28,983,006
Additions	**5,780,000**	24,550,000
Disposal	**(30,839,185)**	-
	28,473,821	53,533,006
Less: Accumulated impairment loss Balance at beginning	**(17,221,284)**	(12,869,613)
Additions	**-**	(4,351,671)
Disposal	**16,721,285**	-
	(499,999)	(17,221,284)
	27,973,822	36,311,722

5. **INVESTMENT IN SUBSIDIARIES (CONT'D)**

(i) Details of the subsidiaries which are all incorporated in Malaysia except otherwise indicated, are as follows:

Name of Company	Effective Equity Interest 2015	Effective Equity Interest 2014	Principal Activities
Direct			
Pentamaster Technology (M) Sdn. Bhd.	**100%**	100%	Design, assembly, installation of computerised automation systems and equipment.
Pentamaster Engineering (M) Sdn. Bhd. (iii)	**Nil**	100%	Disposed of during the year.
Pentamaster Smart Solution Sdn. Bhd. (formerly known as Pentamaster Information Technology Sdn. Bhd.) *	**100%**	100%	Designing and manufacturing of smart control solution systems.
Pentamaster Automation Engineering (Shanghai) Co. Ltd (Incorporated in the People's Republic of China) #	**Nil**	100%	Wound up during the year.
Pentamaster Solutions Sdn. Bhd. (iii)	**Nil**	100%	Disposed of during the year.
Pentamaster Instrumentation Sdn. Bhd.	**60%**	60%	Designing and manufacturing of automated testing equipment and test and measurement system.
Pentamaster Equipment Manufacturing Sdn. Bhd.	**100%**	100%	Equipment design and manufacturing services and manufacturing of high precision machine parts.
Origo Ventures (M) Sdn. Bhd. (ii)	**100%**	-	Property project management activities.

* *Changed principal activities during the year. Previously involved in the development, implementation, maintenance and support and providing training of information technology system to manufacturing industry.*

\# *Voluntary wound-up on 13 February 2015. The closure did not have significant financial and operation impact to the Group.*

5. **INVESTMENT IN SUBSIDIARIES (CONT'D)**

(ii) **Acquisition of subsidiary**

On 30 September 2015, the Company completed the acquisition of 2 ordinary shares of RM1 each in Origo Ventures (M) Sdn. Bhd. ("OVSB"), representing 100% of the issued and paid-up share capital of OVSB for a cash consideration of RM5,780,000 making OVSB a wholly owned subsidiary of the Company.

The fair value of OVSB's identifiable assets acquired and liabilities assumed on acquisition date are as follows:-

	Fair value RM	Carrying amount RM
Assets		
Project management right	9,000,000	-
Property, plant and equipment	240,183	240,183
Receivables	2,468,669	2,468,669
Cash in hand	1,072	1,072
	11,709,924	2,709,924
Liabilities		
Payables	3,138,523	3,138,523
Borrowings	195,994	195,994
	3,334,517	3,334,517
Net tangible assets/(liabilities)	8,375,407	(624,593)

Net cash outflow arising from acquisition of a subsidiary

	RM
Purchase consideration settled in cash	5,780,000
Less: Cash in hand	(1,072)
	5,778,928

Bargain purchase arising from acquisition:

	RM
Total cash consideration transferred	5,780,000
Fair value of net identifiable assets and liabilities	8,375,407
Bargain purchase recognised in profit and loss	2,595,407

Acquisition-related costs

The Group incurred acquisition-related costs amounting to RM30,000 in relation to external fee paid to professional valuers. The expenses have been included in other operating expenses in the profit or loss.

5. **INVESTMENT IN SUBSIDIARIES (CONT'D)**

(ii) **Acquisition of subsidiary (cont'd)**

Impact of the acquisition on the consolidated statement of comprehensive income

From the date of acquisition, OVSB has contributed RM2,830,189 and RM2,033,857 to the Group's revenue and profit for the year respectively. If the business combination had taken place at the beginning of the financial year, the Group's revenue and profit for the year would have been increased by RM2,830,189 and RM1,667,287 respectively.

(iii) **Disposal of subsidiaries**

On 23 July 2015, the Company disposed of its entire equity interest in Pentamaster Engineering (M) Sdn. Bhd. and Pentamaster Solutions Sdn. Bhd. to GEMS-Asia Emerging Technology Fund LP for a total cash consideration of RM5,000,000.

The effects of the disposal of both entities on the financial position of the Group as at the date of disposal are as follows:-

	RM
Property, plant and equipment	**116,464**
Intangible assets	**819,853**
Deferred tax assets	**650,000**
Inventories	**2,794,290**
Trade and other receivables	**8,766,072**
Cash and bank balances	**1,189,409**
Trade and other payables	**(9,118,946)**
Net assets	**5,217,142**
Loss on disposal of subsidiaries	**(217,142)**
Proceeds from disposal of subsidiaries	**5,000,000**
Less: Cash and cash balances disposed	**(1,189,409)**
Net cash inflows from disposal of subsidiaries	**3,810,591**

5. **INVESTMENT IN SUBSIDIARIES (CONT'D)**

(iv) Non-controlling interests in a subsidiary

The Group's subsidiary that has material non-controlling interest ("NCI") is as follows:

	Pentamaster Instrumentation Sdn. Bhd. 2015 RM	2014 RM
NCI percentage of ownership interest and voting interest	**40%**	40%
Carrying amount of NCI	**1,821,385**	1,484,051
Profit allocated to NCI	**337,334**	1,511,510
Summarised financial information before intra-group elimination		
As at 31 December		
Non-current assets	**491,043**	2,326,484
Current assets	**5,310,322**	4,085,502
Non-current liabilities	**(230,309)**	(1,697,846)
Current liabilities	**(1,017,618)**	(1,004,038)
Net assets	**4,553,438**	3,710,102
Year ended 31 December		
Revenue	**6,095,559**	10,275,315
Profit for the year, representing total comprehensive income for the financial year	**843,336**	3,778,775
Summary of cash flows for the financial year ended 31 December		
Net cash from/(used in) operating activities	**1,133,585**	(383,553)
Net cash from investing activities	**1,019,402**	-
Net cash used in financing activities	**(205,050)**	-
Net cash inflow/(outflow) for the financial year	**1,947,937**	(383,553)

6. **INTANGIBLE ASSETS**

	GROUP 2015 RM	2014 RM
Project management right (Note 6.1)	**8,496,000**	-
Development expenditure (Note 6.2)	**1,726,660**	2,899,096
Computer software acquired (Note 6.3)	**633,480**	911,884
	10,856,140	3,810,980

6. **INTANGIBLE ASSETS (CONT'D)**

6.1 **Project management right**

	GROUP	
	2015	2014
	RM	RM
At cost		
Arising from acquisition of a subsidiary	**9,000,000**	-
Accumulated Amortisation		
Current year	**504,000**	-
Carrying amount	**8,496,000**	-

The project management right entails the Group to manage the construction of a phase of a property development project and is amortised over the construction period of the property which is estimated to complete by 31 December 2016.

6.2 **Development expenditure**

	GROUP	
	2015	2014
	RM	RM
At cost		
Balance at beginning	**22,399,060**	21,353,287
Additions	**504,098**	1,045,773
Disposal of subsidiaries	**(2,809,969)**	-
Balance at end	**20,093,189**	22,399,060
Accumulated Amortisation		
Balance at beginning	**15,909,964**	14,981,528
Current year	**856,681**	928,436
Disposal of subsidiaries	**(1,990,116)**	-
Balance at end	**14,776,529**	15,909,964
Impairment loss	**3,590,000**	3,590,000
Carrying amount	**1,726,660**	2,899,096

Development expenditure relates to development of test and measurement instruments and test handler and solutions. Development expenditure is amortised over the estimated commercial life of 5 years. Amortisation commences upon commercialisation of the respective products developed.

6. **INTANGIBLE ASSETS (CONT'D)**

6.3 **Computer software acquired**

	GROUP	
	2015	2014
	RM	RM
At cost		
Balance at beginning	**2,582,062**	1,895,702
Additions	**205,943**	686,360
Written off	**(198,052)**	-
Balance at end	**2,589,953**	2,582,062
Accumulated amortisation		
Balance at beginning	**1,670,178**	1,277,278
Current year	**484,337**	392,900
Written off	**(198,042)**	-
Balance at end	**1,956,473**	1,670,178
Carrying amount	**633,480**	911,884

The cost of computer software comprised the cost of acquisition of software and all directly attributable costs of preparing the assets for their intended use and are amortised on a straight line basis over the estimated life of 2 to 3 years. The amount amortised is charged to profit or loss of the Group under administrative expenses.

7. **DEFERRED TAX ASSETS/LIABILITIES**

	GROUP	
	2015	2014
	RM	RM
Deferred tax assets:		
Balance at beginning	**650,000**	-
Recognised in profit or loss	**-**	650,000
Disposal of subsidiaries	**(650,000)**	-
Balance at end	**-**	650,000
Deferred tax liabilities:		
Balance at beginning	**2,050,000**	720,000
Recognised in profit or loss	**394,400**	1,410,000
Under/(Over) provision in prior year	**60,600**	(80,000)
Balance at end	**2,505,000**	2,050,000

7. **DEFERRED TAX ASSETS/LIABILITIES (CONT'D)**

Deferred tax assets and liabilities are attributable to the following:

	GROUP	
	2015	2014
	RM	RM
Assets		
Unabsorbed tax losses	**-**	650,000
Unabsorbed reinvestment allowance	**-**	210,000
	-	860,000
Set-off of tax	**-**	(210,000)
Net tax assets	**-**	650,000
Liabilities		
Property, plant and equipment	**(2,213,000)**	(2,050,000)
Others	**(292,000)**	(210,000)
	(2,505,000)	(2,260,000)
Set-off of tax	**-**	210,000
Net tax liabilities	**(2,505,000)**	(2,050,000)

8. **INVENTORIES**

	GROUP	
	2015	2014
	RM	RM
Raw materials	**309,126**	857,176
Work-in-progress	**5,769,041**	9,471,206
Finished goods	**465,182**	776,819
	6,543,349	11,105,201
Recognised in profit or loss:		
Inventories recognised as cost of sales	**58,906,154**	60,322,635
Write-down to net realisable value		
- Addition	**298,804**	-
- Reversal	**(11,079)**	(668,379)
Written off	**-**	154,640

The reversal of inventories written down was made due to the related inventories were sold above their carrying amount.

9. **TRADE RECEIVABLES**

	GROUP	
	2015	2014
	RM	RM
Trade receivables	**16,278,626**	24,405,023
Less: Allowance for impairment loss		
Balance at beginning	**(4,281,481)**	(3,613,896)
Current year	**(372,997)**	(977,600)
Disposal of subsidiaries	**2,864,361**	-
Reversal due to recovery	**36,000**	101,001
Written off	**1,381,120**	209,014
Balance at end	**(372,997)**	(4,281,481)
	15,905,629	20,123,542

(i) The normal credit terms granted to trade receivables range from **30 to 90** days (2014: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(ii) Included in trade receivables is the following item:

	2015	2014
	RM	RM
Amount due from a company in which a former director of the Company has substantial interest	**-**	977,600
Less: Allowance for impairment loss	**-**	(977,600)
	-	-

(iii) The currency profile of trade receivables balances is as follows:

	2015	2014
	RM	RM
Analysis by currencies:		
Ringgit Malaysia	**8,501,018**	7,823,751
US Dollar	**7,097,557**	10,806,333
Singapore Dollar	**286,794**	1,493,155
Euro	**20,260**	303
	15,905,629	20,123,542

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Other receivables	**4,356,395**	260,520	**2,258,821**	-
Refundable deposits	**405,993**	617,110	**3,900**	3,400
Non-refundable deposits	**226,722**	1,410,336	**3,000**	-
Prepayments	**308,231**	300,765	**27,223**	28,247
GST claimable	**521,415**	-	**-**	-
	5,818,756	2,588,731	**2,292,944**	31,647

Non-refundable deposits are mainly deposits paid to suppliers for supply of raw materials.

11. AMOUNT DUE FROM SUBSIDIARIES

	COMPANY	
	2015	2014
	RM	RM
Amount due from subsidiaries	**8,683,287**	11,798,146
Less: Allowance for impairment loss		
Balance at beginning	**-**	2,472
Written off	**-**	(2,472)
Balance at end	-	-
	8,683,287	11,798,146

The amount due from subsidiaries is non-trade related, unsecured, non-interest bearing and is repayable on demand.

12. OTHER INVESTMENTS

	GROUP AND COMPANY	
	2015	2014
	RM	RM
Available-for-sale financial assets:		
Current		
- Unquoted bonds in Malaysia, at cost	**3,500,000**	3,500,000
Less: Impairment loss	**(3,500,000)**	(3,500,000)
	-	-
- Unquoted shares outside Malaysia, at cost	**1,359,900**	1,359,900
Less: Disposed during the year	**(1,359,900)**	-
	-	1,359,900
	-	1,359,900

Unquoted bonds comprise subordinated bonds with variable coupon rates. These bonds had an original tenure of five years, which expired on 10 October 2011. The tenure of the bonds has been extended for a 12 months period annually since then, with the latest extended tenure to expire on 10 October 2016.

13. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	GROUP	
	2015	2014
	RM	RM
Derivatives at fair value through profit or loss		
- Foreign currency forward contracts		
Notional value of contracts	**9,819,900**	23,496,854
Assets	**5,900**	-
Liabilities	**(198,960)**	(1,305,875)

The Group enters into forward exchange contracts to manage its exposure to sales and purchases transactions that are denominated in foreign currencies. Forward exchange contracts are recognised as derivatives, categorised as fair value through profit or loss and are measured at their fair values with gains or losses recognised in the profit or loss. The forward exchange contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure. Such derivatives do not qualify for hedge accounting.

14. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Cash and bank balances	**11,956,800**	8,378,388	**3,534,177**	580,845
Short term investments	**3,425,318**	4,000	**-**	-
	15,382,118	8,382,388	**3,534,177**	580,845

(i) The effective interest rate for the short-term investment is **3.58%** (2014: 3.23%) per annum and can be redeemed at any time upon notice given to the financial institution.

(ii) The currency profile of cash and cash equivalents is as follows:

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Ringgit Malaysia	**11,176,604**	7,062,543	**3,534,177**	580,845
US Dollar	**4,021,690**	1,087,313	**-**	-
Singapore Dollar	**17,356**	198,875	**-**	-
Euro	**25,225**	13,380	**-**	-
Chinese Renminbi	**63,546**	11,772	**-**	-
Others	**77,697**	8,505	**-**	-
	15,382,118	8,382,388	**3,534,177**	580,845

15. SHARE CAPITAL

	Number of ordinary shares of RM0.50 each		Amount	
	2015	2014	**2015**	2014
			RM	RM
Authorised:	**200,000,000**	200,000,000	**100,000,000**	100,000,000
Issued and fully paid:				
Balance at beginning	**133,243,050**	133,243,050	**66,621,525**	66,621,525
Cash allotment	**3,997,300**	-	**1,998,650**	-
Balance at end	**137,240,350**	133,243,050	**68,620,175**	66,621,525

During the financial year, the issued and paid-up ordinary share capital was increased from RM66,621,525 to RM68,620,175 by way of issuance of 3,997,300 new ordinary shares of RM0.50 each at an issue price of RM0.67 per ordinary share pursuant to a private placement exercise undertaken (refer to Note 34 to the financial statements).

16. SHARE PREMIUM

	GROUP AND COMPANY	
	2015	2014
	RM	RM
Balance at beginning	**4,865,159**	4,865,159
Premium arising from placement shares (Note 15)	**679,541**	-
Balance at end	**5,544,700**	4,865,159

17. EXCHANGE TRANSLATION RESERVE

This was in respect of foreign exchange differences on translation of the financial statements of the Group's foreign subsidiary.

18. FINANCE LEASE LIABILITIES

	GROUP	
	2015	2014
	RM	RM
Minimum payments:		
Within one year	**109,182**	137,424
More than one year and less than two years	**51,936**	57,246
More than two years and less than five years	**99,525**	-
Balance carried forward	**260,643**	194,670

18. **FINANCE LEASE LIABILITIES(CONT'D)**

	GROUP	
	2015	2014
	RM	RM
Balance brought forward	**260,643**	194,670
Future finance charges	**(18,036)**	(6,262)
Carrying amount at end	**242,607**	188,408
Analysed as:		
Non-current liabilities	**141,388**	56,632
Current liabilities	**101,219**	131,776
Carrying amount at end	**242,607**	188,408

The effective interest rate of the finance lease liabilities is **4.49% to 4.81%** (2014: 4.49%) per annum and is secured over the leased assets.

19. **DEFERRED INCOME**

	GROUP	
	2015	2014
	RM	RM
Balance at beginning	**1,949,568**	2,381,680
Received during the year	**-**	402,500
Released to profit or loss	**(818,871)**	(834,612)
Balance at end	**1,130,697**	1,949,568

Deferred income represents government grants received by certain subsidiaries for reimbursements of development expenditure and capital expenditure on modernisation of specified machineries and equipment. Deferred income are released to profit or loss over the periods to match the related cost which the grants are intended to compensate, on a systematic basis.

20. **TRADE PAYABLES**

The currency profile of trade payables balances is as follows:

	GROUP	
	2015	2014
	RM	RM
Analysis by currencies:		
Ringgit Malaysia	**3,904,920**	9,347,678
US Dollar	**594,177**	120,878
Singapore Dollar	**21,381**	130,545
Euro	**-**	1,465
	4,520,478	9,600,566

The normal credit terms of trade payables range from 30 to 120 days.

21. OTHER PAYABLES, ACCRUALS AND PROVISION

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Other payables	**3,496,388**	693,441	**14,356**	14,356
Deposits received	**149,754**	4,756,282	**-**	-
Accruals	**5,229,198**	6,031,309	**894,071**	921,591
Provision for warranty	**37,000**	127,000	**-**	-
GST payable	**257,618**	-	**43,044**	-
	9,169,958	11,608,032	**951,471**	935,947

22. REVENUE

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Invoiced value of goods sold less returns and discounts	**77,901,909**	80,405,631	**-**	-
Services rendered	**5,432,939**	641,552	**-**	-
Management fee	**269,000**	-	**3,833,000**	3,265,000
	83,603,848	81,047,183	**3,833,000**	3,265,000

23. PROFIT/(LOSS) BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
After charging:				
Amortisation of intangible assets:				
- computer software	**484,337**	392,900	**-**	-
- development expenditure	**856,681**	928,436	**-**	-
- project management right	**504,000**	-	**-**	-
Auditors' remuneration				
- statutory audit	**102,558**	86,000	**31,000**	24,000
- other services	**6,000**	3,000	**6,000**	3,000
Bad debts	**5,865**	-	**-**	-
Depreciation	**2,591,209**	2,606,203	**630**	630
Directors' fees				
- executive directors	**72,000**	34,000	**72,000**	34,000
- non-executive director	**144,000**	174,000	**144,000**	174,000
- past director	**12,000**	-	**12,000**	-
Impairment loss on receivables	**372,997**	977,600	**-**	-

23. **PROFIT/(LOSS) BEFORE TAXATION (CONT'D)**

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Impairment loss on investment in a subsidiary	**-**	-	**-**	4,351,671
Intangible assets written off	**10**	-	**-**	-
Interest expense	**9,786**	258,077	**-**	-
Inventories written down to net realisable value				
- addition	**298,804**	-	**-**	-
- reversal	**(11,079)**	(668,379)	**-**	-
Inventories written off	**-**	154,640	**-**	-
Loss from changes in fair value of foreign currency forward contracts	**-**	1,141,413	**-**	-
Loss on disposal of other investment	**24,298**	-	**24,298**	-
Loss on disposal of investment in subsidiaries	**217,142**	-	**9,117,900**	-
Loss on disposal of property, plant and equipment	**89,418**	-	**-**	-
Net loss on foreign exchange				
-realised	**117,990**	-	**-**	-
Property, plant and equipment written off	**16,600**	-	**-**	-
Provision for warranty				
- current year	**17,000**	127,000	**-**	-
- reversal	**(92,000)**	-	**-**	-
Rental of hostel	**117,369**	137,159	**-**	-
Rental of office	**25,285**	24,326	**18,000**	18,000
Rental of plant and equipment	**11,460**	6,600	**6,960**	4,800
Rental of premises	**-**	-	**213,546**	133,776
* Staff cost	**22,381,233**	18,614,390	**5,338,763**	3,517,132
And crediting:				
Gain from bargain purchase of a subsidiary	**2,595,407**	-	**-**	-
Deferred income released	**818,871**	834,612	**-**	-
Gain on disposal of property, plant and equipment	**47,497**	33,992	**-**	-
Gain from changes in fair value of foreign currency forward contracts	**1,112,815**	-	**-**	-
Interest income	**163,057**	78,486	**25,806**	2,573
Net gain on foreign exchange				
- realised	**-**	398,901	**-**	-
- unrealised	**796,130**	499,995	**-**	-
Reversal of impairment loss on receivables	**36,000**	101,001	**-**	-

* Staff costs are analysed as follows:				
- Salaries, allowances, commission and bonus	**19,848,496**	16,544,905	**4,760,679**	3,130,948
- EPF	**2,318,381**	1,889,228	**568,219**	376,887
- SOCSO	**214,356**	180,257	**9,865**	9,297
	22,381,233	18,614,390	**5,338,763**	3,517,132

23. **PROFIT/(LOSS) BEFORE TAXATION (CONT'D)**

Directors' emoluments

Included in the Group's staff costs are Directors' emoluments as shown below:

	GROUP		COMPANY	
	2015 RM	2014 RM	**2015 RM**	2014 RM
Directors of the Company:				
Executive:				
- Salaries, allowances and bonus	**2,534,170**	1,597,933	**1,629,976**	1,597,933
- EPF	**304,118**	191,783	**195,610**	191,783
	2,838,288	1,789,716	**1,825,586**	1,789,716
- Benefit-in-kind	**15,628**	19,500	**15,628**	19,500
Non-Executive:	**2,853,916**	1,809,216	**1,841,214**	1,809,216
- Salaries and allowances	**17,500**	9,500	**17,500**	9,500
	2,871,416	1,818,716	**1,858,714**	1,818,716

24. **TAXATION**

	GROUP		COMPANY	
	2015 RM	2014 RM	**2015 RM**	2014 RM
Malaysian income tax:				
Based on results for the financial year				
- Current tax	**(1,948,316)**	(645,026)	**-**	-
- Deferred tax				
Relating to origination and reversal of temporary differences	**(394,400)**	(760,000)	**-**	-
	(2,342,716)	(1,405,026)	**-**	-
Over provision in prior year				
- Current tax	**11,465**	16,411	**-**	1,504
- Deferred tax	**(60,600)**	80,000	**-**	-
	(49,135)	96,411	**-**	1,504
	(2,391,851)	(1,308,615)	**-**	1,504

24. **TAXATION (CONT'D)**

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Profit/(Loss) before taxation	**14,682,203**	7,351,467	**(10,292,758)**	(5,630,743)
Income tax at Malaysian statutory tax rate of 25%	**(3,670,551)**	(1,837,867)	**2,573,190**	1,407,686
Income not subject to tax	**1,418,474**	214,382	**600,000**	-
Exempt pioneer income	**384,437**	1,021,609	**-**	-
Expenses not deductible for tax purposes	**(720,252)**	(477,619)	**(2,972,082)**	(1,168,151)
Deferred tax movement not recognised	**(757,910)**	(1,355,358)	**(201,108)**	(239,535)
Tax effects of expenses available for double deduction	**30,187**	46,981	**-**	-
Recognition of previously unrecognised tax losses (i)	**-**	624,000	**-**	-
Utilisation of unabsorbed tax losses and capital allowances	**928,856**	242,846	**-**	-
Tax relief	**25,000**	-	**-**	-
Changes in tax rate (ii)	**19,043**	116,000	**-**	-
	(2,342,716)	(1,405,026)	**-**	-
Over provision in prior year	**(49,135)**	96,411	**-**	1,504
	(2,391,851)	(1,308,615)	**-**	1,504

(i) A subsidiary of the Group had revised its internal profit forecast and projections and estimated that it is probable that future taxable profit will be available to offset against the unabsorbed tax losses. Arising from this, unabsorbed tax losses amounting to RM2,600,000 as at 31 December 2014 is recognised as deferred tax assets as at that date.

(ii) The corporate tax rate will be reduced to 24% from the year of assessment 2016 as announced in the Malaysian Budget 2014. Consequently, deferred tax assets and liabilities are measured using this tax rate.

(iii) Certain subsidiaries of the Group have been granted pioneer status under the Promotion of Investments Act, 1986 by the Malaysian Industrial Development Authority which exempts 100% of statutory income in relation to production of certain products.

(iv) The deferred tax (assets)/liabilities not recognised as at the end of the reporting period prior to set-off are as follows:

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Property, plant and equipment	**125,581**	646,455	**383**	540
Unabsorbed capital allowances	**(5,152,118)**	(458,736)	**(20,429)**	(20,429)
Unabsorbed tax losses	**(2,675,071)**	(14,175,423)	**(1,117,844)**	(917,105)
Others	**(17,007)**	(367,681)	**(3,971)**	(3,759)
	(7,718,615)	(14,355,385)	**(1,141,861)**	(940,753)

24. TAXATION (CONT'D)

(v) The unabsorbed capital allowances and tax losses available to be carried forward for set-off against future assessable income of a nature and amount for the tax credits to be utilised are as follows:

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Unabsorbed capital allowances	**20,608,470**	1,834,944	**81,716**	81,717
Unabsorbed tax losses	**10,700,285**	56,701,692	**4,471,376**	3,668,420
	31,308,755	58,536,636	**4,553,092**	3,750,137

25. EARNINGS PER SHARE

GROUP

(a) **Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	2015	2014
Profit attributable to owners of the Company (RM)	**11,953,018**	4,531,342
Weighted average number of ordinary shares of RM0.50 each	**133,264,953**	133,243,050
Basic earnings per share (sen)	**8.97**	3.40

(b) **Diluted**

There is no dilutive potential ordinary shares outstanding during the current and previous financial year as such no diluted earnings per share information is presented.

26. RELATED PARTY DISCLOSURES

(i) **Identity of related parties**

For the purpose of these financial statements, parties are considered to be related to the Group or to the Company, if the Group or the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making any financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

26. RELATED PARTY DISCLOSURES (CONT'D)

(ii) Related party transaction

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Project management income billed to Maarij Development Sdn. Bhd. ("MDSB")	**2,830,189**	-	**-**	-
Transactions with subsidiaries:				
- Management fee income	**-**	-	**3,564,000**	3,265,000
- Rental expenses	**-**	-	**(213,546)**	(133,776)

MDSB is a company in which a person connected to one of the director of the Company has substantial financial interest.

(iii) Compensation of key management personnel

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly. The remuneration of key management personnel during the financial year is as follows:

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Short term employee benefits	**2,888,324**	1,900,254	**1,647,476**	1,607,433
Post employment benefits:-				
- EPF	**344,449**	226,855	**195,610**	191,783
	3,232,773	2,127,109	**1,843,086**	1,799,216
Analysed as:				
- Directors	**2,855,788**	1,799,216	**1,843,086**	1,799,216
- Other key management personnel	**376,985**	327,893	**-**	-
	3,232,773	2,127,109	**1,843,086**	1,799,216

27. CAPITAL COMMITMENT

	GROUP	
	2015	2014
	RM	RM
Capital commitment		
Contracted but not provided for:		
- Property, plant and equipment	**4,012,392**	-

The capital commitment is in respect of purchase of a piece of industrial leasehold land.

28. CONTINGENT LIABILITIES

	COMPANY	
	2015	2014
	RM	RM
Unsecured		
Corporate guarantee given by the Company for banking facilities extended by financial institutions to certain subsidiaries		
- Limit	**10,500,000**	34,980,000
- Amount utilised	**-**	-

29. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments.

(i) Business segments

The Group has three reportable segments which comprised its major business segments. These business segments are involved in different activities and are managed by segment managers who report directly to Group's chief executive officer. The Group had made changes to the composition of its reportable segments during the financial year to reflect a better overview of the business activities carried out by each reportable segment. Following the changes in the composition of its reportable segments, the comparative segmental information has been restated to reflect the same. The reportable segments are as follows:-

- Automated Equipment
  - Designing, development and manufacturing of standard and non-standard automated equipment.
- Automated Manufacturing Solutions
  - Designing, development and installation of integrated automated manufacturing solutions.
- Smart Control Solution System (*New segment in 2015*)
  - Project management and smart building solutions.

Inter-segment transactions have been accounted for on a basis that is consistent with the Group's accounting policies.

No other operating segments have been aggregated to form the above reportable segments. Investment holding activities are not considered as reporting segment and the related financial information has been included under "Adjustment".

The Group's executive directors monitor the performance of the business segments through regular discussions held with the segment managers and review of internal management reports. The performance of each business segmet is evaluated based on the segment's profit or loss which is measured on a basis not significantly different from the profit or loss included in the consolidated financial statements.

29. SEGMENTAL INFORMATION (CONT'D)

By business segments

	Automated Equipment RM	Automated Manufacturing Solutions RM	Smart Control Solution System RM	Adjustment RM	Note	Total RM
2015						
Revenue						
External customers	51,507,046	28,892,794	2,935,008	269,000		83,603,848
Inter-segment revenue	2,875,218	875,300	350	(3,750,868)	A	-
Total revenue	54,382,264	29,768,094	2,935,358			83,603,848
Results						
Segment results	9,679,586	2,916,461	1,973,570	(40,685)		14,528,932
Interest income	103,847	33,404	-	25,806		163,057
Interest expense	(7,436)	-	(2,350)	-		(9,786)
Profit before taxation	9,775,997	2,949,865	1,971,220	(14,879)		14,682,203
Taxation	(1,868,167)	(3,684)	(520,000)			(2,391,851)
Profit for the year	7,907,830	2,946,181	1,451,220			12,290,352
Assets						
Segment assets	58,649,641	8,221,851	5,707,623	8,593,141		81,172,256
Tax recoverable	-	-	40	148		188
Cash and cash equivalents	8,546,090	2,949,246	352,605	3,534,177		15,382,118
Total assets	67,195,731	11,171,097	6,060,268			96,554,562
Liabilities						
Segment liabilities	15,646,183	5,107,111	3,401,949	(9,135,150)		15,020,093
Borrowings	57,246	-	185,361			242,607
Provision for taxation	415,488	448	520,000			935,936
Deferred tax liabilities	2,505,000	-	-			2,505,000
Total liabilities	18,623,917	5,107,559	4,107,310			18,703,636
Other information						
Additions to non-current assets	3,748,893	1,131,362	9,251,603	(1,101,430)	B	13,030,428
Depreciation and amortisation	3,306,868	564,499	564,230	630		4,436,227
Non-cash items other than depreciation and amortisation	(2,613,767)	(257,708)	-	(1,596,190)	C	(4,467,665)

29. **SEGMENTAL INFORMATION (CONT'D)**

By business segments

	Automated Equipment RM	Automated Manufacturing Solutions RM	Adjustment RM	Note	Total RM
(Restated) 2014					
Revenue					
External customers	56,254,507	24,792,676			81,047,183
Inter-segment revenue	2,102,194	1,038,816	(3,141,010)	A	-
Total revenue	58,356,701	25,831,492			81,047,183
Results					
Segment results	12,206,958	(3,399,260)	(1,276,640)		7,531,058
Interest income	76,185	4,736	(2,435)		78,486
Interest expense	(167,305)	(90,772)	-		(258,077)
Profit before taxation	12,115,838	(3,485,296)	(1,279,075)		7,351,467
Taxation	(1,314,977)	4,858	1,504		(1,308,615)
Profit for the year	10,800,861	(3,480,438)			6,042,852
Assets					
Segment assets	64,557,586	14,878,221	1,371,816		80,807,623
Tax recoverable	520	1,715	530		2,765
Deferred tax assets	650,000	-			650,000
Cash and cash equivalents	6,081,221	1,720,322	580,845		8,382,388
Total assets	71,289,327	16,600,258			89,842,776
Liabilities					
Segment liabilities	14,755,312	8,772,782	935,947		24,464,041
Borrowings	188,408	-			188,408
Provision for taxation	198,314	-			198,314
Deferred tax liabilities	2,050,000	-			2,050,000
Total liabilities	17,192,034	8,772,782			26,900,763
Other information					
Additions to non-current assets	1,916,332	208,983	-	B	2,125,315
Depreciation and amortisation	3,150,029	776,880	630		3,927,539
Non-cash items other than depreciation and amortisation	61,028	183,337	-	C	244,365

29. **SEGMENTAL INFORMATION (CONT'D)**

Notes to segment information:

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consist of property, plant and equipment and intangible assets.

C Other non-cash items consist of the following:

	GROUP	
	2015	2014
	RM	RM
Gain from bargain purchase of a subsidiary	**(2,595,407)**	-
Bad debts	**5,865**	-
Deferred income released	**(818,871)**	(834,612)
Loss/(Gain)on disposal of property, plant and equipment	**41,921**	(33,992)
Impairment loss on receivables	**372,997**	977,600
Intangible assets written off	**10**	-
Inventories written off/down	**298,804**	154,640
(Gain)/Loss from changes in fair value of forward foreign exchange contracts	**(1,112,815)**	1,141,413
Loss on disposal of investment in subsidiaries	**217,142**	-
Loss on disposal of other investment	**24,298**	-
Unrealised gain on foreign exchange	**(796,130)**	(518,304)
Property, plant and equipment written off	**16,600**	-
(Reversal)/Provision for warranty	**(75,000)**	127,000
Reversal of impairment loss on receivables /inventories previously recognised	**(47,079)**	(769,380)
	(4,467,665)	244,365

(ii) **Geographical Information**

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

	Revenue		Non-current assets	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Malaysia	**34,437,543**	26,563,144	**52,898,622**	45,630,249
China	**12,492,846**	19,448,063	**-**	-
Japan	**9,822,090**	5,810,867	**-**	-
Singapore	**7,874,355**	8,646,963	**-**	-
Republic of Ireland	**3,705,150**	7,379,716	**-**	-
USA	**5,489,820**	1,144,788	**-**	-
Others	**9,782,044**	12,053,642	**-**	-
	83,603,848	81,047,183	**52,898,622**	45,630,249

The amounts of non-current assets do not include deferred tax assets.

29. **SEGMENTAL INFORMATION (CONT'D)**

(iii) **Major Customers**

Total revenue from major customers which individually contributed more than 10% of Group's revenue amounted to **RM10,198,993** (2014: RM20,794,555), arising from **1** (2014: 2) customer from the Group's automated equipment and automated manufacturing solutions segment.

30. **CATEGORIES OF FINANCIAL INSTRUMENTS**

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R"), available-for-sale financial assets ("AFS"), financial liabilities measured at amortised cost ("FL") and fair value through profit or loss ("FVTPL").

	Carrying amount RM	**L&R RM**	**AFS RM**	**FL RM**	**FVTPL RM**
GROUP					
2015					
Financial assets					
Derivative financial assets	**5,900**	**-**	**-**	**-**	**5,900**
Trade receivables	**15,905,629**	**15,905,629**	**-**	**-**	**-**
Other receivables	**5,283,803**	**5,283,803**	**-**	**-**	**-**
Cash and cash equivalents	**15,382,118**	**15,382,118**	**-**	**-**	**-**
	36,577,450	**36,571,550**	**-**	**-**	**5,900**
Financial liabilities					
Trade payables	**4,520,478**	**-**	**-**	**4,520,478**	**-**
Other payables	**8,983,204**	**-**	**-**	**8,983,204**	**-**
Derivative financial liabilities	**198,960**	**-**	**-**	**-**	**198,960**
Finance lease liabilities	**242,607**	**-**	**-**	**242,607**	**-**
	13,945,249	**-**	**-**	**13,746,289**	**198,960**
2014					
Financial assets					
Other investments	1,359,900	-	1,359,900	-	-
Trade receivables	20,123,542	20,123,542	-	-	-
Other receivables	877,630	877,630	-	-	-
Cash and cash equivalents	8,382,388	8,382,388	-	-	-
	30,743,460	29,383,560	1,359,900	-	-
Financial liabilities					
Trade payables	9,600,566	-	-	9,600,566	-
Other payables	6,724,750	-	-	6,724,750	-
Derivatives financial liabilities	1,305,875	-	-	-	1,305,875
Finance lease liabilities	188,408	-	-	188,408	-
	17,819,599	-	-	16,513,724	1,305,875

30. **CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)**

	Carrying amount RM	L&R RM	AFS RM	FL RM	FVTPL RM
COMPANY					
2015					
Financial assets					
Other receivables	**2,262,721**	**2,262,721**	**-**	**-**	**-**
Inter-company balances	**8,683,287**	**8,683,287**	**-**	**-**	**-**
Cash and cash equivalents	**3,534,177**	**3,534,177**	**-**	**-**	**-**
	14,480,185	**14,480,185**	**-**	**-**	**-**
Financial liabilities					
Other payables	**951,471**	**-**	**-**	**951,471**	**-**
2014					
Financial assets					
Other investments	1,359,900	-	1,359,900	-	-
Other receivables	3,400	3,400	-	-	-
Amount due to subsidiaries	11,798,146	11,798,146	-	-	-
Cash and cash equivalents	580,845	580,845	-	-	-
	13,742,291	12,382,391	1,359,900	-	-
Financial liabilities					
Other payables	935,947	-	-	935,947	-

31. **FINANCIAL RISK MANAGEMENT**

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency exchange risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

31.1 **Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables whilst the Company's exposure to credit risk arises principally from advances to its subsidiaries and financial guarantees provided to financial institutions in respect of credit facilities granted to the subsidiaries.

31.1.1 **Trade receivables**

Credit risk arising from trade customers is addressed by the application of credit evaluation and close monitoring procedures by the management. The Group extends to existing customers credit terms that range between 30 to 90 days. In deciding whether credit terms shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness.

31. FINANCIAL RISK MANAGEMENT (CONT'D)

31.1 Credit risk (cont'd)

31.1.1 Trade receivables (cont'd)

New customers are subject to a credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses.

It is inherent in the Group's business to make individually large sales to its customers that may lead to significant concentration of credit risks. Such risks are managed by ensuring that transactions are only carried out with customers with a reliable financial profile.

The following provides an analysis of the concentration of credit risk in trade receivables:

	GROUP	
	2015	2014
	%	%
Customers with debts of RM100,000 and above	**46**	48
Customers with debts of less than RM100,000	**54**	52
	100	100

The concentration of significant portion of trade receivables on a small number of customers is managed by ensuring that transactions are only carried out with customers with a reliable financial profile.

The maximum exposure to credit risk arising from trade receivables is represented by their carrying amount in the statement of financial position.

The ageing of trade receivables of the Group is as follows:

	Gross	Individual impairment	Net
	RM	**RM**	**RM**
2015			
Not past due	**5,210,215**	**-**	**5,210,215**
1 to 30 days past due	**4,309,454**	**-**	**4,309,454**
31 to 120 days past due	**4,148,390**	**-**	**4,148,390**
Past due more than 120 days	**2,610,567**	**(372,997)**	**2,237,570**
	11,068,411	**(372,997)**	**10,695,414**
	16,278,626	**(372,997)**	**15,905,629**

31. FINANCIAL RISK MANAGEMENT (CONT'D)

31.1 Credit risk (cont'd)

31.1.1 Trade receivables (cont'd)

	Gross RM	Individual impairment RM	Net RM
2014			
Not past due	9,300,946	-	9,300,946
1 to 30 days past due	3,249,154	-	3,249,154
31 to 120 days past due	4,037,873	-	4,037,873
Past due more than 120 days	7,817,050	(4,281,481)	3,535,569
	15,104,077	(4,281,481)	10,822,596
	24,405,023	(4,281,481)	20,123,542

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired has been renegotiated during the financial year.

As at the end of the reporting period, certain trade receivables have exceeded the credit term allowed. However, no impairment loss is required as these customers have no recent history of default.

31.1.2 Intercompany balances

The Company provides advances to its subsidiaries and monitors the result of the subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amount in the statement of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

31.1.3 Financial guarantees

The Company provides unsecured corporate guarantee to financial institutions in respect of credit facilities granted to certain subsidiaries of the Group.

As at the end of the reporting period, the Company is not exposed to any credit risk as there are no outstanding balance of credit facilities as disclosed in Note 28 to the financial statements.

31. **FINANCIAL RISK MANAGEMENT (CONT'D)**

31.2 **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company actively manage its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met.

The Group and Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by maintaining credit facilities with its banker.

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
GROUP					
2015					
Non-derivative financial liabilities					
Trade payables	**4,520,478**	**4,520,478**	**4,520,478**	**-**	**-**
Other payables and accruals	**8,983,204**	**8,983,204**	**8,983,204**	**-**	**-**
Finance lease liabilities	**242,607**	**260,643**	**109,182**	**51,936**	**99,525**
	13,746,289	**13,764,325**	**13,612,864**	**51,936**	**99,525**
Derivative financial liabilities					
Foreign currency forward contracts:					
Outflow-Net	**198,960**	**198,960**	**198,960**	**-**	**-**
	13,945,249	**13,963,285**	**13,811,824**	**51,936**	**99,525**

31. FINANCIAL RISK MANAGEMENT (CONT'D)

31.2 Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
GROUP					
2014					
Non-derivative financial liabilities					
Trade payables	9,600,566	9,600,566	9,600,566	-	-
Other payables and accruals	6,724,750	6,724,750	6,724,750	-	-
Finance lease liabilities	188,408	194,670	137,424	57,246	-
	16,513,724	16,519,986	16,462,740	57,246	-
Derivative financial liabilities					
Foreign currency forward contracts:					
Outflow-Net	1,305,875	1,305,875	1,305,875	-	-
	17,819,599	17,825,861	17,768,615	57,246	-
COMPANY					
2015					
Other payables and accruals	**951,471**	**951,471**	**951,471**	**-**	**-**
2014					
Other payables and accruals	935,947	935,947	935,947	-	-

31. FINANCIAL RISK MANAGEMENT (CONT'D)

31.3 Interest rate risk

The Group's fixed rate deposits and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group does not have any floating rate borrowings.

The interest rate profile of the Group's interest-bearing financial instruments based on the carrying amount as at the end of the reporting period is as follows:

	GROUP	
	2015	2014
	RM	RM
Fixed rate instruments		
Financial assets	**3,425,318**	4,000
Financial liabilities	**242,607**	188,408

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

31.4 Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal trading activities whereby sales and purchases are principally transacted in US Dollar ("USD") and Singapore Dollar ("SGD"). The Group mitigates the exposure to this risk by maintaining USD and SGD denominated bank accounts and enters into foreign currency forward contracts.

The Group's exposure to the aforementioned currencies, based on carrying amounts as at the end of the reporting period is as follows:

	Denominated in USD		Denominated in SGD	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Trade receivables	**7,097,557**	10,806,333	**286,794**	1,493,155
Cash and bank balances	**4,021,690**	1,087,313	**17,356**	198,875
Trade payables	**(594,177)**	(120,878)	**(21,381)**	(130,545)
Net exposure	**10,525,070**	11,772,768	**282,769**	1,561,485

Sensitivity analysis for foreign currency risk

Below demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before taxation. A 5% strengthening of the RM against the following currencies at the end of the reporting period would have decreased profit before taxation by the amount shown below and a corresponding weakening would have an equal but opposite effect.

31. **FINANCIAL RISK MANAGEMENT (CONT'D)**

31.4 **Foreign currency risk (cont'd)**

Sensitivity analysis for foreign currency risk (cont'd)

	GROUP	
	2015	2014
	RM	RM
USD	**(526,253)**	(588,638)
SGD	**(14,138)**	(78,074)
Decrease in profit before taxation	**(540,391)**	(666,712)

32. **CAPITAL MANAGEMENT**

The Group's objectives of managing capital are to safeguard the Group's ability to continue its operations as a going concern in order to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

Debt-to-Equity ratio

	GROUP	
	2015	2014
	RM	RM
Borrowings	**242,607**	188,408
Less: Cash and cash equivalents	**(15,382,118)**	(8,382,388)
	(15,139,511)	(8,193,980)
Total equity	**77,850,926**	62,942,013
Debt-to-equity ratio	**N/A(i)**	N/A(i)

(i) *N/A –Not applicable as net cash position*

There were no changes in the Group's approach to capital management during the year and the Group is not subject to any externally imposed capital requirements by its lenders.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

GROUP AND COMPANY

The carrying amounts of financial assets and financial liabilities (other than derivatives financial instrument) of the Group and of the Company approximate their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the non-current portion of finance lease liabilities are reasonable approximation of fair values due to their insignificant impact of discounting.

33.1 Foreign currency forward contracts

The Group classifies the derivative financial liabilities arising from the fair value changes on the foreign currency forward contracts under level 2 of the fair value hierarchy. (Refer to Note 2.2 to the financial statements for definition of the fair value/hierarchy table.) The fair value of the forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the current contract using a risk-free interest rate.

34. EVENT AFTER REPORTING PERIOD

The Company had on 7 October 2015 received approval to undertake a private placement exercise of up to 10% of the issued and paid-up share capital of the Company, representing 13,324,405 new ordinary shares of RM0.50 each ("Private Placement").

As disclosed in Note 15 to the financial statements, the first tranche of the Private Placement comprising 3,997,300 placement shares at RM0.67 per share was completed on 30 December 2015. The second and third tranche of the Private Placement comprising 5,329,700 and 1,997,283 placement shares at RM0.546 and RM0.56 per share were completed on 29 March 2016 and 15 April 2016 respectively.

35. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

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

The breakdown of retained profits/accumulated losses as at the end of the reporting period has been prepared by the directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants are as follows:

	GROUP		**COMPANY**	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Total accumulated losses of the Company and its subsidiaries:				
- Realised	**(1,411,462)**	(4,955,696)	**(32,630,437)**	(22,337,679)
- Unrealised	**(1,938,930)**	(1,027,005)	**-**	-
	(3,350,392)	(5,982,701)	**(32,630,437)**	(22,337,679)
Less: Consolidation adjustments	**5,215,058**	(4,105,651)	-	-
Total retained profits/ accumulated losses as per statements of financial position	**1,864,666**	(10,088,352)	**(32,630,437)**	(22,337,679)

Location of Landed Properties	Date of Acquisition	Description and Existing Use	Tenure	Land Area	Approximate Age of Building	Net Book Value as at 31 December 2015 (RM)
H.S. (D) 19135 & H.S.(D) 19121, Mukim 12, South West District, Plot 18 & Plot 19, Bayan Lepas, Technoplex, Penang, Malaysia	23/12/2000 and 21/3/2001 respectively	Industrial lot/ factory building and office building	Leasehold (60 years expiring 1/7/2062 and 21/7/2062 respectively)	4.03 acres	12 years	34,910,941

Authorised Capital	:	RM100,000,000.00
Issued and Fully Paid-up Capital	:	RM71,285,025.00
Class of Equity Securities	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One vote per Share

Distribution Schedule of Shareholders

No. of Holders	Size of Holdings	No. of Shareholdings	%
25	Less than 100 shares	995	*
422	100 – 1,000 shares	215,182	0.15
1,900	1,001 – 10,000 shares	10,710,600	7.51
1,059	10,001 - 100,000 shares	34,616,970	24.28
149	100,001 to less than 5% of issued shares	70,207,803	49.25
2	5% and above of issued shares	26,818,500	18.81
3,557	**Total**	**142,570,050**	**100.00**

* Negligible

30 Largest Securities Account Holders
(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares held	%
1	CHUAH CHOON BIN	16,906,750	11.86
2	CHUAH CHOON BIN	9,911,750	6.95
3	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHUAH CHONG EWE*	6,612,151	4.64
4	LIM KIM JOO	5,524,800	3.88
5	PHUAH CHENG PENG	5,329,700	3.74
6	*NG NGOON WENG*	3,997,300	2.80
7	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR RESOLUTE ACCOMPLISHMENT SDN. BHD.*	3,832,430	2.69
8	LIM AH OOI @ LIM AH MOI	2,502,453	1.76
9	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION*	2,489,000	1.75
10	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR FONG SILING*	2,000,000	1.40
11	TAN GUAT KIM	1,952,253	1.37
12	CHUAH CHOON BIN	1,911,750	1.34
13	CHUAH CHOON BIN	1,911,750	1.34
14	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UBS AG SINGAPORE*	1,352,430	0.95
15	BOON JENN WOEI	1,230,000	0.86
16	OOI YAN ENG @ OOI NEE ENG	910,300	0.64
17	TA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN CHAI HOON @ CHAN AH KENG*	885,000	0.62
18	KIEW SEE KIM	808,100	0.57
19	TAN LEE SOON ENTERPRISE SDN. BHD.	773,600	0.54

30 Largest Securities Account Holders (Cont'd)

No.	Name	No. of Shares held	%
20	ANG BOON GUAN	723,000	0.51
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD *TIO SWEE EAN*	500,100	0.35
22	CHEAH CHEOW PHENG	466,000	0.33
23	ONG BENG KEE	400,000	0.28
24	YONG LOY HUAT	400,000	0.28
25	TA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN ANN GEE*	385,300	0.27
26	TEH ENG CHUAN	355,000	0.25
27	YAM YIN HOLDINGS SDN. BHD.	354,100	0.25
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN OIY POW*	350,000	0.25
29	KENAGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE TIAM FOOK*	350,000	0.25
30	OOI SOO MIN	350,000	0.25

Substantial Shareholders
(excluding those who are bare trustees pursuant to Section 69 of the Companies Act, 1965)

	No. of Ordinary Shares of RM0.50 each beneficially held by the Substantial Shareholders			
Name of Substantial Shareholders	**Direct**	**%**	**Indirect**	**%**
CHUAH CHOON BIN	30,642,000	21.49	25,500*	0.02

* Interest held by spouse treated as interest of director in accordance with Section 134(12)(c) of the Companies Act, 1965.

Directors' Shareholdings (Direct & Indirect)

a) In the Company

	No. of Ordinary Shares of RM0.50 each beneficially held by the Directors			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
CHUAH CHOON BIN	30,642,000	21.49	25,500*	0.02
CHUAH CHONG EWE	6,662,151	4.67	-	-
LOH NAM HOOI	90,000	0.06	-	-
GAN PEI JOO	79,100	0.06	-	-
SIM SENG LOONG @ TAI SENG	-	-	-	-
LENG KEAN YONG	-	-	-	-

* Interest held by spouses treated as interest of directors in accordance with Section 134(12)(c) of the Companies Act, 1965.

b) In related Corporation

By virtue of his interest of not less than 15% in the shares of the Company as at 6 April 2016, Chuah Choon Bin is deemed to have interest in the shares of all the subsidiary companies to the extent that the Company has an interest as at that date. None of the other directors have any interest in the shares of related corporations as at 6 April 2016.

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of Pentamaster Corporation Berhad will be held at the Conference Room of Pentamaster Corporation Berhad at Plot 18 & 19 Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang on 2 June 2016 at 10.30 a.m. for the following purposes :-

AS ORDINARY BUSINESSES

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon. Resolution 1

2. To approve the payment of Directors' fees of RM228,000 for the financial year ended 31 December 2015. Resolution 2

3. To consider and, if thought fit, to pass with or without modifications the following resolutions as Ordinary Resolutions :-

   (a) "THAT Loh Nam Hooi, who retires pursuant to Article 95(1) of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company." Resolution 3

   (b) "THAT Gan Pei Joo, who retires pursuant to Article 95(1) of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company." Resolution 4

   (c) "THAT Chuah Chong Ewe, who retires pursuant to Article 102 of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company." Resolution 5

4. To re-appoint Messrs Grant Thornton as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. Resolution 6

AS SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modifications the following resolutions as Ordinary Resolutions :-

   (a) "THAT authority be and is hereby given to Loh Nam Hooi who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company." Resolution 7

   Authority to Issue Shares

   (b) "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company from time to time upon such terms and conditions and for such purposes and to such person or persons as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier." Resolution 8

Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

(c) "THAT subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company's subsidiaries to enter into all arrangements and/or transactions as detailed in Section 2.2(b) of the Company's Circular to Shareholders dated 28 April 2016 ("Said Circular") involving the interests of Directors, major shareholders or persons connected with such Directors or major shareholders of the Company ("Related Parties") as detailed in Section 2.2(b) of the Said Circular, provided that such arrangements and/or transactions are:-

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the day-to-day operations; and

(iii) carried out in the ordinary course of business and are made on an arm's length basis on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders of the Company

(the "Proposed Shareholders' Mandate").

THAT the Proposed Shareholders' Mandate is subject to annual renewal and shall continue to be in force until:-

(a) the conclusion of the next annual general meeting ("AGM") of the Company at which such Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

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

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate." Resolution 9

6. To consider any other business for which due notice shall have been given in accordance with the Companies Act, 1965.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Fourteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 171(1) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 27 May 2016. Only a depositor whose name appears in the Record of Depositors as at 27 May 2016 shall be entitled to attend the said meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

By order of the Board

Lim Kim Teck
(MAICSA 7010844)

Kong Sown Kaey
(MAICSA 7047655)
Secretaries

Penang
Date : 28 April 2016

NOTES

1. Appointment of Proxy

(a) Subject to Paragraph (c) below, a member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote instead of him. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.

(b) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without restriction as to the qualification of the proxy and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.

(c) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(d) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

(e) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Penang not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

2. Explanatory Notes on Special Business

Resolution No. 7

Under the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), the Board must undertake an assessment of its independent directors annually. In addition, the MCCG 2012 has recommended that the tenure of an independent director should not exceed a cumulative term of nine years. Shareholders approval must be sought in the event that the Company intends to retain any independent director who has served in that capacity for more than nine years.

Resolution No. 8

The proposed resolution if passed will empower the Directors of the Company to issue and allot shares up to 10% of the issued and paid-up share capital of the Company from time to time. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the period within which the next Annual General Meeting of the Company is required by law to be held whichever is the earlier.

Up to 21 April 2016, being the latest practical date before the printing of this Annual Report, 11,324,283 shares have been issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 18 June 2015 and which will lapse at the conclusion of the Fourteenth Annual General Meeting.

The Directors seek a renewal of the mandate to provide flexibility to the Company for possible raising of funds, including but not limited to placing of shares, for purpose of additional working capital, funding of investments, acquisitions or reduction of borrowings.

Resolution No. 9

The proposed resolution in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature which is to be reviewed annually will eliminate the requirement for the Company to make regular announcements and convene separate general meetings from time to time in respect of the aforesaid Related Party Transactions.

PENTAMASTER CORPORATION BERHAD (572307-U)
(Incorporated in Malaysia)

PROXY FORM
FOR THE 14TH ANNUAL GENERAL MEETING

No. of shares held	

I/We ____
(Full Name in Block Letters)

of ____
(Address)

being a member/members of the above Company appoint ______________________________
(Full Name in Block Letters)

of ____
(Address)

or failing him, ____
(Full Name in Block Letters)

of ____
(Address)

or failing him, the Chairman of the Meeting as my/our Proxy to vote in my/our name(s) on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at the Conference Room of Pentamaster Corporation Berhad at Plot 18 & 19 Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang on 2 June 2016 at 10.30 a.m. and at any adjournment thereof in the manner indicated below :-

Resolution		For	Against
To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.	Ordinary Resolution 1		
To approve the payment of Directors' fees of RM228,000 for the financial year ended 31 December 2015.	Ordinary Resolution 2		
To re-elect Loh Nam Hooi who retires in accordance with Article 95(1) of the Company's Articles of Association as a Director of the Company.	Ordinary Resolution 3		
To re-elect Gan Pei Joo who retires in accordance with Article 95(1) of the Company's Articles of Association as a Director of the Company.	Ordinary Resolution 4		
To re-elect Chuah Chong Ewe who retires in accordance with Article 102 of the Company's Articles of Association as a Director of the Company.	Ordinary Resolution 5		
To re-appoint Messrs Grant Thornton as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 6		
To authorise Loh Nam Hooi to continue to act as an Independent Non-Executive Director of the Company.	Ordinary Resolution 7		
To empower the Directors to issue and allot shares up to 10% of the issued share capital of the Company.	Ordinary Resolution 8		
To approve the proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature.	Ordinary Resolution 9		

(Please indicate with an "X" in the appropriate box against each Resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

Dated this ____________________ day of ____________________ 2016.

____
Signature of Shareholder or Common Seal

Notes :

(a) Only a Depositor whose name appears in the Record of Depositors as at 27 May 2016 shall be entitled to attend the Fourteenth Annual General Meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

(b) Subject to Paragraph (d) below, a member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote instead of him. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.

(c) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without restriction as to the qualification of the proxy and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.

(d) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(e) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

(f) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Penang not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

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Affix
stamp

The Company Secretaries
PENTAMASTER CORPORATION BERHAD (572307-U)
35, 1st Floor, Jalan Kelisa Emas 1,
Taman Kelisa Emas,
13700 Seberang Jaya, Penang,
Malaysia

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www.pentamaster.com

Pentamaster Corporation Berhad
(572307-U)

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