NAKAMICHI CORPORATION BERHAD
(Co. No. 301384-H)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

DIRECTORS' REPORT

The Directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are disclosed in Note 12 to the financial statements.

There has been no significant change in the nature of these principal activities during the financial year except as disclosed in Note 12 to the financial statements.

Results

	Group RM	Company RM
Loss for the financial year	471,089	452,138

Reserves and provisions

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

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend for the current financial year ended 31 December 2015.

Directors

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

See Thoo Chan
Darren Solomon Low Jun Ket
Mak Siew Wei
Goh Tai Wai

Directors' interests in shares

The shareholdings in the Company and related corporations of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM1.00 each			
The Company	**At 1.1.2015**	**Bought**	**Sold**	**At 31.12.2015**
See Thoo Chan				
- direct interest	7,919,100	-	-	7,919,100
- indirect interest #	10,336,600	-	-	10,336,600

\# Deemed interested by virtue of the interest of her spouse, Goh Kheng Peow.

\# Deemed interested by virtue of the interest of her son, Keane Goh Yan Han.

By virtue of See Thoo Chan's interest in the shares of the Company, she is also deemed to be interested in the shares of all the subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the other Directors in office at the end of the financial year held any interest in the ordinary shares of the Company during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 14 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling the 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.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

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

NAKAMICHI CORPORATION BERHAD
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Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and

(ii) all current assets have been stated at the lower of cost and net realisable value.

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

(i) which would render the writing off of bad debts and the amount of the allowance for doubtful debts inadequate in the financial statements of the Group and of the Company to any substantial extent; or

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

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

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 and which secures the liabilities of any other person; or

(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 its obligations as and when they fall due.

In the opinion of the Directors, except for the material litigation as disclosed in Note 20 to the financial statements, 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 the financial year and the date of this report.

NAKAMICHI CORPORATION BERHAD
(Co. No. 301384-H)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

Auditors

The auditors, Messrs Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

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

SEE THOO CHAN

DARREN SOLOMON LOW JUN KET

18 April 2016

NAKAMICHI CORPORATION BERHAD
(Co. No. 301384-H)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

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

We, SEE THOO CHAN and DARREN SOLOMON LOW JUN KET, being two of the Directors of NAKAMICHI CORPORATION BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 10 to 57 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in note 21 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

SEE THOO CHAN

DARREN SOLOMON LOW JUN KET

18 April 2016

NAKAMICHI CORPORATION BERHAD
(Co. No. 301384-H)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

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

I, SEE THOO CHAN, being the Director primarily responsible for the financial management of NAKAMICHI CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements and supplementary information set out on pages 10 to 57 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the above named SEE THOO CHAN)
at Petaling Jaya)
on this date of 18 April 2016)

SEE THOO CHAN

Before me,

S.AROKIADASS A.M.N
LICENSE NO.: B 460
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NAKAMICHI CORPORATION BERHAD
(Incorporated in Malaysia)
(Company No: 301384 - H)

Report on the Financial Statements

We have audited the accompanying financial statements of NAKAMICHI CORPORATION BERHAD, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statement 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 10 to 57.

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 in accordance with approved standards on auditing in Malaysia. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer Opinion

Insufficient documentation and information

We draw your attention to Note 10 to the financial statements. Due to inability of the Company's current management to procure the accounting and financial records of the Company from the Company's previous management due to the dispute and litigation as disclosed in Note 16 to the financial statements, the Company's management was unable to provide us with the requisite documents and information to support the transactions and account balances.

Company No: 301384 H

Basis for Disclaimer Opinion (continued)

Material uncertainty relating to the going concern basis

In addition, we draw attention to Note 1(e) to the financial statements, which disclosed that the financial statements are prepared on the going concern basis. The Group and the Company incurred a net loss of RM471,089 and RM452,138 respectively during the financial year ended 31 December 2015. As at 31 December 2015, the Group's and the Company's current liability exceeded its current asset by RM14,316,818 and RM13,922,762 respectively and a deficit in its shareholders' funds of RM14,316,818 and RM13,922,762 respectively. Currently, the Group and the Company do not have any operation. This indicates the existence of material uncertainty which casts significant doubt about the Group's and the Company's ability to continue as going concerns.

As of the date of this report, the Group and the Company have not formalised a regularisation plan. At this juncture, we are not able to evaluate the ability of the Group and the Company to continue as going concern and accordingly we are unable to determine the reasonableness of the Directors' assumption that the Group and the Company are going concerns.

Disclaimer of Opinion

Because of the significant of the matters as discussed in the Basis for Disclaimer Opinion paragraph, as we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report on 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) Section 167(1) of the Act requires every company and its Directors and managers to keep such accounting and other records as will sufficiently explain the transactions and financial position of the company and to enable true and fair profit and loss accounts and balance sheets and any documents required to be attached thereto to be prepared from time to time, and cause those records to be kept in such manner as to enable them to be conveniently and properly audited. The Company is in breach of this requirement as the Company has not maintained sufficient accounting records to sufficiently explain the transactions and financial position of the Group and Company to enable true and fair profit and loss accounts and balance sheets in such manner as to enable them to be conveniently and properly audited.

(c) The audit reports on the financial statements of the subsidiaries namely Nakamichi Malaysia Sdn. Bhd. and Capetronic Computer (Malaysia) Sdn. Bhd. have been expressed with a Disclaimer Opinion on the basis that the auditors were unable to obtain sufficient appropriate evidence to satisfy themselves under Section 174(3) of the Act.

Company No: | 301384 | H |

Other reporting responsibilities

The supplementary information set out in Note 21 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

The financial statement of the Group and of the Company for the financial year ended 31 December 2014 were audited by another firm of Chartered Accountants, whose report dated 4 January 2016, expressed a disclaimer opinion on those statements.

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.

MORISON ANUARUL AZIZAN CHEW
Firm Number: AF 001977
Chartered Accountants

SATHIEA SEELEAN A/L MANICKAM
Approved Number: 1729/05/16 (J/PH)
Chartered Accountant

KUALA LUMPUR
18 April 2016

NAKAMICHI CORPORATION BERHAD
(Co. No. 301384-H)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

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

	Note	2015 RM	2014 RM
Revenue		-	-
Other income		-	227,022
Administrative expenses		(471,089)	(485,873)
Loss before taxation	3	(471,089)	(258,851)
Tax expense	5	-	-
Loss and other comprehensive loss for the year		(471,089)	(258,851)
Loss attributable to:			
Owners of the Company		(471,089)	(258,851)
Loss for the financial year		(471,089)	(258,851)
Total comprehensive loss attributable to:			
Owners of the Company		(471,089)	(258,851)
Total comprehensive loss for the year		(471,089)	(258,851)
Basic loss per ordinary share (sen)	6	(0.85)	(0.47)

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

NAKAMICHI CORPORATION BERHAD
(Co. No. 301384-H)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

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

	Note	2015 RM	2014 RM
Revenue		-	-
Other operating income		-	227,022
Administrative expenses		(452,138)	(470,773)
Loss before taxation	3	(452,138)	(243,751)
Tax expense	5	-	-
Loss and other comprehensive loss for the financial year		(452,138)	(243,751)
Loss attributable to:			
Owners of the Company		(452,138)	(243,751)
Loss for the financial year		(452,138)	(243,751)
Total comprehensive loss attributable to:			
Owners of the Company		(452,138)	(243,751)
Total comprehensive loss for the year		(452,138)	(243,751)

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

NAKAMICHI CORPORATION BERHAD
(Co. No. 301384-H)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	2015 RM	2014 RM
Current assets			
Non-trade receivables, deposits and prepayments	7	-	11,625
Cash and bank balances		1,190	1,140
		1,190	12,765
TOTAL ASSETS		1,190	12,765
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	8	55,410,180	55,410,180
Share premium	9	38,451,919	38,451,919
Accumulated losses		(108,178,917)	(107,707,828)
Total equity		(14,316,818)	(13,845,729)
LIABILITIES			
Current liabilities			
Non-trade payables and accruals	10	14,213,217	13,753,703
Tax payables		4,244	4,244
Provision	11	100,547	100,547
Total liabilities		14,318,008	13,858,494
TOTAL EQUITY AND LIABILITIES		1,190	12,765

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

NAKAMICHI CORPORATION BERHAD
(Co. No. 301384-H)
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AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	2015 RM	2014 RM
ASSETS			
Non-current assets			
Investment in subsidiaries	12	-	-
Current assets			
Amount due from subsidiaries	13	-	-
Cash and bank balances		1,134	1,084
		1,134	1,084
TOTAL ASSETS		1,134	1,084
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	8	55,410,180	55,410,180
Share premium	9	38,451,919	38,451,919
Accumulated losses		(107,784,861)	(107,332,723)
Total equity		(13,922,762)	(13,470,624)
LIABILITIES			
Current liabilities			
Non-trade payables and accruals	10	13,923,896	13,471,708
Total liabilities		13,923,896	13,471,708
TOTAL EQUITY AND LIABILITIES		1,134	1,084

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

NAKAMICHI CORPORATION BERHAD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	← Attributable to the owners of the Company →			
	Share capital	Non-Distributable Share premium	Distributable Accumulated losses	Total
	RM	RM	RM	RM
At 1 January 2014	55,410,180	38,451,919	(107,448,977)	(13,586,878)
Loss and other comprehensive loss for the financial year	-	-	(258,851)	(258,851)
At 31 December 2014	55,410,180	38,451,919	(107,707,828)	(13,845,729)
Loss and other comprehensive loss for the financial year	-	-	(471,089)	(471,089)
At 31 December 2015	55,410,180	38,451,919	(108,178,917)	(14,316,818)

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

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

	← Attributable to the owners of the Company →			
	Share capital RM	Non-Distributable Share premium RM	Distributable Accumulated losses RM	Total RM
At 1 January 2014	55,410,180	38,451,919	(107,088,972)	(13,226,873)
Loss and other comprehensive loss for the financial year	-	-	(243,751)	(243,751)
At 31 December 2014	55,410,180	38,451,919	(107,332,723)	(13,470,624)
Loss and other comprehensive loss for the financial year	-	-	(452,138)	(452,138)
At 31 December 2015	55,410,180	38,451,919	(107,784,861)	(13,922,762)

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

NAKAMICHI CORPORATION BERHAD
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM	2014 RM
Cash flows from operating activities			
Loss before tax		(471,089)	(258,851)
Adjustment for:			
Non-trade receivables written off		11,625	-
Reversal of amount due to a former Director		-	(227,022)
Operating loss before working capital changes		(459,464)	(485,873)
Changes in working capital:			
Non-trade payables		220,288	459,933
Cash used in operations, represent net cash used in operating activities		(239,176)	(25,940)
Cash flows from financing activities			
Advances from a Director		239,226	25,940
Net increase in cash and cash equivalent		50	-
Cash and cash equivalents at 1 January		1,140	1,140
Cash and cash equivalents at 31 December	(i)	1,190	1,140

(i) Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise cash and bank balances RM1,190 (2014: RM1,084).

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

NAKAMICHI CORPORATION BERHAD
(Co. No. 301384-H)
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM	2014 RM
Cash flows from operating activities			
Loss before tax		(452,138)	(243,751)
Adjustment for:			
Reversal of amount due to a former Director		-	(227,022)
Operating loss before working capital changes		(452,138)	(470,773)
Changes in working capital:			
Non-trade payables		212,962	446,252
Cash used in operations, represent net cash used in operating activities		(239,176)	(24,521)
Cash flows from financing activities			
Advances from a Director		239,226	24,521
Net increase in cash and cash equivalent		50	-
Cash and cash equivalents at 1 January		1,084	1,084
Cash and cash equivalents at 31 December	(i)	1,134	1,084

(i) Cash and cash equivalents included in the Statement of Cash Flows comprise cash and bank balances of RM1,134 (2014: RM1,084).

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

1. Basis of preparation

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

(a) Standards issued and effective

Amendments to accounting standards that are effective for the Group and the Company's financial year beginning on or after 1 January 2015 are as follows:

- Amendments to MFRS 1, "First-time Adoption of Malaysian Financial Reporting Standards" (Annual Improvements 2011-2013 Cycle)
- Amendments to MFRS 2, "Share-based Payment" (Annual-Improvements 2010-2012 Cycle)
- Amendments to MFRS 3, "Business Combinations" (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 8, "Operating Segments" (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 13, "Fair Value Measurement" (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 116, "Property, Plant and Equipment" and MFRS 138, "Intangible Assets" (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 119, "Defined Benefit Plans Employee Contribution"
- Amendments to MFRS 124, "Related Party Disclosures" (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 140, "Investment Property" (Annual Improvements 2011-2013 Cycle)

The above amendments to accounting standards effective during the financial year do not have any significant impact to the financial results and position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

1. Basis of preparation

(b) Standards issued but not yet effective

Accounting standards and amendments to accounting standards that are applicable for the Group and the Company in the following periods but are not yet effective:

Annual periods beginning on/after 1 January 2016

- Amendments to MFRS 5 Non-Current Assets Held for Sale and Discontinued Operations
- Amendments to MFRS 7 Financial Instruments: Disclosures
- Amendments to MFRS 11 Joint Arrangements
- Amendments to MFRS 101 Presentation of Financial Statements
- Amendments to MFRS 116 Property, plant and equipment
- Amendments to MFRS 119 Employee Benefits
- Amendments to MFRS 127 Separate Financial Statements
- Amendments to MFRS 134 Interim Financial Reporting
- Amendments to MFRS 138 Intangible assets

Annual periods beginning on/after 1 January 2018

- MFRS 9 Financial Instruments
- MFRS 15 Revenue from Contracts with Customers

(c) Standards issued but effective date yet to be determined by the Malaysian Accounting Standards *Board*

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

The Group and Company are in the process of assessing the impact of MFRS 9 and MFRS 15 in the year of initial application. Aside from the above mentioned, the adoption of the accounting standards and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group and the Company.

(d) Standards not relevant and not yet effective

Accounting standards and amendments to accounting standards that are not relevant and not yet effective for the Group and the Company are as follows:

- Amendments to MFRS 10, MFRS 12 and MFRS 128, "Investment Entities: Applying the Consolidation Exception"
- MFRS 14, "Regulatory Deferral Accounts"
- Amendments to MFRS 116 and MFRS 141, "Agriculture: Bearer Plants"

NAKAMICHI CORPORATION BERHAD
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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

1. Basis of preparation (continued)

(e) *Basis* of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business. However, as at the reporting date, the Group and the Company have deficit in shareholders' funds of RM14,316,818 and RM13,922,762 and the Group's and the Company's current liabilities exceeded its current assets by RM14,316,818 and RM13,922,762. The Group and the Company also incurred a loss of RM471,089 and RM452,138 respectively for the financial year ended 31 December 2015 thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

Further to this, as announced on 29 April 2015, pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") in relation to Practice Note No. 17 ("PN17"), the Company had on 29 April 2015 announced that the Company was an affected issuer as a court order was issued for the winding-up of Tamabina Sdn Bhd, a subsidiary of the Company. The Company is required to submit a regularisation plan within twelve months from 29 April 2015, obtain the relevant approval from Bursa Malaysia, and successfully implement the plan to regularise its financial condition. Failure to do so may result in the Company's shares being delisted from Bursa Malaysia. On 15 April 2016, the Company has submitted an appeal for extension of time up to 31 July 2016 to Bursa Malaysia on the submission of the regularisation plan by the Company.

In an effort to address its financial situation, on 13 March 2016, the Directors had discussion with two (2) different strategic partners for the diversification as part of their regularisation plan. One of the strategic partner had agreed to undertake a Joint Investment Agreement with the Company and the memorandum of understanding is expected to be executed by end of April 2016. However, as of the date of this report, the negotiation has yet to be formally endorsed.

1. Basis of preparation (continued)

(e) Basis of measurement (continued)

The Director have however considered the application of the going concern basis in the preparation of the financial statements to be appropriate. In the event that the going concern assumption is no longer valid, the Group and the Company may not be able to discharge their liabilities in the normal course of business. Additional liabilities that may include provisions and contingencies may also need to be recognised and disclosed in the financial statements.

(f) Critical accounting estimates and judgements

Estimates and judgements are continuously evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

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

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

1. Basis of preparation (continued)

(f) Critical accounting estimates and judgements (continued)

(iii) Impairment of Trade and Non-trade Receivables

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

(iv) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

(v) Carrying Value of Investment in Subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 2(a)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's and of the Company's test for impairment of investments in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

2. Summary of significant accounting policies

(a) Basis of consolidation

(i) Subsidiary

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the reporting date. Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

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

Acquisitions of subsidiary are accounted for by applying the acquisition method.

The Group has changed its accounting policy with respect to accounting for business combinations.

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2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Accounting for business combinations (continued)

From 1 January 2011, the Group has applied Revised MFRS 3, Business Combinations, in accounting for business combinations.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests 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 (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Cost related to the acquisition, 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.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and / or future service.

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Accounting for business combinations (continued)

Acquisitions between 1 January 2006 to 1 January 2011

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) 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 and loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Non-controlling interests (continued)

The Group applied Revised MFRS 127, Consolidated and Separate Financial Statements since the beginning of the reporting period.

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

In the previous years, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(iv) Transactions with Non-controlling interests

Transactions with Non-controlling interests are accounted for using the entity concept method, whereby, transactions with Non-controlling interests are accounted for as transactions with owners.

On acquisition of Non-controlling interest, the difference between the consideration and the Group' share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to Non-controlling interests is recognised directly in equity.

(v) Loss of control

The Group applied Revised MFRS 127, Consolidated and Separate Financial Statements since the beginning of the reporting period. 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.

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Loss of control (continued)

In the previous years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and their carrying amount would be regarded as cost on initial measurement of the investment.

(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 equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates and jointly controlled entities. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Employee benefits expense

(i) Short term benefits

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

(ii) Defined contribution plans

The Group's and the Company's contribution to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group and the Company has no further liability in respect of the defined contribution.

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2. Summary of significant accounting policies (continued)

(c) Tax expense

(i) *Current tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) *Deferred tax*

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

2. Summary of significant accounting policies (continued)

(c) Tax expenses (continued)

(ii) Deferred tax (continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in profit or loss or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination.

(d) Impairment

(i) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. Trade and non-trade receivables and other financial assets carried at amortised cost.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

2. Summary of significant accounting policies (continued)

(d) Impairment (continued)

(i) Impairment of financial assets (continued)

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

(ii) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units ("CGUs")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. Summary of significant accounting policies (continued)

(e) Financial assets

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

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

The Group and the Company determines the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets.

Loans and receivables

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

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

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

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

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

2. Summary of significant accounting policies (continued)

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, 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.

(g) Financial liabilities

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

Financial liabilities are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade and non-trade payables and amount due from subsidiary company.

Trade and non-trade payables, amount due from subsidiary company are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

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

2. Summary of significant accounting policies (continued)

(h) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(i) Contingencies

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

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

(j) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services. The management of the Company regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in the Note 17 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

(k) Equity instrument

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

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

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

3. Loss before taxation

Loss before taxation is derived after charging/(crediting):

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration:				
- statutory	40,000	74,000	38,000	70,000
- non statutory	-	20,535	-	20,535
Directors' remuneration (Note 4)	300,000	300,000	300,000	300,000
Non-trade receivables written off	11,625	-	-	-
Reversal of amount due to a former Director	-	(227,022)	-	(227,022)

4. Directors' remuneration

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Directors' remuneration:				
Directors of the Company				
Non-executive:				
Fees	300,000	300,000	300,000	300,000
Total Directors' remuneration	300,000	300,000	300,000	300,000

The total number of employees, inclusive of executive Directors, of the Group and the Company as at the end of the financial year was 4 and 4 (2014: 4 and 4) respectively.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

5. Tax expense

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) at the estimated assessable profit for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions. The Malaysian statutory tax rate will be reduced to 24% from the current tax rate of 25% effective from year of assessment 2016.

A reconciliation of income tax expenses applicable to loss before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follow:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Loss before tax	(471,089)	(258,851)	(452,138)	(243,751)
Tax calculated using statutory tax rate at 25% (2014: 25%)	(117,772)	(64,713)	(113,035)	(60,938)
Non-deductible expenses	117,772	121,469	113,035	117,694
Non-taxable income	-	(56,756)	-	(56,756)
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

6. Basic loss per ordinary share

Basic loss per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to ordinary shareholders by the number of ordinary shares outstanding during the financial year calculated as follows:

	Group 2015 RM	Group 2014 RM
Loss attributable to ordinary shareholders	471,089	258,851
Number of ordinary shares in issue	55,410,180	55,410,180
Basic loss per ordinary share (sen)	0.85	0.47

Diluted earnings per ordinary share are not presented as the Group had no dilutive potential ordinary shares during the current and prior financial years.

7. Non-trade receivables, deposits and prepayments

	Group 2015 RM	Group 2014 RM
Non-trade receivables	11,444	11,444
Deposits	181	181
Less: Written off during the year	(11,625)	-
	-	11,625

8. Share capital

	Group and Company 2015 Number of ordinary shares	Group and Company 2014 Number of ordinary shares	Group and Company 2015 RM	Group and Company 2014 RM
Ordinary Shares of RM1.00 each:				
Authorised:				
1 January/31 December	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
1 January/31 December	55,410,180	55,410,180	55,410,180	55,410,180

9. Share premium

The share premium is arrived at after accounting for the premium received over the nominal value of shares issued to the public.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

10. Non-trade payables and accruals

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Amount due to a Director	(i)	860,564	652,143	860,564	621,338
Non-trade payables	(ii)	12,162,791	12,092,758	12,039,663	12,007,761
Accruals	(iii)	1,189,862	1,008,802	1,023,669	842,609
		14,213,217	13,753,703	13,923,896	13,471,708

(i) The amount due to a Director of the Group and the Company represents interest-free advances that are unsecured, interest-free and repayable on demand.

(ii) Included in non-trade payables of;

(a) the Group and Company is an amount due to Lo Man Heng ("LMH") of RM1,660,217 (2014: RM1,660,217), which bears interest at the rate of 2% (2014: 2%) per annum above the base lending rate of a local bank, secured by a corporate guarantee from the Company and repayable on demand.

In previous year, there are no supporting documents available for balances in relation to payments made on behalf of the Group and Company by LMH amounting to RM85,148 as the accounting records and information have not been made available by the former management.

In addition, as disclosed in Note 16(a)(i) to the financial statements, on 14 June 2013, LMH served a winding up notice against the Company for a personal claim of an alleged amount due to LMH as at 31 May 2013 amounting to RM4,404,299. This case was dismissed by the court and the appeal on 26 May 2014 has also been dismissed.

Subsequently on 12 August 2014, LMH filed a civil suit against the Company for the claim of the alleged amount due to LMH as at 31 December 2012 amounting to RM1,660,217 as disclosed in Note 20(a)(ii).

In view of the suit with LMH that was still on-going at that time, the Directors kept the amount outstanding as at 31 May 2013 in the books but ceased to provide the interest subsequent to 31 May 2013.

(b) the Group and Company is an amount due to Directors of subsidiaries that have since been deconsolidated, amounting to RM26,912 (2014: RM26,912) which represent unsecured advances that are repayable on demand. The Directors of the Company disagree that this amount is outstanding as the accounting records and supporting information have not been made available to them by the previous management.

10. Non-trade payables and accruals (continued)

(ii) Included in non-trade payables of (continued):

(c) the Group and the Company is an amount due to TSB amounting to RM9,897,992 (RM7,380,931) being unsecured advances, bearing interest at the rate of 2% (2014: 2%) per annum above the base lending rate of a local bank and repayable on demand. As disclosed in Note 16(a)(iii) to the financial statements, there is a law suit between TSB and the Company for the amount which is pending disposal.

(d) the Group and Company are non-trade payables amounting to RM253,312 and RM167,980 respectively (2014:RM163,800 and RM95,886 respectively) which the Directors do not agree as outstanding as the accounting records and information have not been made available to them by the former management.

In the previous financial year, management does not have supporting documents for non-trade payables of the Group and the Company amounting to RM56,249 and RM38,831 respectively, as the relevant accounting records and information have not been made available to them by the former management.

(iii) The management does not have supporting documents for accruals of the Group amounting to RM14,043 (2014: RM14,043) as the relevant accounting records and information have not been made available to them by the previous management.

11. Provisions

Provisions have been made in respect of certain material litigation as disclosed in Note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

12. Investment in subsidiaries

	Company	
	2015	**2014**
	RM	**RM**
At cost:		
Unquoted share	37,847,353	37,847,353
Less:		
Accumulated impairment losses	(33,268,900)	(33,268,900)
Compensation receivable for shortfall in profit guarantee	(4,578,453)	(4,578,453)
	-	-

The details of the subsidiaries are as follows:

Name of company	Place of incorporation	Percentage of equity held 2015	2014	Principal activity
Nakamichi Malaysia Sdn Bhd.	Malaysia	100%	100%	Inactive during the year
Capetronic Computer (Malaysia) Sdn. Bhd.	Malaysia	100%	100%	Dormant
Tamabina Sdn. Bhd. ("TSB")@	Malaysia	51%	51%	In liquidation
Faktor Juta Sdn. Bhd. ("FJSB")@	Malaysia	51%	51%	Dormant

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

12. Investment in subsidiaries (continued)

@ The Company owns 51% of the shares in TSB. Lai Yun Fung (i.e. wife to a former Director of the Company, Lo Man Heng) ("LMH") and Lo Shwu Fen (i.e. sister of LMH) collectively own the remaining 49% of the shares in TSB.

Foo Lee Khean was appointed to the Company's Board of Directors ("BOD") on 18 March 2013 whilst See Thoo Chan ("STC") and Darren Solomon Low Jun Ket were appointed to the BOD on 19 March 2013. Prior to the appointment of the new board members, LMH was the Company's sole Executive Director. Although he was removed as the Company's Director on 29 July 2013, he remained the Company's Chief Executive Officer.

LMH is a director of TSB and the Company's corporate representative to TSB. LYF is a Director of TSB.

The Company's new Board of Directors, via STC, had on 12 April 2013, written to LMH requesting for a majority or equal representation by the Company on TSB's board of directors and also requested changes to TSB's bank signatories. However, LMH had declined the request.

Notice pursuant to Section 144 of the Companies Act 1965

After failing to obtain LMH's cooperation, the Company issued a Notice dated 14 June 2013 pursuant to Section 144 of the Companies Act 1965 to TSB requesting an Extraordinary General Meeting ("EGM") to replace LMH and Lai Yun Fung.

On 14 June 2013, LMH and TSB each served a winding up notice against the Company for the claim of the alleged amount due to LMH and TSB as at 31 May 2013 amounting to RM4,404,299 and RM7,380,931 respectively. The winding up petitions against the Company was filed respectively through *Kuala Lumpur High Court (Winding-Up) Petition No. 28NCC-636-07/2013* and *Petition No. 28NCC-635-07/2013* on 8 July 2013.

On 4 July 2013, TSB gave notice to its members that an EGM would be held on 12 August 2013 to consider the two resolutions proposed by NCB. The said notice was signed by LMH.

However, the EGM was not held as there was insufficient quorum as Lai Yun Fung and Lo Shwu Fen did not attend the EGM, nor was any proxy appointed on their behalf. There were no explanations given to explain their non-attendance at the EGM.

In view of that, the Company on 16 August 2013 commenced a suit in Shah Alam High Court Originating Summons No. 24-1187-08/2013 *inter alia* to compel TSB to call and hold an EGM in the manner pleaded in the Amended Originating Summons dated 24 October 2013 and also to compel TSB to furnish its management accounts as at 30 June 2013 and all the accounting records to the Company.

12. Investment in subsidiaries (continued)

@ On 8 November 2013, the Shah Alam High Court granted an order in terms of the said suit as disclosed further in Note 20 to the financial statements.

TSB and Lai Yun Fung filed an appeal on 11 November 2013 against the Shah Alam High Court Order dated 8 November 2013 (the Appeal) and a notice of motion dated 12 November 2013 to stay the High Court Order dated 8 November 2013 at the Court of Appeal. On 15 November 2013, the Court of Appeal granted an interim stay pending the disposal of the motion proper.

Eventually, the Court of Appeal had on 2 December 2013 dismissed the Notice of Motion dated 12 November 2013 filed by TSB and Lai Yun Fung.

On 5 December 2013, the Company filed for ex-parte leave for committal proceedings against the Directors of TSB for non-compliance of the said order. Ex-parte leave was granted by the Shah Alam High Court on 10 December 2013 and the application for committal was filed on 11 December 2013.

The application for committal was dismissed by the Shah Alam Court on 5 February 2014 and an appeal against the decision on 5 February 2014 was filed by the Company on 7 February 2014 (committal appeal).

The Company also filed an application under Order 45 of the Rules of Court 2012 on 11 February 2014 to compel the compliance of the said Order. The High Court allowed the Company's application on 28 May 2014. However, TSB filed an appeal against this decision on 2 June 2014 (the Order 45 Appeal). The Court of Appeal had on 22 July 2014 allowed:-

(i) The Appeal; and
(ii) The Order 45 Appeal.

Since the Appeal and Order 45 Appeal were allowed, the committal appeal was withdrawn.

The Company had on 21 August 2014 filed an application for leave to appeal to the Federal Court against the Court of Appeal's order dated 22 July 2014. During case management on 16 April 2015, the Company was informed that TSB had been wound up by the High Court of Sabah and Sarawak on 3 February 2015 via a draft order.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

12. Investment in subsidiaries (continued)

@ A sealed copy of the winding up order was obtained by the Company on 28 April 2015 and an announcement was made to Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 29 April 2015 pursuant to Paragraph 8.04 and Paragraph 2.1(c) of Practise Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia, which requires a listed issuer to make an announcement where, inter alia, a winding up of of a listed issuer's subsidiary or associated company which accounts for at least 50% of the total assets employed of the listed issuer on a consolidated basis.

The Company has impaired its investment in TSB amounting to RM25,421,549 and deconsolidated TSB effective 1 January 2013 as the financial records and information of TSB from 1 January 2013 onwards were not available to the Company.

Effectively, the investment in FJSB amounting to RM51 has also been impaired and deconsolidated effective 1 January 2013 due to the same reason.

13. Amount due from subsidiaries

	Company	
	2015 RM	2014 RM
Amount due from subsidiaries	34,627,097	34,627,097
Less: Accumulated impairment losses	(34,627,097)	(34,627,097)
	-	-

Movement on the provision for impairment of amount due from subsidiaries is as follow:

	Company	
	2015 RM	2014 RM
At 1 January/31 December	34,627,097	34,627,097

The amount due from subsidiaries represents non-trade transactions that are unsecured, interest free and repayable on demand. However, the Directors regard the above amounts as outstanding prior to 31 May 2013 and for which no documentation is available to support the accounting entries.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

14. Significant related party transactions

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

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The aggregate value of transactions with related parties other than those disclosed elsewhere in the financial statements and outstanding balances were as follows:

Name of Companies	Type of transaction	Transaction value 2015 RM	Transaction value 2014 RM	Balance due from as at 31 December 2015 RM	Balance due from as at 31 December 2014 RM
With subsidiaries:					
Tamabina Sdn. Bhd.	Reversal of repayment	-	2,517,010	9,897,992	9,897,992
With a Director:					
See Thoo Chan	Advances	239,226	24,520	860,564	621,338

15. Contingent liabilities

Corporate Guarantee	Company	
	2015	2014
	RM	RM
Corporate guarantee issued in favour of a former Director for advances given to TSB	966,059	966,059

Interest on amounts under litigation

The Company is exposed to potential payment of interest totaling RM1,047,941 (2014: RM1,047,941) in respect of the following litigation:

(i) As disclosed in Note 10(ii)(a) and Note 20(a)(ii) to the financial statements, the legal suit brought against the Group and the Company by a former Director, Lo Man Heng of the Company for an outstanding amount of RM1,660,217 is still on-going. This outstanding amount bears interest at the rate of 2% per annum above the base lending rate of a local bank and is repayable on demand but no further accrual of interest was made by the Group and the Company subsequent to 31 May 2013. The potential interest that may be claimed amounts to RM223,943 (2014: RM223,943).

(ii) As disclosed in Note 10(ii)(c) and Note 20(a)(iii) to the financial statements, the legal suit brought against the Group and the Company by TSB for an outstanding amount of RM7,380,931 is still on-going. This outstanding amount bears interest at the rate of 2% per annum above the base lending rate of a local bank and is repayable on demand but no further accrual of interest was made by the Group and the Company subsequent to 31 May 2013. The potential interest that may be claimed amounts to RM823,998 (2014: RM823,998).

16. Material Litigation

(a) The Company

(i) *Kuala Lumpur High Court (Winding-Up) Petition No. 28NCC-636-07/2013, Lo Man Heng v. Nakamichi Corporation Berhad*

On 14 June 2013, a former Director, Lo Man Heng ("LMH"), had served a winding up notice against the Company for a personal claim of an alleged amount due to LMH as at 31 May 2013 amounting to RM4,404,299. The winding up petition was filed on 8 July 2013. Included in this amount is an alleged amount of RM1,660,217 claimed to be due to LMH as at 31 December 2012.

The winding up petition was dismissed and struck out on 25 October 2013.

The Court of Appeal had also dismissed LMH's appeal against the High Court's decision on 26 May 2014.

Notwithstanding, the amount alleged to be outstanding above has been included in other payables as disclosed in Note 10(ii)(a) to the financial statements.

(ii) *Kuala Lumpur High Court Civil Suit No: 22NCVC-377-08/2014, Lo Man Heng v. Nakamichi Corporation Berhad*

On 12 August 2014, LMH filed a civil suit against the Company for a claim of an alleged amount due to LMH as at 31 December 2012 amounting to RM1,660,217 based on the same matters referred to in (i) above.

The trial of action was held from 11- 12 January 2016 and 4 -5 April 2016. The Court has fixed the matter for continued trial on 2 June 2016.

Notwithstanding, the amount alleged to be outstanding above has been included in other payables as disclosed in Note 10(ii)(a) to the financial statements.

16. Material Litigation

(a) The Company (continued)

(iii) *Kuala Lumpur High Court (Winding-Up) Petition No. 28NCC-635-07/2013, Tamabina Sdn Bhd v. Nakamichi Corporation Berhad*

On 14 June 2013, Tamabina Sdn. Bhd. ("TSB") served a winding up notice against the Company for a claim of an alleged amount due to TSB as at 31 May 2013 amounting to RM7,380,931. The winding up petition was filed on 8 July 2013.

The winding up petition was stayed by the High Court pending the disposal of the Civil Suit No. 22NCC-519-08/2013 (referred to in (v) below).

However, as at 12 April 2016, the Company had been informed that the Petitioner, TSB, had withdrawn the Winding Up Petition with no order to cost on 23 March 2016.

Notwithstanding, the amount alleged to be outstanding above has been included in other payables of the Group and the Company as disclosed in Note 15(ii)(c) to the financial statements respectively.

(iv) *Kuala Lumpur High Court Civil Suit No. No. 22NCC-519-08/2013, Nakamichi Corporation Berhad v. Lo Man Heng and 4 others*

On 5 August 2013 the Company filed a Writ and Statement of Claim in Kuala Lumpur High Court Civil Suit No. 22NCC-519-08/2013 against LMH, TSB, and 3 others mainly for the following:

a. Damages against LMH for his breach of fiduciary duties and conflict of interest in the Company;
b. Claim of Profit Guarantee against 2 parties to the Company;
c. Damages against LMH and TSB for conspiring to cause loss to the Company by issuing winding-up notices at the cause same time;
d. Damages for interference with and/or causing trespass to the Company's documents against LMH and the former Chief Financial Officer;
e. The return of all documents of the Company under the control of LMH and former Chief Financial Officer immediately; and
f. Damages against LMH for inducing and/or causing the former Chief Financial Officer to breach his term of employment with the Company.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

16. Material Litigation

(a) The Company (continued)

(iv) Kuala Lumpur High Court Civil Suit No. No. 22NCC-519-08/2013, Nakamichi Corporation Berhad v. Lo Man Heng and 4 others (continued)

The High Court delivered the Judgment on 30 March 2015 in favour of the Company wherein the following reliefs were allowed;

a. A declaration that LMH had breached his fiduciary duties towards the Company;
b. Two defendants to the suit to pay RM10,218,598 to the Company being the profit guarantee as at 30 June 2012 arising from the acquisition of TSB;
c. Two defendants to the suit to pay RM8,993,493 to the Company, being the profit guarantee as at 30 June 2011 arising from the acquisition of TSB;
d. The Company is at liberty to file an application to the court asking LMH and former Chief Financial Officer to furnish the documents based on a list provided by the Company.
e. Costs of RM150,000 to the Company to be paid jointly or severally by LMH.

On 22 April 2015, LMH and two defendants to the suit filed an appeal pursuant to the Judgement dated 30 March 2015 on the above case in Court of Appeal Civil Appeal No. W-02(NCC)(W)-687-04/2015.

The matter is fixed for another case management at the Court of Appeal on 16 May 2016 pending the grounds of judgement from the Kuala Lumpur High Court.

16. Material Litigation (continued)

(a) The Company (continued)

(v) Shah Alam High Court Originating Summons No. 24-1187-08/2013, Nakamichi Corporation Berhad v. Tamabina Sdn Bhd and one other party

On 16 August 2013, the Company commenced a suit in Shah Alam High Court Originating Summons No. 24-1187-08/2013 *inter alia* to compel TSB to call and hold an Extraordinary General Meeting in the manner pleaded in the Amended Originating Summons dated 29 October 2013 and also to compel TSB to furnish its management accounts as at 30 June 2013 and all future managements accounts to the Company.

On 8 November 2013, the High Court of Malaya at Shah Alam allowed the Company's claim via *Originating Summons No. 24-1187-08/2013, Nakamichi Corporation Berhad v. Tamabina Sdn Bhd and one other party.*

TSB and one other party ("Appellants") filed an appeal at the Court of Appeal on 11 November 2013 (the Appeal). The Appellants also filed a Notice of Motion dated 12 November 2013 at the Court of Appeal to stay the High Court Order of 8 November 2013. Eventually, the Court of Appeal on 2 December 2013 dismissed the Notice of Motion dated 12 November 2013 filed by the Appellants.

On 5 December 2013, the Company filed for leave for committal proceedings against the Directors of TSB for non-compliance of the said order. Ex-parte leave of application was granted by the Shah Alam High Court and the application proper was filed on 11 December 2013.

The committal proceedings were dismissed by the Shah Alam Court on 5 February 2014 and an Appeal against the decision was filed on 7 February 2014 (Committal appeal).

The Company filed an application under Order 45 of the Rules of Court 2012 on 11 February 2014 to compel the compliance of the said Order. The High Court allowed the Company's application on 28 May 2014 and an appeal against this decision was filed on 2 June 2014 (Order 45 appeal).

The Court of Appeal had on 22 July 2014 allowed:

a. The Appellants' Appeal against the Shah Alam High Court Order dated 8 November 2013 (the Appeal);
b. The Appellants' Appeal against decision of Shah Alam High Court in allowing the Company's application under Rule 45 of the Rules of Court 2012 (Oder 45 Appeal).

Since the Appeal and Order 45 Appeal were allowed, the Committal Appeal was withdrawn.

16. Material Litigation (continued)

(a) The Company (continued)

(vi) Federal Court ("FC") Civil Application No. 8(f)-411 & 412-08/2014 Nakamichi Corporation Berhad v. Tamabina Sdn Bhd and one other party

The Company had on 21 August 2014 filed an application for leave to appeal to the FC against the Court of Appeal's order dated 22 July 2014.

Bursa Malaysia Securities Berhad and the Securities Commission of Malaysia had on 15 October 2014 and 19 January 2015 respectively filed their application to intervene in the FC Leave Applications as they had averred in its intervener application that it has an interest to be heard by the FC as it involves points of public interest which may assist the FC.

The Grounds of Judgment of the Court of Appeal Order was obtained in February 2016. As the appeal is deemed redundant and academic following the winding up of TSB, the Company filed a discontinuance of the FC Leave Application on 8 April which was agreed by the respondents on 14 April 2016.

(b) Tamabina Sdn. Bhd. ("TSB")

(i) Ko Kung Siong (trading under the name and style of KKS Timber Trading)

TSB had on 4 October 2010 received a Writ of Summons Suit No. S-22-59 and Statement of Claim dated 17 September 2010 and 14 September 2010 respectively, from KKS Timber Trading ("KKS") filed through their solicitors, Messrs Ngui & Associates ("the Action") in the High Court of Sabah and Sarawak at Sandakan ("Court"). The Action arose from the claim by KKS against TSB for non-payment for logging work performed by KKS at Coupe YS1/07(3) at the Pinangah Forest Reserve in the Yayasan Sabah Concession Area.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

16. Material Litigation (continued)

(b) Tamabina Sdn. Bhd. ("TSB") (continued)

(i) Ko Kung Siong (trading under the name and style of KKS Timber Trading) (continued)

A judgement was obtained against TSB on 30 November 2011. TSB was adjudged by the High Court to pay KKS:

- RM1,448,173.07, being the unpaid balance owed for the logging works performed or in the alternative for remedy of quantum merit;
- Interest at the rate of 8% per annum on the unpaid balance calculated from 27 July 2010 to the date of judgement;
- Interest at 8% per annum on the judgement sum from the date of judgement to the date of full settlement; and
- Cost, on solicitors-clients basis.

TSB had applied to the Sandakan High Court and on 27 February 2012, and was granted a stay of execution and enforcement of the aforesaid judgement obtained by KKS. However, the stay of execution order granted by the Sandakan High Court pending the appeal by TSB to the Court of Appeal was overruled by the Court of Appeal and KKS had on 28 September 2012 served a Statutory Demand (pursuant to Section 218(1)(e) of the Companies Act, 1965 in Malaysia) on TSB.

TSB had then filed an Ex-Parte Notice of Motion for Stay ("Motion for Stay") at the Court of Appeal Registry at Putrajaya over the above order.

On 28 November 2012, the Court of Appeal by consent granted an Order staying all execution and/or enforcement of the above judgement granted by the High Court at Sandakan on 30 November 2011 in Civil Suit No. S22-59 of 2010 against TSB pending the hearing and full and final disposal of the Civil Appeal no. S-02-457-02 of 2012 pursuant to TSB's application of Motion for Stay.

A court order was issued for the winding-up of TSB on 3 February 2015.

16. Material Litigation (continued)

(b) Tamabina Sdn. Bhd. ("TSB") (continued)

(ii) Kini Abadi Sdn. Bhd.

TSB had on 21 March 2013 received a letter from Messrs. William Liaw, Chan & Co, solicitors for Kini Abadi Sdn. Bhd. ("KASB") informing TSB that the Court had entered in default of appearance, a judgement sum including interest totaling RM396,744 as at 21 March 2013 ("Judgement Sum"). The Solicitors had in their letter demanded that the Judgement Sum be paid to them as Solicitors of KASB within seven (7) days from the date of their letter. The claim by KASB against TSB arose from non-payment for freight/transportation services performed by KASB for TSB. The Judgement Sum includes the following:

- RM393,136, being the unpaid balance owed;
- Discretionary interest at the rate of 5% per annum pursuant to Section 11 of the Civil Law Act 1965 on the unpaid balance calculated from 15 January 2013 to the date of judgement;
- Statutory interest at 5% per annum on the judgement sum from the date of judgement to the date of full settlement;
- Costs; and
- Such other relief as the Court deems fit.

TSB appealed to set aside the judgement. In the event TSB losses the case, the expected losses after tax and non-controlling interest to the Group is RM182,453 excluding any interest and legal costs. An amount of RM210,681 has been provided for under trade payables in the financial statements of the Group.

There is no further information available on the material litigation affecting TSB.

A court order was issued for the winding-up of TSB on 3 February 2015 which was announced on 28 April 2015. TSB has since been deconsolidated since the financial year 2013.

16. Material Litigation (continued)

(c) Nakamichi Malaysia Sdn. Bhd. ("NMSB")

(i) DELL Security Services Sdn Bhd ("DELL")

On 26 December 2014, NMSB received a legal notice from the solicitors of DELL demanding outstanding fees on security services provided by DELL to NMSB for the period from 30 November 2009 to 31 March 2011 amounting to RM14,619.

The Directors have provided for this amount in the Group's financial statements.

(ii) Kumpulan Wang Simpanan Pekerja ("KWSP")

KWSP filed a legal suit against NMSB and the former Directors of NMSB in the Magistrate's court in Kuala Lumpur, Summon No. A27NCV-908-03/2015 for outstanding amounts due to KWSP of RM15,119.

On 27 April 2015, KWSP allowed NMSB to repay the outstanding amounts in six monthly instalments starting from 20 May 2015 to 20 October 2015.

The Directors have provided an amount of RM16,119 including RM1,000 for cost of litigation in the Group's financial statements.

(iii) Armour Security Systems (M) Sdn. Bhd. ("Armour")

On 25 May 2015, NMSB received a legal notice from the solicitors of Armour informing NMSB that the Magistrate's Court in Kuala Lumpur had entered in default of appearance with judgement sum including interest and cost of litigation totalling RM69,809 ("Judgement Sum") for Summon No. A72NCVC-1531-04/2015 dated 13 May 2015. The solicitors had in the said notice demanded that the Judgement Sum be paid to the solicitors within fourteen days from the date of the notice.

The Directors have provided for the Judgement Sum in the Group's financial statements.

17. Operating segments

Business segments

The Group is dormant currently and the business segment is investment holding.

Geographical segments

The activity of the Group are mainly carried out in Malaysia and no operation in other countries.

Major customer

The Group is currently dormant and no revenue generated.

18. Financial instruments

Categories of financial instruments

The Group and the Company have categorised its financial assets as loans and receivables and financial liabilities as other financial liabilities measured at amortised cost.

Financial risk management objectives and policies

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

The Group and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group and the Company's businesses whilst managing its credit risk, interest rate risk and liquidity risk.

The following sections provide details regarding the Group and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

18. Financial instruments (continued)

(a) Credit risk (continued)

The Group and the Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and non-trade receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group and the Company do not have any carrying amount of trade receivables in the statement of financial position.

Exposure to credit risk

At the end of the reporting period, the Group and the Company do not have any exposure to credit risk.

Intercompany balances

The Company provides unsecured loans and advances to subsidiaries.

As at the end of the reporting period, the Company does not have any carrying amounts in the statement of financial position.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest bearing non-trade payables.

In respect of interest-bearing financial liabilities, the following table indicates its effective interest rates at the reporting date and the periods in which they reprice or mature, whichever is earlier.

18. Financial instruments (continued)

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practises prudent risk management by maintaining sufficient cash balances.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

Group	Carrying Amount RM	Within 1 Year RM
2015		
Non-trade payables and accruals	14,213,217	14,213,217
2014		
Non-trade payables and accruals	13,753,703	13,753,703
Company		
2015		
Non-trade payables and accruals	13,923,896	13,923,896
Non-trade payables and accruals	13,471,708	13,471,708

19. Fair value

The financial assets and financial liabilities maturing within the next 12 months approximated fair values due to the relatively short-term maturity of the financial instruments.

20. Capital management

The Group and the Company have presently no formal policy on capital management.

Under the requirements of Practise Note 17 ("PN17") of the listing rules of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares). The Group has not complied with this requirement and the Company has yet to make an announcement on its regulation plans as an affected issuer under PN17.

20. Capital management (continued)

Save for the above, there are no other external capital requirements imposed on the Group and the Company.

21. Supplementary information – realised and unrealised profits/losses

The breakdown of the retained profits of the Group and of the Company as at 31 December into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and presented 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.

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Total accumulated losses				
- Realised	108,178,917	107,707,828	107,784,861	107,332,723
- Unrealised	-	-	-	-
	108,178,917	107,707,828	107,784,861	107,332,723

The determination of realised and unrealised profits is based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants on 20 December 2010.

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

22. General information

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

The Company is an investment holding company. The principal activities of its subsidiaries are as disclosed in Note 12 to the financial statements.

There has been no significant change in the nature of these activities during the financial year except as disclosed in Note 12 to the financial statements.

The registered office is located at No 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur.

The principal place of business is located at No. 13, 5th Floor, Block C1, Jalan PJU 1/41, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue by the Board of Directors on 18 April 2016.

ANALYSIS OF SHAREHOLDINGS
AS AT 23 MARCH 2016

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each
Issued and Fully Paid-up Capital	:	RM55,410,180.00 divided into 55,410,180 ordinary shares of RM1.00 each
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One (1) per ordinary share

SHAREHOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
17	Less than 100	338	*
477	100 to 1,000	406,794	0.73
1,748	1,001 to 10,000	4,448,568	8.03
120	10,001 to 100,000	3,489,300	6.30
39	100,001 to less than 5% of issued shares	32,205,680	58.12
3	5% and above of the issued shares	14,859,500	26.82
2,404	**TOTAL**	**55,410,180**	**100**

* Less than 0.01%

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for See Thoo Chan*	5,674,100	10.24
2.	Chan Sow Pheng	4,650,000	8.39
3.	Goh Kheng Peow	4,535,400	8.19
4.	Low Geok Eng	2,730,000	4.93
5.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for BSI SA (BSI BK SG-NR)*	2,579,280	4.65
6.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Kheng Peow*	2,291,000	4.13
7.	Topwish Potential Sdn Bhd	2,250,000	4.10
8.	Wong Yoke Kuen	2,068,900	3.73
9.	Goh Kheng Peow	2,000,000	3.61
10.	Veto Capital Sdn Bhd	1,814,500	3.27
11.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Lo Man Heng (MQ0389)*	1,600,000	2.89
12.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Dorothy Ng Siew May (8026639)*	1,500,000	2.71
13.	See Thoo Chan	1,445,000	2.61
14.	Goh Kheng Peow	1,229,600	2.22
15.	Low Gay Kheng	1,032,900	1.86
16.	Cara Kaya Sdn Bhd	1,000,000	1.80
17.	Lim Haw Sek	1,000,000	1.80
18.	Gan Yok Leng	969,700	1.75
19.	Lo Man Heng	905,000	1.63
20.	See Thoo Chan	800,000	1.44

ANALYSIS OF SHAREHOLDINGS
AS AT 23 MARCH 2016 (Continued)

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS) (Continued)

Name of Shareholders	No. of Shares Held	Percentage (%)
21. RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Yoke Kuen*	575,100	1.04
22. Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Cara Kaya Sdn Bhd*	518,000	0.93
23. Maybank Nominees (Asing) Sdn Bhd *Nomura Singapore Limited for Hon Tak Kwong (270839)*	398,700	0.72
24. Yap Loo Mien	350,700	0.63
25. Tan Hee Mee	285,200	0.51
26. Goh Kheng Peow	277,600	0.50
27. Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chin Lai Theng*	229,800	0.41
28. Yeoh Phek Leng	225,400	0.41
29. Tasec Nominees (Asing) Sdn Bhd *TA Securities (HK) Ltd for Ko Chun Shun Johnson*	224,000	0.40
30. Low Gay Teong	213,900	0.39
TOTAL	**45,373,780**	**81.89**

SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	NO. OF SHARES HELD			
NAME OF SHAREHOLDERS	DIRECT	%	INDIRECT	%
1. Goh Kheng Peow		10,333,600	18.65	7,919,100#
14.29				
2. See Thoo Chan	7,919,100	14.29	10,333,600^	18.65
3. Chan Sow Pheng	4,650,000	8.39	-	-

Notes:-

\# Deemed interest by virtue of his relationship with See Thoo Chan, his spouse

^ Deemed interest by virtue of her relationship with Goh Kheng Peow, her spouse

DIRECTORS' SHAREHOLDINGS (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

	NO. OF SHARES HELD			
NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
1. See Thoo Chan	7,919,100	14.29	10,333,600^	18.65
2. Darren Solomon Low Jun Ket	-	-	-	-
3. Goh Tai Wai	-	-	-	-
4. Mak Siew Wei	-	-	-	-

^ Deemed interest by virtue of her relationship with Goh Kheng Peow, her spouse

(301384-H)
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