SWS Capital Berhad (502246-P)

PTD 4085,
Kawasan Perindustrian Parit Jamil,
84150 Parit Jawa,
Muar, Johor Darul Ta'zim.

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Fax : +606-9875 888
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www.swscap.com

SWS Capital Berhad (502246-P) Annual Report **2015**

SWS Capital Berhad
(502246-P)

Annual Report **2015**

Contents

Corporate Profile

SWS Capital Berhad ("SWSCAP") commenced operations on 1 December 2003 as an investment holding company and listed in the Bursa Malaysia Securities Berhad ("Bursa Securities") on 15 March 2004. The current authorised share capital of SWSCAP is RM100,000,000 comprising 200,000,000 shares of RM0.50 each. 145,875,038 SWSCAP Shares are currently issued and fully paid up.

The business activities of SWSCAP Group can be classified into:

- Manufacturing and sale of upholstery sofas and settees
- Manufacturing and sale of dining furnitures, occasional furnitures and buffet & hutch
- Lamination of veneer and paper
- Trading of various type of boards, polyethylene, pneumatic fasteners, nails and others

SWSCAP places great emphasis on manufacturing high quality furniture products by adhering to stringent quality controls and monitoring system. SWSCAP also continuously investing substantial resources in its on-going Research and Development Program to seek, improve and develop quality, durable and trendy furniture products to meet the demands and expectations of customers.

Corporate Information

DIRECTORS

Neo Tiam Hock
Executive Chairman

Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai
(Appointed on 23.12.2015)
Deputy Executive Chairman

Neo Chee Kiat
Managing Director

Piong Yew Peng
Senior Independent Non-Executive Director

Hj Ismail Bin Tunggak @ Hj Ahmad
Independent Non-Executive Director

Chua Heok Wee
(Appointed on 23.12.2015)
Independent Non-Executive Director

Dr Loh Yee Feei
(Appointed on 23.12.2015)
Independent Non-Executive Director

Tan Kok Tiam
(Appointed on 23.12.2015)
Independent Non-Executive Director

Lau Teck Poh
(Appointed on 23.12.2015)
Independent Non-Executive Director

Anthony Na Hai Sir
(Resigned on 23.12.2015)
Independent Non-Executive Director

AUDIT COMMITTEE

Piong Yew Peng
Committee Chairman

Hj Ismail Bin Tunggak @ Hj Ahmad
Committee Member

Chua Heok Wee
(Appointed on 23.12.2015)
Committee Member

Dr Loh Yee Feei
(Appointed on 23.12.2015)
Committee Member

Tan Kok Tiam
(Appointed on 23.12.2015)
Committee Member

Lau Teck Poh
(Appointed on 23.12.2015)
Committee Member

Anthony Na Hai Sir
(Resigned on 23.12.2015)
Committee Member

NOMINATION COMMITTEE

Dr Loh Yee Feei
(Appointed on 23.12.2015)
Committee Chairman

Hj Ismail Bin Tunggak @ Hj Ahmad
Committee Member

Piong Yew Peng
Committee Member

Chua Heok Wee
(Appointed on 23.12.2015)
Committee Member

Tan Kok Tiam
(Appointed on 23.12.2015)
Committee Member

Lau Teck Poh
(Appointed on 23.12.2015)
Committee Member

Anthony Na Hai Sir
(Resigned on 23.12.2015)
Committee Member

REMUNERATION COMMITTEE

Tan Kok Tiam
(Appointed on 23.12.2015)
Committee Chairman

Piong Yew Peng
Committee Member

Hj Ismail Bin Tunggak @ Hj Ahmad
Committee Member

Chua Heok Wee
(Appoined on 23.12.2015)
Committee Member

Dr Loh Yee Feei
(Appoined on 23.12.2015)
Committee Member

Lau Teck Poh
(Appointed on 23.12.2015)
Committee Member

Anthony Na Hai Sir
(Resigned on 23.12.2015)
Committee Member

COMPANY SECRETARY

Pang Kah Man (MIA 18831)

AUDITORS

Ernst & Young
Chartered Accountants

Level 16-1
Jaya99, Tower B
99, Jalan Tun Sri Lanang
75100 Melaka

PRINCIPLE BANKERS

Malayan Banking Berhad
Maybank Islamic Berhad
Public Bank Berhad
AmBank (M) Berhad
AmIslamic Bank Berhad

SOLICITOR

NSK & PARTNERS
Foong & Partners

REGISTRARS

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32,
Tower A Vertical Business Suite
Avenue 3,
Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur.
Tel : +603-2783 9299
Fax : +603-2783 9222

REGISTERED OFFICE

No. 7 (1st Floor), Jalan Pesta 1/1,
Taman Tun Dr Ismail 1, Jalan Bakri,
84000 Muar, Johor Darul Ta'zim.
Tel : +606-9541 705
Fax : +606-9541 707
Email : lsca-muar@lsca.com.my

PRINCIPLE PLACE OF BUSINESS

PTD 4085, Kawasan Perindustrian
Parit Jamil, 84150 Parit Jawa, Muar,
Johor Darul Ta'zim.
Tel : +606-9875 999
Fax : +606-9875 888
Email : info@swscap.com

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad
Stock Name: SWSCAP
Stock Code: 7186

WEBSITE

www.swscap.com

Corporate Structure

SWS Capital Berhad

100%
SWS Industries Sdn. Bhd. (Formerly known as U.D. Industries Sdn. Bhd.) (192321-U)
("SWSI")

51%
Poh Keong Industries Sdn, Bhd. (286999-X)
("PKI")

100%
Sin Wee Seng Industries Sdn. Bhd. (345865-A)
("SWS")

100%
SWS Homes (M) Sdn. Bhd. (881392-A)
("SWSH")

100%
Starlight Industry Sdn. Bhd. (267560-M)
("SI")

100%
Oriena Industry Sdn. Bhd. (266086-T)
("ORI")

100%
Syarikat U.D. Trading Sdn. Bhd. (85023-X)
("UDT")

100%
U.D. Panelform Sdn. Bhd. (120394-P)
("UDP")

100%
U.D. Wood Products Sdn. Bhd. (402592-K)
("UDW")

Global Presence

AFRICA
Algeria
Congo
Egypt
Ghana
Kenya
Libya
Mauritius
Morocco
Reunion
Senegal
South Africa

ASIA
China
India
Japan
Kazakhstan
Malaysia
Philippines
Singapore
South Korea
Sri Lanka
Thailand

EUROPE
Austria
Belgium
Croatia
Cyprus
Czech Republic
Denmark
France
Germany
Greece
Iceland
Ireland
Italy
Netherlands
Norway
Poland
Slovakia
Slovenia
Spain
Sweden
Switzerland
United Kingdom

SOUTH AFRICA
Argentina
Brazil
Chile
Ecuador
Guyana
Martinique
Peru

OCENIA
Australia
New Zealand
Papua New
Guinea

NORTH AMERICA
Canada
Dominican Republic
Guadeloupe
Haiti
Mexico
United States

MIDDLE EAST
Jordan
Kuwait
Lebanon
Qatar
Saudi Arabia
United Arab Emirates

Chairman's Statement

Dear Valued Shareholders,

"On behalf of the Board of Directors of SWS Capital Berhad, I am pleased to present the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 August 2015."

FINANCIAL PERFORMANCE

The Group achieved total turnover of RM124.80 million for the financial year ended 31 August 2015, a 1.4% or RM1.8 million decrease from RM126.6 million in the preceding financial year ended 31 August 2014.

The drop of Group revenue was mainly due to the lower sales in dining sets division and lamination division. The overall sales in dining sets division decreased by 9.1% while the sales for lamination division decreased by 11.6% in YE2015. The decrease of demand for dining sets was caused by the lower purchasing power in Europe countries as a result of strong USD recently.

The gross profit percentage has slightly decreased from 16.1% in previous year to 14.9% in this financial year. The decrease of profit was mainly due to the write off of inventory and provision for obsolete goods which is approximately RM2.4 million.

PROSPECTS

The Group would continue to face stiff competitions given the volatile economic condition and operating environment. To promote sustainability of the Group as a whole, Management would prioritise new product offering and implement strategic marketing initiatives by providing special discount to the existing customers and penetrating new market through participation to new exhibitions.

Besides, with the new appointment of Deputy Executive Chairman, Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai, the Group believes that this appointment will add further strength to our executive team and will help steer the Group with its growth plans to become an even larger and more successful business in the future.

Barring unforeseen circumstances, the Board believes that the Group would continue to be profitable in the next financial year ending 31 August 2016.

Chairman's Statement
(cont'd)

DIVIDENDS

No dividend was proposed by the Board of Directors for the current year under review.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Apart from capitalizing on profits for the well-being of the Company and Shareholders, we are conscious of the importance in playing our part to improve the well-being of communities we operate in to ensure a sustainable business enterprise.

There has been a continuous CSR initiative to give back to public within our capabilities including monetary and products donations to various non-profitable organization, accommodating industrial trainees from local institutions in our organization and others.

Chairman's Statement (cont'd)

CORPORATE GOVERNANCE

The Board is committed towards upholding the values of corporate governance by embracing the principles and best practices set out in the Malaysian Code of Corporate Governance.

The Board has recently incorporated the following policies which can be viewed at the company's corporate website www.swscap.com:

(a) Code of Conduct
(b) Whistle Blowing Policy
(c) Charter of Board
(d) Environmental, Social and Governance Policy

Across the Group, we ensure that business is conducted with integrity, discipline, transparency and in a socially responsible manner. Our corporate governance efforts practiced during the year is outlined in the Corporate Governance Statement in this Annual Report.

APPRECIATION

I would like to express my sincere appreciation to fellow Board members for their support and contributions. On behalf of the Board, I wish to thank the Management Team and the Group's employees for their dedication and commitment. With consistent management efforts, the Group should be able to achieve better results in the coming financial year.

Last but not least, I would like to extend my gratitude to our valued customers, suppliers, shareholders, financiers, business associates, consultants and the relevant public authorities who have worked consistently with the Group to achieve the desired goals.

Neo Tiam Hock
Executive Chairman
01 January 2016

Board of Directors' Profile

Neo Tiam Hock

Executive Chairman
Aged 69, Malaysian

Appointed as the Executive Director on 30th November 2003. He is the founder of SWS. He has more than 48 years of experience and expertise in the furniture industry, which has helped the Group in the growth of its upholstered furniture division. He is responsible for the overall business operation of the Group. He also sits on the board of a few private limited companies. Mr. Neo Tiam Hock is the father of Mr. Neo Chee Kiat who is also a major shareholder of the Company.

Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai

Deputy Executive Chairman
Aged 60, Malaysian

Appointed as Deputy Executive Chairman on 23.12.2015. He graduated from Bolton University in Business Management majoring in Accounting. He is a member of the Institute of Certified Public Accountants, Ireland and fellow member of Malaysian Association of Company Secretaries. He has over 34 years of working experience in the fields of auditing, accounting and corporate finance. He was the Executive Director of Pensonic Holdings Berhad from 13 September 1995 to 13 December 2003 and was re-designated as a Non-Executive Director, however, he was re-designated as Executive Director on 28 April 2014. He sits on the Board of Unimech Group Berhad (as a Senior Independent Non-Executive Director), Denko Industrial Corporation Berhad (as an Independent Non-Executive Director) and Muar Ban Lee Group Berhad (as an Executive Director), which are listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the board of several other private limited companies. He has no family relationship with any other Director or major shareholder of the Company.

Neo Chee Kiat

Managing Director
Aged 45, Malaysian

Appointed as the Managing Director on 30th November 2003. He assisted his father in the day-to-day marketing and sofa operation of Kim Seng sole proprietorship business in 1988 and later he joined SWS as a Director. With more than 24 years' experience in the manufacturing of sofa furniture, he has steered SWS from a small-scale manufacturer to being one of the major sofa manufacturers and exporters in Malaysia. He is responsible for the overall business planning and marketing strategy of the Group. He is the President of the Federation of Johor Furniture Manufacturers and Traders Association, Deputy President of the Malaysian Furniture Industry Council and the President of the Muar Furniture Association. He also sits on the board of a few private limited companies. Mr. Neo Chee Kiat is the eldest son of Mr. Neo Tiam Hock who is also a major shareholder of the Company.

Piong Yew Peng

Senior Independent Non-Executive Director
Aged 45, Malaysian

Appointed as the Non-Executive Director on 10th April 2012 and is presently Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee. He obtained his Bachelor of Business (Accounting) from RMIT University, Melbourne, Australia. He is also a fellow member of CPA Australia and member of Malaysian Institute of Accountants. He has no family relationship with any other Directors or major shareholders of the Company.

Hj. Ismail Bin Tunggak @ Hj Ahmad

Independent Non-Executive Director
Aged 65, Malaysian

Appointed as the Independent Non-Executive Director on 30th November 2003. He was the Head of POS Malaysia & Services Holdings Berhad (previously known as Jabatan Perkhidmatan POS / POS Malaysia Bhd.), Bukit Pasir from 1976 to 1983 and Sungai Mati from 1983 to 1987. He was the Penghulu of Mukim Sri Menanti from 1987 to 1997 and of Mukim Tangkak from 1997 to 2002 before holding the post of Penghulu of Mukim Parit Bakar since 2002. He is also a committee member of several government agencies. He sits on the board of Muar Ban Lee Group Berhad which is listed on the Main Market of Bursa Securities. He has no family relationship with any other Directors or major shareholders of the Company.

Chua Heok Wee

Independent Non-Executive Director
Aged 42, Malaysian

Appointed as Independent Non-Executive Director on 23.12.2015. He graduated from Technical College and worked as a foreman in 1995. He was subsequently promoted to Project Manager of Muar Ban Lee Engineering Sdn. Bhd. in 1997. With more than 21 years' experience in the design and manufacture of oil seed expellers, ancillary machinery and spare parts, he has steered Muar Ban Lee Engineering Sdn. Bhd. from a small scale manufacturer to be one of the major manufacturers of oil seed expellers in Malaysia. He is responsible for the overall business planning, marketing, product development and brand building of the Company. He has participated in many international metal product trade fairs and exhibitions held overseas and locally. He is the Managing Director of Muar Ban Lee Group Berhad since 30th June, 2009.He has no family relationship with any other Director or major shareholder of the Company.

Dr. Loh Yee Feei

Independent Non-Executive Director
Aged 53, Malaysian

Appointed as Independent Non-Executive Director on 23.12.2015. He is holding a Bachelor of Applied Science (Electrical Engineering) from University of Ottawa, Canada and Doctorate in Business Administration from Paramount University of Technology, U.S.A. He has more than 30 years of business and management experience in manufacturing - based industries. He was the Executive Director of GPA Holdings Berhad (2011 - 2014), a Malaysian Public - Listed Company engaged in manufacturing and distribution of automotive and valve–regulated–lead-acide (VRLA) batteries, the Chief Executive Officer of FACB Industries Incorporated Berhad (2009 - 2011), a Malaysian Public - Listed company with steel manufacturing as its flagship operations. He has also held senior management position in both local conglomerates and American multinational companies which including serving as Senior General Manager of Ekowood International Berhad, General Manager of Hong Leong Group, senior materials manager, manufacturing manager & process engineering manager of Western Digital Malaysia. He started his career as process engineer with Intel Technology Malaysia in 1984. He has no family relationship with any other Director or major shareholder of the Company.

Tan Kok Tiam

Independent Non-Executive Director
Aged 51, Malaysian

Appointed as Independent Non-Executive Director on 23.12.2015. He is a Chartered Accountant and qualified as a Certified Public Accountant (CPA). He is also a member of Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He has more than 20 years of experience in the investment banking industry, providing corporate advisory services covering IPOs, M&A, fund raising and privatization of listed companies. He started his articleship with a public accounting firm where he is qualified as a Certified Public Accountant (CPA). Upon qualified as a CPA, he joined a merchant bank and was attached with Corporate Finance Department for about 5 years before joining a PLC as a General Manager in charge of Finance and Corporate Finance related work. Subsequently in 2005, he joined an investment bank as Director of Investment Banking. Thereafter, he moved to a stockbroking company as Head of Corporate Finance until current. He has no family relationship with any other Director or major shareholder of the Company.

Lau Teck Poh

Independent Non-Executive Director
Aged 47, Malaysian

Appointed as Independent Non-Executive Director on 23.12.2015. He was a businessman for over 25 years and involved in various business mainly as developer. He conferred Pingat Ibrahim Sultan (P.I.S) from the Sultan of Johor Sultan Ibrahim Sultan Iskandar in Year 2012.

Conflict of interest
None of the Directors has any conflict of interest with the Company.

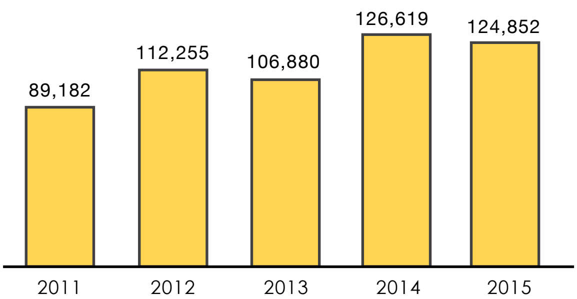
Conviction of offence
None of the Directors has been convicted of any offence within the past 10 years other than traffic offences.


RM478,512
Profit Before Tax
For FY 2015

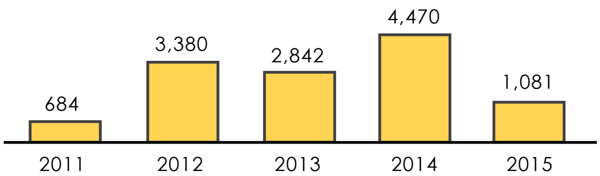
Financial Highlights

Five Years Financial Highlights	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
REVENUE	124,852	126,619	106,880	112,255	89,182
PROFIT BEFORE TAX	479	4,349	3,216	3,671	915
PROFIT AFTER TAX	1,081	4,470	2,842	3,380	684
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS	302	3,371	2,543	3,133	589
SHAREHOLDERS' FUND	62,436	63,399	59,789	57,246	54,113
EARNINGS PER SHARE (EPS)	0.24	2.66	2.01	2.48	0.47
NET ASSETS PER SHARE	0.53	0.53	0.50	0.47	0.45

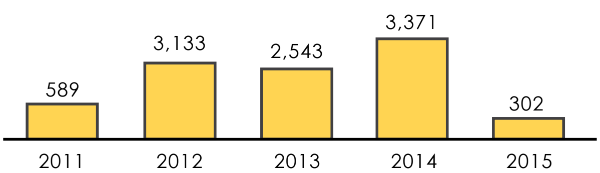
REVENUE (RM'000)



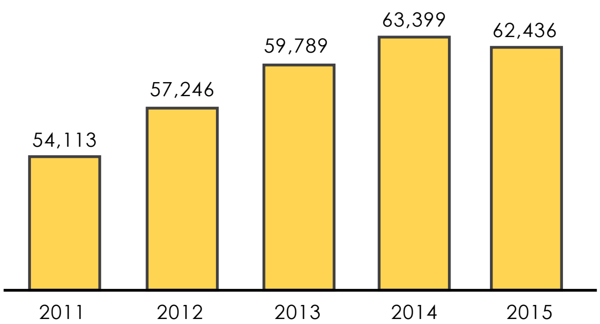
PROFIT AFTER TAX (RM'000)



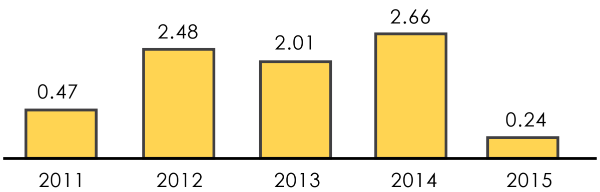
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS (RM'000)



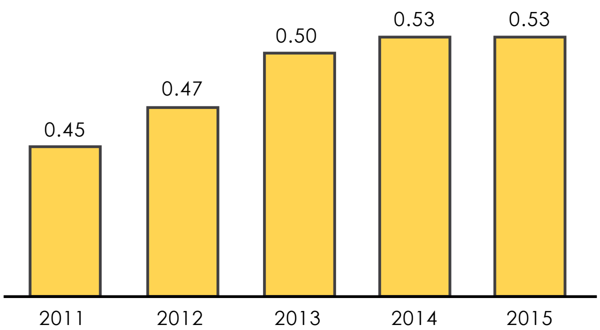
SHAREHOLDERS' FUND (RM'000)



EARNINGS PER SHARE (EPS) (RM)



NET ASSETS PER SHARE (RM)




JAMIE'S AMERICA JAMIE OLIVER
SALT TO TASTE MARCO CANORA
HOME DESIGN IDEAS

The good life. Relishing its every moment is an irresistible pleasure. We understand that, and that's why we create, affirm and deliver world-class designs that let you relax and be true to yourself. Creature comforts in contemporary style, for your indulgence.

Statement of Corporate Governance

The Board of SWSCAP ("Company") observes Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and ensures that the highest standards of corporate governance are practiced throughout SWSCAP group of companies ("the Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

This corporate governance statement ("Statement") sets out how the Company has applied the 8 Principles ("Principles") of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and observed the 26 Recommendations supporting the Principles during the financial year under review following the release of the MCCG 2012 by the Securities Commission in late March 2012. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observation, including the reasons thereof and, where appropriate, the alternative practice, if any, is mentioned in this Statement.

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

The Board recognizes the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the company, addressing the sustainability of the group's business;
- overseeing the conduct of the group's business and evaluating whether or not its businesses are being properly managed;
- identifying principal business risks faced by the group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the board;
- overseeing the development and implementation of a shareholder communications policy; and
- reviewing the adequacy and integrity of the group's internal control and management information systems.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

(i) Charter of Board

To in line with Recommendation 1.7 of the MCCG 2012, the Board has established clear functions reserved for the Board and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include, inter-alia, the approval of annual budgets, quarterly and annual financial statements for announcement, major investments, borrowings and expenditure as well as monitoring of the Group's financial and operating performance. With efforts to enhance accountability, such delineation of roles is clearly set out in the Charter of Board ("Charter"), which also serves as a reference point for Board activities. The Charter provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities.

The Charter can be viewed on the Company's website at www.swscap.com.

(ii) Code of Conducts

A Code of Conducts, setting out the standards of conduct expected from Directors and all employees of the Group has been formalised. The Code of Conduct provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board has also formalized a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices. The Board recognizes the importance of adhering to the Code of Conducts and has taken measures to put in place a process to ensure its compliance, including uploading of the Code of Conducts and Whistle-blowing Policy on the Company's website.

(iii) Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact of the Group's business on the environmental, social and governance ("ESG") aspects is taken into consideration. To address the ESG aspects incorporated in the Group's strategy, the Board has formalised an ESG Policy.

The Group's activities on corporate social responsibilities for the financial year under review are disclosed on page 39 of this Annual Report.

(iv) Access to Information and Advice

The Board recognizes that the decision making process is highly dependent on the quality of information furnished. As such, Board members have full and unrestricted access to all information pertaining to the Group's business and affairs. Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least seven (7) days prior to the Board and Board Committee meetings, to facilitate decision making by the Board and to deal with matters arising from such meetings. Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Charter in furtherance of their duties.

Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary who is qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities. The Company Secretary constantly keeps herself abreast of the evolving capital market environment, regulatory changes and developments in CG through continuous training. The removal of the Company Secretary is a matter for the Board, as a whole to decide.

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD

As at the date of this statement, the Board consists of nine (9) members comprising three (3) Executive Directors of whom one is also the Managing Director and six (6) Independent Non-Executive Directors. This composition fulfills the requirements as set out under the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent. The profile of each Director is set out on pages 16 to 19 of this Annual Report. The Directors, with their diverse backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as entrepreneurship; finance; taxation; accounting and audit and legal and economics.

(i) Nomination Committee – Selection and Assessment of Directors

The Board conducts an assessment on the performance of the Board, as a whole, based on a self-assessment approach. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board considers and approves recommendations by the Nomination Committee on the re-election and re-appointment of Directors at the Company's forthcoming annual general meeting.

The Nomination Committee was established by the Board on 25th October 2004, as the Board recognizes the importance of the role the Nomination Committee plays not only in the selection and assessment of Directors but also in other aspects of corporate governance of which the Nomination Committee can assist the Board to discharge its fiduciary and leadership functions. As at the date of this Statement, the Nomination Committee comprises the following members:

Name	*Designation*	*Directorate*
Tan Kok Tiam (Appointed on 23.12.2015)	Chairman	Independent Non-Executive Director
Hj. Ismail Bin **Tunggak @ Hj. Ahmad**	Member	Independent Non-Executive Director
Piong Yew Peng	Member	Senior Independent Non-Executive Director
Lau Teck Poh (Appointed on 23.12.2015)	Member	Independent Non-Executive Director
Chua Heok Wee (Appointed on 23.12.2015)	Member	Independent Non-Executive Director
Dr. Loh Yee Feei (Appointed on 23.12.2015)	Member	Independent Non-Executive Director
Anthony Na Hai Sir (Resigned on 23.12.2015)	Member	Independent Non-Executive Director

Appointment/ Composition

- The Nomination Committee members shall be appointed by the Board of Directors.
- The Nomination Committee shall consist of not less than two (2) members.
- The majority of the Nomination Committee members shall be independent non-executive directors.
- The Chairman of the Nomination Committee must be an independent director and shall be appointed by the Board of Directors. In the absence of Chairman of the Nomination Committee, the remaining members present shall elect one of their members to chair the meeting.

Meetings

- The Nomination Committee will meet at least once per year unless otherwise determined by the Nomination Committee. The Nomination Committee will provide the schedule of Nomination Committee meetings to the Board of Directors. The quorum of the Nomination Committee meeting shall be at least two (2) members and comprised a majority of independent directors.
- Special meetings may be convened as required. The Nomination Committee, or its Chair, shall report to the Board of Directors on the results of these meetings. The Nomination Committee may invite to its meetings other Directors, Company management and such other persons as the Nomination Committee deems appropriate in order to carry out its responsibilities.

Authority

The Nomination Committee is authorised by the Board of Directors to carry out its duties mentioned above and the other Directors and employees of the Group are required to give full assistance to the Nomination Committee in discharging their duties. In addition, the Nomination Committee is also authorised to seek for external professional expertise when required.

Duties and responsibilities

- Review the composition and size of the Board of Directors and determine the criteria for membership on the Board of Directors, which may include, among other criteria, issues of character, judgment, independence, gender diversity, age, expertise, corporate experience, length of service, other commitments and the like;
- Conduct periodic evaluations of the Board of Directors as a whole;
- Identify, consider and select, or recommend for the selection of the Board of Directors, candidates to fill new positions or vacancies on the Board of Directors and Board Committees;
- Evaluate the performance of individual members of the Board of Directors eligible for re-election, and select, or recommend for the selection of the Board of Directors, the director nominees for election to the Board of Directors by the stockholders at the annual general meeting;
- Periodically review the composition of each committee of the Board of Directors and make recommendations to the Board of Directors for the creation of additional committees or the change in mandate or dissolution of committees; and
- To give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the required skills and expertise that are needed by the Board in future.

Insofar as board diversity is concerned, the Board does not intend to develop any specific policy on targets for women Director. The Board believes that the on-boarding process of Directors should not be based on any gender discrimination. As such, the evaluation of suitable candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as independent non-executive directors, as the case may be.

(ii) Remuneration Committee

The Remuneration Committee was established by the Board on 25th October 2004 to assist the Board in the adoption of fair remuneration practices to attract, retain and motivate Executive Directors.

Appointment/ Composition

- The Remuneration Committee members shall be appointed by the Board of Directors.
- The Remuneration Committee shall consist of not less than two (2) members.
- The majority of the Remuneration Committee members shall be independent non-executive directors.

Meetings

- The Remuneration Committee shall meet at least once a year and at such times, whenever they deemed necessary.
- The quorum of the Remuneration Committee meeting shall be two (2) members and comprised a majority of independent directors.
- Participants may be invited from time to time to attend the Remuneration Committee meeting depending on the nature of the subject under review.

Duties and responsibilities

- To establish and recommend to the Board, the remuneration package for Executive Directors such as the terms of employment or contract of employment/service, benefit, pension, incentive scheme, bonuses, fees, expenses, compensation payable on termination of the service contract by the Company and/or the Group etc.
- To consider other remunerations or rewards to retain and attract Executive Directors.

As at the date of this Statement, the Remuneration Committee comprises the following members:

Name	*Designation*	*Directorate*
Tan Kok Tiam (Appointed on 23.12.2015)	Chairman	Independent Non-Executive Director
Anthony Na Hai Sir (Resigned on 23.12.2015)	Chairman	Independent Non-Executive Director
Piong Yew Peng	Member	Senior Independent Non-Executive Director
Hj. Ismail Bin Tunggak @ Hj. Ahmad	Member	Independent Non-Executive Director
Lau Teck Poh (Appointed on 23.12.2015)	Member	Independent Non-Executive Director
Chua Heok Wee (Appointed on 23.12.2015)	Member	Independent Non-Executive Director
Dr. Loh Yee Feei (Appointed on 23.12.2015)	Member	Independent Non-Executive Director

Directors' remuneration in aggregate, with categorization into appropriate components, distinguishing between Executive and Non-Executive Directors during the financial year ended 31 August 2015, is as follows:

	Fees (RM)	Salaries and Other Emoluments (RM)	Benefit In Kind (RM)	Total (RM)
Executive Directors	960,000	568,781	221,213	1,749,994
Non-Executive Directors	0	51,500	6,600	58,100

The number of Directors of the Company, whose total remuneration during the financial year under review fell within the following successive bands of RM50,000 is as follows:

Range of Remuneration	Numbers of Directors
Executive Directors:	
RM650,001 to RM700,000	1
RM800,001 to RM850,000	1
Non-Executive Directors:	
Below RM50,000	3

In respect of the non-disclosure of detailed remuneration of each Director, the Board views that the transparency in respect of the Directors' remuneration has been appropriately dealt with by the 'band disclosure' presented in this Statement.

PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD

The roles of Independent Non-Executive Directors are vital for the successful direction of the Group as they provide independent professional views, advice and decisions to take into account the interest of the Group, shareholders, employees, customers, suppliers and many others of which the Group conducts business.

The existing six (6) Independent Non-Executive Directors are able to express their opinions without any constraint. This strengthens the Board who benefits from the independent views expressed before any decisions are taken. The Independent Non-Executive Director, Mr. Piong Yew Peng also performs the role as the Senior Independent Director to whom concerns relating to the Company may be conveyed by shareholders and stakeholders. The Group has made available a dedicated electronic email, [info@swscap.com] to which stakeholders can direct such concerns to be reviewed and addressed by the Board accordingly.

The Policy on Assessing Independence of Directors ("Policy") approved by the Board on 20th December 2012, sets out policies and procedures to ensure the effectiveness of the Independent Non-Executive Directors on the Board, including new appointments. The Board, through the Nomination Committee, assesses the independence of Non-Executive Directors annually using the Policy, which is in line with Recommendation 3.1 of the MCCG 2012, as one of the factors in determining their eligibility to stand for re-election/re-appointment. The Nomination Committee reviewed and was satisfied that all the Independent Non-Executive Directors had satisfied the criteria for an Independent Director as prescribed in the Listing Requirements ("Listing Requirements") and Practice Note 13 of Bursa Securities. The Nomination Committee was also satisfied that they are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company.

On the other hand, the Board also observes Recommendation 3.2 of the MCCG 2012 whereby an Independent Director may continue to serve on the Board upon reaching the nine (9)-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting, normally the annual general meeting of the Company. Save and except for Hj Ismail bin Tunggak @ Hj Ahmad, none of the Independent Non-Executive Directors has reached nine (9) years of service since their appointment and/or election as Directors as at the date of this Statement,.

Following an assessment and recommendation by the Nomination Committee, Hj Ismail bin Tunggak @ Hj Ahmad has been recommended by the Board to continue to act as Independent Non-Executive Director, subject to the shareholders' approval at the forthcoming Sixteenth (16th) Annual General Meeting of the Company (or "AGM"). The key justifications for his continuance as Independent Non-Executive Director are as follows:

- He fulfils the criteria under the definition of Independent Director as stated in the Listing Requirements of Bursa Securities and, therefore, is able to bring independent and objective judgment to the Board as a whole;
- his experience in the relevant industries has enabled him to provide the Board and Board Committees, as the case may be, with pertinent expertise, skills and competence; and
- He has been with the Company long and therefore understands the Company's business operations which enables him to contribute actively and effectively during deliberations or discussions at Board and Committee meetings.

Additionally, each of the Independent Non-Executive Directors has provided an annual confirmation of their independence to the NC and the Board.

The Managing Director, Mr. Neo Chee Kiat is responsible for the overall performance of the Group operations, organization effectiveness and financial performance. As the Group Managing Director, supported by fellow Executive Directors and an Executive Management team, he implements the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.

The Board of Directors is chaired by Mr. Neo Tiam Hock, Executive Chairman, whose responsibility is to ensure Board effectiveness, corporate affairs, and implementation of Board policies and decisions of the Group. The Executive Chairman is an executive member of the Board and is not an independent director by virtue of his substantial interest in the Company.

However, the Board believes that he is well placed to act on behalf of the shareholders in their best interests. On the other hand, the existing Independent Non-Executive Directors account for more than fifty (50%) of the Board, where the Chairman of the Board is regarded as a Non-Independent Director pursuant to Recommendation 3.5 of the MCCG 2012. With such strong representation of high caliber Independent Non-Executive Directors, the Board is of the view that not only they represent the investment of the public and the minority shareholders as a whole, they also provide the necessary balance to the Board notwithstanding that both the Managing Director and the Executive Chairman are the major shareholders of the Company. Given such, it is not necessary to nominate an Independent Non-Executive Director as Chairman at this juncture. However, the Board will continuously review and evaluate the Recommendation 3.5 of the MCCG 2012 from time to time.

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

The Board ordinarily meets at least five (5) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committees papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committees members at least seven (7) days before the meeting to allow the Directors sufficient time to study for effective discussion and decision making at the meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board of Directors during the financial year under review.

Name	*Designation*	*Attendance*	*Percentage (%)*
Neo Tiam Hock	Executive Chairman	5/5	100%
Neo Chee Kiat	Managing Director	5/5	100%
Piong Yew Peng	Senior Independent Non-Executive Director	5/5	100%
Hj. Ismail Bin Tunggak @ Hj Ahmad	Independent Non-Executive Director	5/5	100%
Anthony Na Hai Sir (Resigned on 23.12.2015)	Independent Non-Executive Director	4/5	80%
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai (Appointed on 23.12.2015)	Deputy Exeucitive Chairman	**	**
Chua Heok Wee (Appointed on 23.12.2015)	Independent Non-Executive Director	**	**
Dr. Loh Yee Feei (Appointed on 23.12.2015)	Independent Non-Executive Director	**	**
Tan Kok Tiam (Appointed on 23.12.2015)	Independent Non-Executive Director	**	**
Lau Teck Poh (Appointed on 23.12.2015)	Independent Non-Executive Director	**	**

Remark: ** ~ Not applicable as new appointed as at 23.12.2015

As stipulated in the Charter, the Directors are required to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of their appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

Notwithstanding that no specific quantum of time has been fixed, all the Board members are required to notify the Board before accepting any new directorship. Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five public listed companies (as prescribed in Paragraph 15.06 of Listing Requirements).

Each Board member is expected to achieve at least fifty percent (50%) attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Executive Chairman and/or Company Secretary, where applicable.

Directors' Training – Continuing Education Programme

The Board also oversees the training needs of its Directors. Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors, especially newly appointed ones, are encouraged to visit the Group's operating centers to have an insight on the operations which would assist the Board to make effective decisions.

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, to keep abreast of industry developments and trends, the Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates, in order to fulfill their duties as Directors. Any Director so appointed to the Board is required to complete the Mandatory Accreditation Programme ("MAP") within four months from the date of appointment. Save and except for Lau Teck Poh, all the other Board members have attended and completed the MAP as at the date of this Statement.

The details of the relevant training sessions attended by each Director during the financial year under review are as follow:-

Name	*Training Programmes*	*Date*
Neo Tiam Hock	2015 Budget Seminar	23.10.2014
Neo Chee Kiat	2015 Budget Seminar	23.10.2014
Piong Yew Peng	- Budget Outlook Malaysia & GST, Opportunity or Threat? - Audit Committees-increased expectation - Focus Group Session for Board of Directors on Strengthening Corporate Governance Disclosure	15.10.2014 22.12.2014 06.05.2015
Hj. Ismail Bin Tunggak @ Hj Ahmad	2015 Budget Seminar	23.10.2014
Anthony Na Hai Sir	2015 Budget Seminar	23.10.2014

The Company Secretary normally circulates the relevant statutory and regulatory requirements from time to time for the Board's reference and briefs the Board on the updates, where applicable. External Auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements for the financial year under review.

The Board will on continuing basis evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING BY THE COMPANY

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

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended.

In assisting the Board to discharge its duties on financial reporting, the Board established the Audit Committee on 22nd December 2003, comprising wholly Independent Non-Executive Directors, with Mr Piong Yew Peng as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report on pages 43 to 46 of this Annual Report. One (1) of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act, 1965. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual audited financial statements.

The Audit Committee, without the presence of Executive Board members and Management also meets with the External Auditors at least twice during each financial year to exchange free and honest views on issues which the External Auditors may wish to discuss in relation to their audit findings.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, has formalized and adopted Non-Audit Services Policy for the types of non-audit services permitted to be provided by the External Auditors on 20th December 2012, including the need for the Audit Committee's approval in writing before such services can be provided by the External Auditors. To address the "self-review" threat faced by the External Audit Firm, the procedures to be included in the policy require the engagement team conducting the non-audit services to be different from the External Audit team.

In addition, the Audit Committee is also empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of External Auditors and review and evaluate factors relating to their independence. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval.

In assessing the independence of External Auditors, the Audit Committee will seek assurance from the External Auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

In this regard, the Audit Committee had on 23rd December 2015, assessed the independence of Messrs. Ernst & Young as External Auditors of the Company as well as reviewed the level of non-audit services rendered by Ernst & Young to the Company for the financial year under review. The Audit Committee was satisfied with the technical competency and audit independence of Ernst & Young. Having satisfied itself with the performance of and fulfillment of criteria as set out in the Non-Audit Services' Policy by the External Auditors, the Audit Committee recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the 16th Annual General Meeting.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISK OF THE GROUP

The Board regards risk management and internal controls as an integral part of the overall management processes. The following represent the key elements of the Group's risk management and internal control structure:

(a) An organizational structure in the Group with formally defined lines of responsibility and delegation of authority;

(b) Review and approval of annual business plan and budget of all major business units by the Board. This plan sets out the key business objectives, the major risks and opportunities in the operations and ensuing action plans;

(c) Quarterly review of the Group's business performance by the Board, which also covers the assessment of the impact of changes in business and competitive environment;

(d) Active participation and involvement by the Executive Chairman and Group Managing Director in the day-to-day running of the major businesses and regular discussions with the senior management of smaller business units on operational issues; and

(e) Monthly financial reporting by the subsidiaries to the holding company.

Recognizing the importance of having risk management processes and practices, the Board had formalized an Enterprise Risk Management framework to provide Management with structured policies and procedures to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks vis-à-vis the risk parameters of the Group.

The responsibilities of identifying and managing risks are delegated to the respective Head of each department. The Board and the Audit Committee are responsible to review the effectiveness of the processes. Any material risk identified will be discussed and appropriate actions or controls will be implemented. This is to ensure the risk is properly monitored and managed to an acceptable level.

The Audit Committee will assist the Board in overseeing the risk management framework of the Group and reviewing the risk management policies formulated by Management and to make relevant recommendations to the Board for approval.

The Board has established an internal audit function within the Company based on the risk profiles of the business unit of the Group, which is led by the Head of each department of its subsidiaries who reports directly to the Audit Committee in a quarterly basis.

In line with the MCCG 2012 and the Listing Requirements of Bursa Securities, the Company has outsourced the internal audit function to NGL Tricor Governance Sdn Bhd as Internal Auditors, who reports directly to the Audit Committee on the adequacy and effectiveness of the Group's internal controls during the quarterly Audit Committee meetings. The internal audit is guided by internal auditing standards promulgated by the Institute of Internal Auditors Inc., a globally recognized professional body for internal auditors. The internal audit function is independent of the activities it audits and the scope of work it covered during the financial year under review is provided in the Audit Committee Report set out on pages 43 to 46 of this Annual Report.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, the Board will formalize corporate disclosure policies not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa Securities, but also setting out the persons authorized and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

The Company has put in place an internal policy on confidentiality to ensure that confidential information is handled properly by the Directors, employees and relevant parties to avoid leakage and improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately.

To augment the process of disclosure, the Board has uploaded the policies on the Company's website, from time to time, where information on the Company's announcements to the regulators, the Charter, rights of shareholders and the Company's Annual Report may be accessed.

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDER

(i) Shareholder participation at general meeting

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board believes that they are not only accountable to shareholders but also responsible for managing a successful and productive relationship with the Company's stakeholders. In this regard, the Board will ensure that all the Company's shareholders and stakeholders are treated equitably and the rights of all investors, including minority shareholders, are protected.

The annual general meeting, which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification as well as for the Chairman of the AGM to provide an overview of the Company's progress and receive questions from shareholders. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, a question & answer session was held where the Chairman of the AGM invited shareholders to raise questions with responses from the Board and Senior Management.

The Notice of AGM is circulated to shareholders at least twenty-one (21) days before the date of the meeting to enable them to go through the Annual Report and papers supporting the resolutions proposed. Where special business items appear in the Notice of AGM, a full explanation is provided to shareholders on the effect of the proposed resolution emanating from the special business item. The Board is of the view that with the current level of shareholders' attendance at annual general meeting, voting by way of a show of hands continues to be efficient. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman will declare the number of proxy votes received, both for and against each separate resolution where appropriate. The Company shall endeavor, whenever possible, to put to vote of substantive resolutions at the 16th Annual General Meeting by poll. All the resolutions set out in the Notice of the last AGM were put to vote by a show of hands and duly passed. The outcome of the last AGM was announced to Bursa Securities on the same meeting day.

To in line with Paragraph 7.21A(2) of Listing Requirements for further promoting participation of members through proxies, the information regarding procedures and the rights of the members, corporate representatives and proxies present to speak and vote by show of hands and by poll on the resolutions set out in the Notice of AGM will be briefed via an explanatory note provided during the registration process and/or by the Chairman of the AGM and general meetings at the commencement of such meetings. Following the removal of the limit on the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for multiple beneficial owners in one securities account under the Listing Requirements, the beneficial owners of shares will have greater participation at general meetings of the Company. The Articles of Association of the Company further entitles a member to vote in person, by corporate representative, by proxy or by attorney. Essentially, a corporate representative, proxy or attorney shall be entitled to vote both on a show of hands and on a poll as if they were a member of the Company.

The Board is of the view that given the circumstances and technology surrounding electronic voting currently, the adoption of electronic voting may not facilitate greater shareholder participation as it is not user-friendly and most shareholders may not be familiar with using such a system. Nonetheless, the Board is committed to disclose all relevant information to shareholders in the Notices and during the meetings to enable them to exercise their rights.

(ii) Communication and engagement with shareholders and prospective investors

The Board recognizes the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the annual and extraordinary general meetings and through the Group's website at www.swscap.com where shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. info@swscap.com to which stakeholders can direct their queries or concerns.

However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

(iii) Investor Relations

The Company takes into consideration the shareholder's rights to access information relating to the Company and has thusly, taken measures to enable the Company to communicate effectively with its shareholders, prospective investors, stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations.

Compliance Statement

This Statement on the Company's corporate governance practices is made in compliance with Paragraphs 15.25 and 15.08A of the Listing Requirements. Save and except for those stated therein, the Board considers and is satisfied that the Company complied with the Principles and Recommendations of the MCCG 2012, the relevant chapters of the Listing Requirements on corporate governance and all applicable laws and regulations throughout the financial year under review.

This Statement was approved by the Board on 23 December 2015.

Other Disclosure Requirements

Share Buybacks
The Company has not engaged in any share buybacks arrangement during the financial year.

Options, Warrants or Convertible Securities
During the financial year ended 31 August 2015, a total of 19,369,538 ordinary shares of RM0.50 each were issued arising from the exercise of 19,369,538 Warrants 2005/2015. The remaining outstanding Warrants 2005/2015 were expired and delisted from on 30 November 2015 and 1 December 2015 accordingly.

The Company has not granted any options, warrants or convertible securities to any parties to take up unissued shares in the Company during the financial year other than those disclosed above as well as in the Directors' Report.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme
The Company has not granted any options, warrants or convertible securities to any parties to take up unissued shares in the Company during the financial year other than those disclosed in the Directors' Report.

Imposition of Sanctions and/ or Penalties
There were no public sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management arising from any significant breach of rules/guidelines by the relevant regulatory bodies during the financial year.

Non-Audit Fees
There is no non-audit fees paid to the External Auditors.

Profit Estimate, Forecast or Projection
The Company did not make any public release on profit estimate, forecast or projection during the financial year.

Variation in Results
There was no material variation between the audited results for the financial year and the unaudited results previously announced.

Profit Guarantee
There were no profit guarantees given by the Company during the financial year.

Material Contracts
The Company has not entered into any material contracts with any Directors or substantial shareholders of the Company nor any persons connected to a Director or major shareholder of the Company during the financial year.

Revaluation of Landed Properties
The details of the revaluation of landed properties are disclosed on Page 121 to 122 of the annual audited financial Statements.

Recurrent Related Party Transactions of Revenue or Trading Nature
Details of related party transactions with related parties are disclosed in Page 111 to 112 of the annual audited financial statements, of which none of the aggregate value of transactions conducted during the financial year exceeds the applicable prescribed threshold under paragraph 10.09(1)(a) of the Listing Requirements.

Statement of Corporate Social Responsibility

SWSCAP recognises the importance of being a good corporate citizen in the conduct of its business as well as fulfilling its CSR. SWSCAP is progressively integrating CSR as part of its business activities and will undertake responsible practices that impact our society and environment in a positive manner and to inculcate a culture of responsibility in all aspect of our business.

Community

As an integral part of the communities in which we operate, the Group continues its effort in caring for the people in need, actively participating in and supporting different charity projects. During the year, the Group has contributed to various charity organizations around the towns which we have been operating in.

Environment

The Group is supportive of all efforts to reduce or dispose wastage properly and to optimize efficiency in our operations. Employees are encouraged to participate in environmental activities and to develop keen awareness in the areas of concern. The Group ensured compliance with all environment laws and regulations. It continues to work closely with regulators and industry partners in providing technical expertise and support to identify areas of improvement for resources and waste management in our ground operations and offices. Measures taken include recycling waste materials and usage of electrical instead of fuel consumed forklift.

Workplace

The Group's success comes from people. The Group considers its employees as valuable assets and treats all staff with dignity, fairness and respect. We foster a conducive working environment to encourage development of all employees. Employees are given training to develop and upgrade their skills, knowledge and attitudes. During the year under review, trainings, festival feast, annual dinner and some sports activities have been carried out to build better rapport among employees.

The Group strives to maintain a safe and healthy working environment for all our employees through adoption of good occupational safety and health practices. The Group practises the Occupational Health & Safety Management System to enhance the safety and health practices amongst the employees from different operations and to take precautionary measures against potential hazardous sources which could arise from the daily operation of the business through the process of Hazard Identification, Risk Assessment and Control.

Other initiatives to improve employee working conditions include provision of medical treatment, medical insurance and subsidised meal allowance.

Marketplace

SWSCAP is committed to the conduct of business based on practices of transparency, confidentiality and integrity in building long term relationship with our stakeholders.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board is committed to maintain sound system of internal control and effective risk management to safeguard shareholders' investment and Group's assets. In compliance with Paragraph 15.26(b) of the Listing Requirements of Bursa Securities and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Institute of Internal Auditors Malaysia (the "Guidelines"), the Board is pleased to provide the following statement, on the nature and scope on risk management and internal control of the Group for the financial year ended 31 August 2015.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the adequacy and integrity of the Group's risk management and system of internal control including the review of its effectiveness. The system covers risk management, financial, operational, management information systems and compliance with relevant laws, rules, directives and guidelines.

However, the Board also takes cognizance of the inherent limitation in any system of internal control, which designed to manage, rather than eliminate, the risk of failure and therefore can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The responsibilities of the Board in relation to the system extend to all subsidiaries of the Group.

RISK MANAGEMENT FRAMEWORK

An on-going process has been designed to ensure that the risks encountered by the Group's business in pursuit of its objectives are identified, evaluated and managed at known and acceptable levels throughout the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

The Group's risk management initiative includes delegating the responsibilities of identifying and managing risk to the respective Head of each business units. Significant risk identified and the corresponding internal controls implemented are discussed during periodic management meetings. In addition, significant risks identified are also brought to the attention of the Board. This is to ascertain risk identified is properly monitored, managed, and mitigated to an acceptable level.

The evaluation and management of significant risks are reviewed on a regular basis by the Audit Committee and the Board.

During the financial year under review, key principal risks affecting the Group's business and operations has been identified with a risk register being established accordingly. Management Team is however, still in the midst of establishing and formalising the risk strategy, risk appetite and risk indicators as well as the process of identification, evaluation and management of key principal risks.

On the other hand, a Management Risk Committee ("MRC"), chaired by the Executive Director of each subsidiary will also be established to promote the risk management frame work and to ensure that the risk management process and culture are embedded throughout the Group. MRC will meet on a quarterly basis where the Head of departments have the overall responsibility to report the key risks to the attention of the MRC and to deliberate on risks identified, controls and risk mitigation strategies arising from the risk assessment process conducted and provide reporting and update to the Audit Committee on key risk management issues during the quarterly Audit Committee meetings. The responsibility for day-to-day risk management resides with the Management of each subsidiary and they are accountable for the risks identified and assessed.

SYSTEM OF INTERNAL CONTROL

The Group maintains a system of internal control that serves to safeguard its assets; identify and manage risk; ensure compliance with statutory and regulatory requirements; and to ensure operational results are closely monitored and substantial variances are promptly explained.

Salient features of the framework of the system of internal control are as follows:

- Operating procedures that set out the policies, procedures and practices adopted by the Group are properly documented and communicated to staff member so as to ensure clear accountabilities. The effectiveness of internal control procedures are subject to continuous assessments, reviews and improvements.

- The organisational structure is well defined; with clear line of responsibilities and delegation of authorities. Key responsibilities are properly segregated.

- The Board meets regularly and is kept updated on the Group's activities and operations and significant changes in the business and external environment, if any, which may result in significant risks.

- Financial results are reviewed quarterly by the Board and the Audit Committee.

- Executive Directors and Head of departments meet regularly to discuss operational, corporate, financial and key management issues.

- An effective reporting system, which provides for a documented and auditable trail of accountability to ensure timely generation of information for management review, has been put in place.

- There are guidelines within the Group for hiring and termination of staff. Appointment of staff is based on the required level of qualification, experience and competency to fulfil their responsibilities. Training and development are provided for selected employees to enhance their competency in carrying out their responsibilities.

- A formal staff appraisal to evaluate and measure staff's performance and their competency is performed at least once a year.

INTERNAL AUDIT FUNCTION

The Internal audit function has the primary objective of carrying out reviews of the system of internal control to determine if the internal control procedures have been complied with as well as to make recommendations to strengthen the system of internal control so as to foster a strong management control environment.

The Board is fully aware of the importance of the internal audit function and outsourced its internal audit function to an independent professional service provider ("Internal Auditors"). The Internal Auditors report directly to the Audit Committee and assist the Audit Committee in discharging their duties and responsibilities. The internal audit team provides an independent assessment on the adequacy and effectiveness of the Group's internal control system. The internal audit focuses on regular and systematic reviews of the financial systems and operational internal control, in anticipating potential risk exposures over key business processes.

The Internal Auditors adopt a risk-based approach by focusing on:

- reviewing identified high risks areas for compliance with control policies and procedures; identifying business risks which have not been appropriately addressed; and

- evaluating the adequacy and effectiveness of controls.

INTERNAL AUDIT FUNCTION (cont'd)

The Internal Auditors carry out audit assignment based on an audit plan that is reviewed and approved by the Audit Committee. The reports of the audits undertaken were forwarded to the Audit Committee for deliberation and approval.

The Internal Auditors have documented key findings from the internal audit carried out. They have discussed with key personnel on the recommendation for internal control improvement and provided the Audit Committee with independent and objective reports on the state of the internal control and recommendations for improvements of the various operating units within the Group. The internal audits carried out have not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control and risk management system. Audit issues and actions taken by Management to address the issues tabled by Internal Auditors were deliberated during the Audit Committee meetings. Minutes of the Audit Committee meetings which recorded these deliberations were presented to the Board.

The expenditure incurred for the internal audit function for the current financial year was RM31,935.12.

ASSURANCE PROVIDED BY THE MANAGING DIRECTOR

In line with the Guidelines, the Managing Director has provided assurance to the Board that the Group's risk management and internal control systems have been operated adequately and effectively, in all material aspects, to meet the Group's business objectives during the financial year under review.

The Managing Director also reports to the Board on significant changes in the business and the external environment which affects the operations. Financial information, key performance and risk indicators are also reported on a quarterly basis to the Board.

REVIEW OF STATEMENT

In accordance with the Paragraph 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement for inclusion in this Annual Report, and reported that nothing has come to their attention that cause them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes adopted by the Board in reviewing the adequacy and integrity of the system of internal control and risk management.

Internal Auditors have reviewed this Statement and reported to the Audit Committee that, while they have addressed individual lapses in internal control during the course of its internal audit assignments for the financial year under review, they have not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control and risk management system.

CONCLUSION

The Board is of the view that the system of risk management and internal control that had been implemented within the Group is sound and effective. The internal control procedures will be reviewed continuously in order to improve and strengthen the system to ensure ongoing adequacy, integrity and effectiveness so as to safeguard the Group's assets and shareholders' investments.

There were no material losses incurred during the financial year under review as a result of weaknesses in internal control. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

This Statement was approved by the Board on 23 December 2015.

Audit Committee

The Audit Committee ("the Committee") was established on 22nd December 2003 by the Board as the prime body to ensure a high standard of corporate responsibility, integrity and accountability to shareholders.

The Committee members, of whom all are Independent Non-Executive Directors (and their respective designations) who have served during the financial year under review are as follows:-

Name	*Designation*	*Directorate*
Piong Yew Peng	Chairman	Senior Independent Non-Executive Director
Hj. Ismail Bin Tunggak @ Hj. Ahmad	Member	Independent Non-Executive Director
Lau Teck Poh (Appointed on 23.12.2015)	Member	Independent Non-Executive Director
Chua Heok Wee (Appointed on 23.12.2015)	Member	Independent Non-Executive Director
Dr. Loh Yee Feei (Appointed on 23.12.2015)	Member	Independent Non-Executive Director
Tan Kok Tiam (Appointed on 23.12.2015)	Member	Independent Non-Executive Director
Anthony Na Hai Sir (Resigned on 23.12.2015)	Member	Independent Non-Executive Director

The principal objective of the Committee is to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group. In addition, the Committee shall also oversee compliance with laws and regulations and observance of a proper code of conduct.

The Committee is formally constituted with written terms of reference. All members of the Committee have a working familiarity with basic finance and accounting practices, and two of its member i.e. Mr Piong Yew Peng and Mr Tan Kok Tiam, are member of the Malaysian Institute of Accountants.

Composition

The Committee shall be appointed by the Board from amongst the Directors and shall consist no fewer than 3 members, all of them must be Non-Executive Directors, with a majority of them being Independent Directors. The member of the Audit Committee shall elect a chairman from among their members who shall be an independent Director. An alternate Director must not be appointed as a member of the Audit Committee.

At least one member of the Committee:

- Must be a member of the Malaysian Institute of Accountants; or

- If he is not a member of the Malaysian Institute of Accountants, he must have at least three years' working experience and;
  - o He must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1976; or
  - o He must be a member of one of the association of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1976.

If a member of the Committee resigns, dies, or for any reason ceases to be a member with the results that the number of members is reduced to less than three, the Board of Directors shall, appoint such number of members as may be required to make up the minimum number of three members.

The Company Secretary shall be the Secretary of the Committee.

Audit Committee
(cont'd)

Authority

The Committee is authorized by the Board to investigate any activities within its terms of reference and shall have unlimited access to external auditors as well as the employees of the Group. All employees are directed to co-operate with any request made by the Committee.

The Committee shall have the authority to obtain independent legal or other professional advice as it considers necessary.

It shall also have the power to establish Sub-Audit Committee to carry out certain investigations on behalf of the Committee and such manner, as the Committee shall deem fit and necessary.

Meetings

The Committee shall meet at least four (4) times in a year, and such additional meetings as the Chairman shall decide in order to fulfill its duties. The agenda for the Committee meetings shall be circulated before each meeting to members of the Committee. Upon request of any of its members or the Internal or External Auditors, the Chairman of the Committee shall convene a meeting of the Committee.

The Chairman of the Committee should engage, on a continuous basis, with senior management and the External Auditors in order to be kept informed of matters affecting the Company.

Quorum

The quorum for the Committee meeting shall consist of two (2) members of whom the majority of the members present shall be Independent Directors.

Attendance at Meetings

The Company Secretary shall be the Secretary of the Committee and shall be responsible for the coordination of administrative details including sending out notice of meetings, preparing and keeping minutes of meetings. The minutes of the Committee meetings are to be extended to the Board.

The head of finance, a representative of the outsourced Internal Auditors and a representative of the External Auditors shall normally attend meetings. The Committee may invite any person to be in attendance to assist in its deliberations. Other Board members may attend meetings upon the invitation of the Committee. The Committee shall meet with the external auditors without Executive Board members present at least twice a year.

Duties and Responsibilities

The duties and responsibilities of the Committee shall be as follows and will cover the Group:

- Review and assess the adequacy and effectiveness of the system of internal control and accounting control procedures by reviewing the External Auditors' management letters and management response.
- Consider the nomination and appointment of External Auditors, their terms of appointment and reference, the audit fees, any questions of resignation or dismissal and other related matters.
- Review the adequacy of the scope, functions, competency, resources of the internal audit functions and that it has the necessary authority to carry out its work.
- Review the quarterly results and year-end financial statements prior the Board's approval, focusing particularly on :
  - o any changes in or implementation of major accounting policies and practices.
  - o significant adjustments and unusual events arising from the audit.
  - o the going-concern assumption.
  - o compliance with accounting standards, Listing Requirements of Bursa Securities and other legal requirements.

Duties and Responsibilities (cont'd)

- Review any related party transactions and conflict of interests situation that may arise within the Group including any transaction, procedure or course of conduct that raises question of management integrity.
- Review with the External Auditors the nature and scope of their audit plan, prior to the commencement of audit work.
- Discuss the problems and reservations arising from the interim and final audits and any matter the External Auditors may wish to discuss.
- Review the assistance and co-operation given by the officers of the Group to the External Auditors.
- Report promptly to Bursa Securities if it is of the view that a matter reported by it to the Board not been satisfactorily resolved resulting in breach of the Main Market Listing Requirements of Bursa Securities.
- Carry out any other functions as may be determined by the Board from time to time.
- Review the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the MCCG 2012.
- Review and approve the whistle blowing policy and risk management framework from time to time and significant changes to risk management policies and strategies.

MEETING AND ATTENDANCE

The Committee held a total of five (5) meetings during the financial year under review. The details of attendance are as follows:-

Name	*Designation*	*Attendance*	*Percentage (%)*
Piong Yew Peng	Chairman	5/5	100%
Anthony Na Hai Sir (Resigned om 23.12.2015)	Member	4/5	80%
Hj. Ismail Bin Tunggak @ Hj Ahmad	Member	5/5	100%
Lau Teck Poh (Appointed on 23.12.2015)	Member	**	**
Chua Heok Wee (Appointed on 23.12.2015)	Member	**	**
Dr. Loh Yee Feei (Appointed on 23.12.2015)	Member	**	**
Tan Kok Tiam (Appointed on 23.12.2015)	Member	**	**

Remark: ** ~ Not applicable as new appointed as at 23.12.2015

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year under review, the activities of the Committee included the following:-

- Reviewed and discuss the memorandum of matters and issues raised by the External Auditors and management's response to all pertinent issues and findings raised and noted by the External Auditors during their audit of the financial statements, together with recommendations in respect of their findings.
- Reviewed the audit planning memorandum prepared by the External Auditors covering audit objectives and approach, audit plan, key audit area and relevant technical pronouncements and accounting standards.
- Reviewed the interim unaudited and annual audited financial statements of the Group prior to recommending for approval by the Board.

Audit Committee (cont'd)

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR (cont'd)

- Reviewed and discussed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the annual report.
- Reviewed internal audit's resource requirements, scope, adequacy and function.
- Reviewed the internal audit's plan and programs, Internal Audit reports, recommendations and Management responses. Improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the internal auditors were discussed together with the Management Team in a separate forum as well as review of implementation of these recommendations through follow up audit reports.
- Briefed the Board on any major issues discussed at the Audit Committee meeting for further deliberation or decision as the case may be.
- Reviewed the related parties' transactions that arose within the Company or the Group.
- Considered the nomination of External Auditors for recommendation to the Board for re-appointment.
- Reviewed the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the MCCG 2012.
- Reviewed and approve the whistle-blowing policy and the risk management framework from time to time and significant changes to risk management policies and strategies.
- Suggested on additional improvement opportunities in the areas of internal control, systems and efficiency improvement.
- Reviewed the risk management framework from time to time and assessed the resources and knowledge of the Management and employees involved in the risk management process.
- Reviewed the unaudited financial results announcements before recommending them for Board's approval, focusing particularly on:
  - o any change in accounting policies and practices
  - o significant adjustments arising from the audit
  - o the going concern assumption
  - o compliance with applicable financial reporting standards and other legal requirements

As part of the Audit Committee's efforts to ensure the reliability of the Company's quarterly financial statements and compliance with applicable Malaysian Financial Reporting Standards, External Auditors have been engaged to conduct a limited review of the Company's quarterly financial statements before presenting to the Audit Committee for review and recommendation for the Board's approval and adoption.

INTERNAL AUDIT FUNCTION

The Board acknowledges that it is responsible for maintaining a sound system of internal controls which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines to safeguard shareholders' investment and the Group's assets.

The Company has engaged an independent professional risk management company ("Internal Auditors") to assist the Company to strengthen its internal audit processes during the financial year. The Internal Auditors are engaged to provide independent assessments on the adequacy and effectiveness of the risk management, internal control and governance processes within the Group.

An overview of the Group's approach in maintaining a sound system of internal control is set out in the Statement on Risk Management and Internal Control on Page 40 to 42 of the Annual Report.

Statement of Director's Responsibility

The Directors of SWSCAP are required to prepare the financial statements which give a true and fair view of the financial position of the Group and of the Company as at 31 August 2015, and of the results and cash flows of the Group and of the Company for the financial year then ended, in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 (the "Act") in Malaysia.

In preparing the financial statements the Directors have,

- used appropriate accounting policies that are consistently applied;
- made judgements and estimates that are prudent and reasonable;
- ensured that all applicable MFRS and IFRS in Malaysia have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements to comply with MFRS, IFRS and the Act in Malaysia.

The Directors are also responsible for safeguarding the assets of the Group and the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial Statements

Directors' Report

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

Principal activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 18 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM	Company RM
Profit net of tax	1,081,160	907,265
Profit attributable to:		
Owners of the parent	301,946	907,265
Non-controlling interests	779,214	-
	1,081,160	907,265

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

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

Dividends

The amount of dividends paid by the Company since 31 August 2014 were as follows:

	RM
In respect of the financial year ended 31 August 2014:	
Final single tier dividend of 1%, on 126,505,500 ordinary shares, paid on 20 March 2015	1,265,055

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

Directors' Report
(cont'd)

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Neo Tiam Hock	
Neo Chee Kiat	
Hj Ismail Bin Tunggak @ Hj Ahmad	
Anthony Na Hai Sir	(resigned on 23 December 2015)
Piong Yew Peng	
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	(appointed on 23 December 2015)
Tan Kok Tiam	(appointed on 23 December 2015)
Loh Yee Feei	(appointed on 23 December 2015)
Chua Heok Wee	(appointed on 23 December 2015)
Lau Teck Poh	(appointed on 23 December 2015)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 13 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

Directors' interests

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

	Number of ordinary shares of RM0.50 each			
	1.9.2014	**Acquired**	**Sold**	**31.8.2015**
The Company				
Direct interest:				
Neo Tiam Hock	11,336,896	-	-	11,336,896
Neo Chee Kiat	10,858,210	-	-	10,858,210
Indirect interest:				
Neo Tiam Hock	25,290,518	-	-	25,290,518
Neo Chee Kiat	12,969,000	-	-	12,969,000

	Number of warrants			
	1.9.2014	**Acquired**	**Sold**	**31.8.2015**
Direct interest:				
Neo Tiam Hock	431,149	-	-	431,149
Neo Chee Kiat	68	-	-	68
Indirect interest:				
Neo Tiam Hock	952	-	-	952

Directors' interests (cont'd)

By virtue of their interests in share in the Company, Neo Tiam Hock and Neo Chee Kiat are also deemed interested in shares in all subsidiaries of the Company to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares and warrants of the Company or its related corporations during the financial year.

Issues of shares

Subsequent to year end, the Company increased its issued and paid-up ordinary share capital from 126,505,500 to 145,875,038 by way of the issuance of 19,369,538 ordinary shares of RM0.50 each through conversion of warrants into ordinary shares at an issue price of RM0.80 per ordinary shares for cash.

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

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

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

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

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

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

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

Directors' Report
(cont'd)

Other statutory information (cont'd)

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Subsequent events

Subsequent events are disclosed in Note 38 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 December 2015.

Neo Tiam Hock

Neo Chee Kiat

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Neo Tiam Hock and Neo Chee Kiat, being two of the directors of SWS Capital Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 56 to 119 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 a true and fair view of the financial position of the Group and of the Company as at 31 August 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 40 on page 120 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 dated 23 December 2015.

Neo Tiam Hock

Neo Chee Kiat

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Neo Chee Kiat, being the director primarily responsible for the financial management of SWS Capital Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 56 to 119 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed, Neo Chee Kiat
at Muar in the State of Johor
on 23 December 2015

Neo Chee Kiat

Before me, TAN BEE TEN
Commissioner for Oaths

Independent Auditors' Report

Report on the financial statements

We have audited the financial statements of SWS Capital Berhad, which comprise statements of financial position as at 31 August 2015 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 56 to 119.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

Report on other legal and regulatory requirements

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

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

Independent Auditors' Report (cont'd)

Report on other legal and regulatory requirements (cont'd)

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

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 40 to the financial statements on page 120 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Lee Ah Too
2187/09/17(J)
Chartered Accountant

Melaka, Malaysia
Date: 23 December 2015

Statements of Comprehensive Income

for the financial year ended 31 August 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Revenue	8	124,852,204	126,619,050	1,272,000	1,885,333
Cost of sales		(106,287,507)	(106,230,738)	-	-
Gross profit		18,564,697	20,388,312	1,272,000	1,885,333
Other income	9	3,321,679	2,096,571	483	360,000
Other items of expense					
Administrative expenses		(11,092,388)	(10,702,863)	(291,301)	(280,293)
Selling and distribution expenses		(7,205,347)	(5,789,412)	-	-
Other expenses		(2,289,046)	(788,627)	-	(1,500)
Finance costs	10	(821,083)	(854,484)	-	-
Profit before tax	11	478,512	4,349,497	981,182	1,963,540
Tax income/(expense)	14	602,648	120,488	(73,917)	(439,000)
Profit net of tax		1,081,160	4,469,985	907,265	1,524,540
Other comprehensive income					
Other comprehensive income not to be reclassified to profit or loss in subsequent period:					
Revaluation of land and building		-	239,000	-	-
		1,081,160	4,708,985	907,265	1,524,540
Profit attributable to:					
Owners of the parent		301,946	3,370,959	907,265	1,524,540
Non-controlling interests	18	779,214	1,099,026	-	-
		1,081,160	4,469,985	907,265	1,524,540
Total comprehensive income attributable to:					
Owners of the parent		301,946	3,609,959	907,265	1,524,540
Non-controlling interests	18	779,214	1,099,026	-	-
		1,081,160	4,708,985	907,265	1,524,540
Earnings per share attributable to owners of the parent (sen per share)					
Basic	15	0.2	2.7		
Diluted	15	0.2	2.7		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position
as at 31 August 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Assets					
Non-current assets					
Property, plant and equipment	16	40,767,084	38,873,709	-	-
Investment properties	17	4,088,000	3,983,000	-	-
Investment in subsidiaries	18	-	-	44,746,329	44,746,329
Deferred tax assets	28	675,000	646,000	-	-
		45,530,084	43,502,709	44,746,329	44,746,329
Current assets					
Inventories	19	31,926,110	34,001,794	-	-
Trade and other receivables	20	15,729,169	14,465,938	1,000	1,000
Other current assets	21	3,250,843	4,455,807	41,800	-
Due from subsidiaries	22	-	-	-	280,664
Derivative financial instruments	23	-	18,759	-	-
Tax recoverable		141,193	369,197	-	120,102
Cash and bank balances	24	8,001,892	5,430,262	70,073	63,447
		59,049,207	58,741,757	112,873	465,213
Assets classified as held for sale	25	-	618,332	-	-
		59,049,207	59,360,089	112,873	465,213
Total assets		104,579,291	102,862,798	44,859,202	45,211,542
Equity and liabilities					
Current liabilities					
Loans and borrowings	26	19,552,415	18,782,538	-	-
Trade and other payables	27	14,825,970	13,923,216	39,596	34,146
Derivative financial instruments	23	283,326	-	-	-
		34,661,711	32,705,754	39,596	34,146
Non-current liabilities					
Loans and borrowings	26	2,527,211	1,702,212	-	-
Deferred tax liabilities	28	107,528	988,096	-	-
		2,634,739	2,690,308	-	-
Total liabilities		37,296,450	35,396,062	39,596	34,146

Statements of Financial Position
as at 31 August 2015 (cont'd)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Equity					
Share capital	29(a)	63,252,750	63,252,750	63,252,750	63,252,750
Share premium	29(b)	12,494,536	12,494,536	12,494,536	12,494,536
Revaluation reserve	29(c)	239,000	239,000	-	-
Accumulated losses		(13,550,374)	(12,587,265)	(30,927,680)	(30,569,890)
Equity attributable to owners of the parent		62,435,912	63,399,021	44,819,606	45,177,396
Non-controlling interests	18	4,846,929	4,067,715	-	-
Total equity		67,282,841	67,466,736	44,819,606	45,177,396
Total equity and liabilities		104,579,291	102,862,798	44,859,202	45,211,542

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 August 2015

			|-----------Attributable to owners of the parent-----------|				
	Equity, total RM	Equity attributable to owners of the parent RM	Share capital RM	Share premium RM	Revaluation reserve RM	Accumulated losses RM	Non-controlling interests RM
Group							
2015							
Opening balance at 1 September 2014	67,466,736	63,399,021	63,252,750	12,494,536	239,000	(12,587,265)	4,067,715
Total comprehensive income	1,081,160	301,946	-	-	-	301,946	779,214
Transactions with owners							
Dividends on ordinary shares (Note 36)	(1,265,055)	(1,265,055)	-	-	-	(1,265,055)	-
Closing balance at 31 August 2015	67,282,841	62,435,912	63,252,750	12,494,536	239,000	(13,550,374)	4,846,929

Statements of Changes in Equity

for the financial year ended 31 August 2015 (cont'd)

	Equity, total RM	Equity attributable to owners of the parent RM	|-----------Attributable to owners of the parent----------- Share capital RM	Share premium RM	Revaluation reserve RM	Accumulated losses RM |	Non-controlling interests RM
Group							
2014							
Opening balance at 1 September 2013	62,757,751	59,789,062	63,252,750	12,494,536	-	(15,958,224)	2,968,689
Total comprehensive income	4,708,985	3,609,959	-	-	239,000	3,370,959	1,099,026
Closing balance at 31 August 2014	67,466,736	63,399,021	63,252,750	12,494,536	239,000	(12,587,265)	4,067,715

Statements of Changes in Equity
for the financial year ended 31 August 2015 (cont'd)

	Equity, total RM	Non-distributable Share capital RM	Non-distributable Share premium RM	Accumulated losses RM
Company				
2015				
Opening balance at 1 September 2014	45,177,396	63,252,750	12,494,536	(30,569,890)
Total comprehensive income	907,265	-	-	907,265
Transactions with owners				
Dividends on ordinary shares (Note 36)	(1,265,055)	-	-	(1,265,055)
Closing balance at 31 August 2015	44,819,606	63,252,750	12,494,536	(30,927,680)
2014				
Opening balance at 1 September 2013	43,652,856	63,252,750	12,494,536	(32,094,430)
Total comprehensive income	1,524,540	-	-	1,524,540
Closing balance at 31 August 2014	45,177,396	63,252,750	12,494,536	(30,569,890)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 31 August 2015

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before tax	478,512	4,349,497	981,182	1,963,540
Adjustments for:				
Impairment loss on receivables	155,398	772,464	-	-
Depreciation of property, plant and equipment	2,676,438	2,403,742	-	-
Inventories written off	1,501,245	16,788	-	-
Inventories written down	958,444	326,290	-	-
Loss on disposal of an investment property	-	87,000	-	-
Finance costs	821,083	854,484	-	-
Property, plant an equipment written off	115	886	-	-
Reversal of impairment loss on receivables	(128,998)	(88,365)	-	-
Dividend income from subsidiaries	-	-	(1,200,000)	(1,813,333)
Gain from fair value adjustment of investment properties	(105,000)	(160,000)	-	-
Gain on disposal of property, plant and equipment	(153,595)	(35,350)	-	-
Gain on disposal of assets held for sales	(281,668)	-	-	-
Unrealised loss/(gain) on foreign exchange	1,736,899	(415,525)	-	-
Interest income	(31,686)	(88,388)	-	-
Waiver of debts owed to a subsidiary	-	-	-	(360,000)
Net fair value loss/(gain) on derivatives	302,086	(18,759)	-	-
Total adjustments	7,450,761	3,655,267	(1,200,000)	(2,173,333)
Operating cash flows before changes in working capital	7,929,273	8,004,764	(218,818)	(209,793)

Statements of Cash Flows
for the financial year ended 31 August 2015 (cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Changes in working capital				
Increase in inventories	(384,005)	(2,722,373)	-	-
(Increase)/decrease in receivables	(1,282,402)	1,845,288	-	-
Decrease/(increase) in other current assets	1,204,964	(1,014,228)	(41,800)	-
Increase in payables	875,658	1,142,694	5,450	4,146
Total changes in working capital	414,215	(748,619)	(36,350)	4,146
Cash flows from/(used in) operations	8,343,488	7,256,145	(255,168)	(205,647)
Interest paid	(821,083)	(854,484)	-	-
Income taxes paid	(78,916)	-	(13,500)	-
Income taxes refunded	-	142,294	59,685	57,090
Net cash flows from/(used in) operating activities	7,443,489	6,543,955	(208,983)	(148,557)
Investing activities				
Additional investment in subsidiaries	-	-	-	(1,874,289)
Net advances from a subsidiary	-	-	-	289,950
Repayment from subsidiaries	-	-	280,664	424,289
Purchase of property, plant and equipment	(3,439,369)	(2,337,920)	-	-
Interest received	31,686	88,388	-	-
Dividend received	-	-	1,200,000	1,360,000
Deposits paid for purchase of property, plant and equipment	-	(1,104,305)	-	-
Proceeds from disposal of property, plant and equipment	197,560	35,350	-	-
Proceeds from disposal of an investment property	-	140,000	-	-
Proceeds from disposal of assets classified as held for sale	900,000	1,719,815	-	-
Increase in bank balances pledged with banks	(315,094)	(76,183)	-	-
Net cash flows (used in)/from investing activities	(2,625,217)	(1,534,855)	1,480,664	199,950

Statements of Cash Flows
for the financial year ended 31 August 2015 (cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Financing activities				
Drawdown of term loans	1,002,373	-	-	-
Repayment of term loans	(575,973)	(695,343)	-	-
Dividends paid	(1,265,055)	-	(1,265,055)	-
Decrease in short term borrowings	(2,115,252)	(3,188,975)	-	-
Repayment of obligations under finance leases	(612,028)	(495,020)	-	-
Net cash flows used in financing activities	(3,565,935)	(4,379,338)	(1,265,055)	-
Net increase in cash and cash equivalents	1,252,337	629,762	6,626	51,393
Cash and cash equivalents at beginning of the financial year	3,631,880	3,002,118	63,447	12,054
Cash and cash equivalents at end of the financial year (Note 24)	4,884,217	3,631,880	70,073	63,447

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

1. Corporate information

SWS Capital Berhad (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The principal place of business is located at Lot 4085, Kawasan Perindustrian Parit Jamil, 84150 Parit Jawa, Muar, Johor Darul Takzim.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 18 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

2. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB") in Malaysia and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and the Company have also been prepared on a historical basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 August 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

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

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

3. Basis of consolidation (cont'd)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non- controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

4. Summary of significant accounting policies

4.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

4. Summary of significant accounting policies (cont'd)

4.1 Business combinations and goodwill (cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re- assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations involving entities under common control are accounted for by applying the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The consolidated statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

4.2 Current versus non-current classification

Assets and liabilities in statements of financial position are presented based on current/non- current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4. Summary of significant accounting policies (cont'd)

4.3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

4. Summary of significant accounting policies (cont'd)

4.3 Fair value measurement (cont'd)

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Group. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.4 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the parent.

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

4.5 Foreign currencies

(a) Functional and presentation currency

The Group's and the Company's financial statements are presented in Ringgit Malaysia which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at its functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

4. Summary of significant accounting policies (cont'd)

4.5 Foreign currencies (cont'd)

(b) Transactions and balances (cont'd)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non- monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

4.6 Cash dividend and non-cash distribution to owners of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders and a corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in profit or loss.

4.7 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

4. Summary of significant accounting policies (cont'd)

4.7 Property, plant and equipment (cont'd)

Freehold land has indefinite useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Air conditioners	10 years
- Computers	5 years
- Electrical installation	5 to 10 years
- Freehold and leasehold buildings	50 years
- Furniture and fittings	5 to 10 years
- Leasehold land	84 to 97 years
- Motor vehicles	5 years
- Office equipment	10 years
- Plant, machinery and equipment	5 to 10 years
- Renovation	5 years
- Signboard	10 years
- Worker quarter	50 years

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

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. Fair values are evaluated annually by an accredited external independent valuer.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

4.9 Impairment of non-financial assets

At each reporting date, an assessment is made as to whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

4. Summary of significant accounting policies (cont'd)

4.9 Impairment of non-financial assets (cont'd)

In assessing value in use, the estimated future cash flows 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses including impairment on inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the recoverable amount of the asset or CGU is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.10 Investment in subsidiaries

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.

Investments in subsidiaries are accounted for at cost less impairment losses.

4.11 Financial instruments

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

(a) Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's and the Company's financial assets include cash and short term deposits, trade and other receivables and derivative assets.

4. Summary of significant accounting policies (cont'd)

4.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

The Group and the Company have designated derivatives that do not qualify for hedge accounting as fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method ("EIR"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Loans and receivables of the Group and the Company comprise of trade and other receivables (other than prepaid operating expenses and tax recoverable), due from related companies and cash and bank balances.

4. Summary of significant accounting policies (cont'd)

4.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Subsequent measurement (cont'd)

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and an ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in profit or loss. The losses arising from impairment are recognised in profit or loss as finance costs.

The Group and the Company did not have any held-to-maturity investments during the financial years ended 31 August 2015 and 2014.

Available-for-sale (AFS) financial assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

The Group and the Company did not have any AFS financial assets during the financial years ended 31 August 2015 and 2014.

4. Summary of significant accounting policies (cont'd)

4.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

4. Summary of significant accounting policies (cont'd)

4.11 Financial instruments (cont'd)

(b) Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded as finance income in profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in profit or loss.

Available-for-sale ("AFS") investments

For AFS financial investments, an assessment is made at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss) is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

4. Summary of significant accounting policies (cont'd)

4.11 Financial instruments (cont'd)

(c) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivatives, loans and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied.

The Group did not have any financial liabilities at fair value through profit or loss during the financial years ended 31 August 2015 and 2014 except for the derivatives.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

4. Summary of significant accounting policies (cont'd)

4.11 Financial instruments (cont'd)

(c) Financial liabilities (cont'd)

(ii) Subsequent measurement (cont'd)

Other financial liabilities (cont'd)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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.

(d) Offsetting of financial instruments

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

4.12 Cash and short term deposits

Cash and short-term deposits in the statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash, net of outstanding bank overdrafts, if any.

4. Summary of significant accounting policies (cont'd)

4.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.

- Finished goods and work-in-progress: costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

4.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statements of profit or loss net of any reimbursement.

4.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.16 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

4. Summary of significant accounting policies (cont'd)

4.17 Leases

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

(a) Group as lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

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

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

(b) Group as lessor

Leases in which the Group do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.18 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment, are not depreciated, once classified as held for sale. Assets classified held for sale are presented separately as current items in the statements of financial position.

4. Summary of significant accounting policies (cont'd)

4.19 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Group has concluded that it is the principal in all of its revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria desribed below must also be met before revenue is recognised.

(a) Sale of goods

Revenue from sale of goods is recognised when the significant risk and rewards of ownership of the goods have passed to the customer, usually on delivery of the goods.

(b) Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate ("EIR"), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss.

(c) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(d) Management fees

Management fees are recognised when services are rendered.

(e) Dividend income

Dividend income is recognised when the Group and the Company's right to receive payment is established.

4.20 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in Malaysia, where the Group generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

4. Summary of significant accounting policies (cont'd)

4.20 Taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

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 transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

4. Summary of significant accounting policies (cont'd)

4.20 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.21 Share capital and share issuance expenses

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

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.

5. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 September 2014, the Group adopted the following new and amended MFRS and IC Interpretations Mandatory for annual financial periods beginning on or after 1 September 2014.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

Adoption of the above standards and interpretation did not have any effect on the financial performance or position of the Group and the Company.

6. Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these Standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as disclosed below:

MFRS 9 Financial instruments

MFRS 9, as issued, reflects the first phase of the work on replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the financial assets, but will not have an impact on classification and measurements of the financial liabilities. The effect will be quantified in conjunction with the other phases, when the final standard including all phases is issued.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

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

6. Standards issued but not yet effective (cont'd)

MFRS 15 Revenue from Contracts with Customers (cont'd)

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The directors of the Company anticipate that the application of MFRS 15 will not have a material impact on the amounts reported and disclosures made in the Group's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

7. Significant accounting judgments and estimates

The preparation of the Group's and of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

7.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has not made any critical judgments, apart from those involving estimations, which could have a significant effect on the amounts recognised in the financial statements.

7.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

7. Significant accounting judgments and estimates (cont'd)

7.2 Estimates and assumptions (cont'd)

(a) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery range from 5 to 10 years. These are common life expectancies applied in the furniture industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses can be utilised. Significant judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and magnitude of future taxable profits together with future tax planning strategies.

The amount of deferred tax assets recognised in respect of unutilised tax losses, capital allowances, export allowances and reinvestment allowances and the amounts of such losses and allowances for which deferred tax assets were not recognised are disclosed in Note 28.

(c) Net realisable values of inventories

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable values of inventories based on an assessment of estimated sales prices in the ordinary course of business less estimated cost of completion and the estimated cost necessary to the sale.

Valuation of inventories are reviewed on a regular basis and the Group will make allowance to write down the inventories to net realisable value primarily based on historical trends and management best estimates of the product demand and related pricing.

(d) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for receivable with similar credit risk characteristics. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 20.

7. Significant accounting judgments and estimates (cont'd)

7.2 Estimates and assumptions (cont'd)

(e) Revaluation of investment properties

The Group carries its investment properties at fair value, with charges in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at reporting date for investment properties. Investment properties were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

8. Revenue

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Sale of goods	124,852,204	126,619,050	-	-
Management fee	-	-	72,000	72,000
Dividend income	-	-	1,200,000	1,813,333
	124,852,204	126,619,050	1,272,000	1,885,333

9. Other income

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Reversal of impairment loss on receivables (Note 20(a))	128,998	88,365	-	-
Net gain from fair value adjustment of investment properties (Note 17)	105,000	160,000	-	-
Realised foreign exchange gain	2,184,990	705,545	-	-
Unrealised foreign exchange gain	-	415,525	-	-
Net fair value gain on derivatives	-	18,759	-	-
Gain on disposal of property, plant and equipment	153,595	35,350	-	-
Gain on disposal of assets held for sales	281,668	-	-	-
Insurance claimed	600	18,246	-	-
Waiver of debts owed to a subsidiary	-	-	-	360,000
Interest income	31,686	88,388	483	-
Rental income	153,660	115,500	-	-
Sundry income	281,482	450,893	-	-
	3,321,679	2,096,571	483	360,000

10. Finance costs

	Group 2015 RM	Group 2014 RM
Interest expense on:		
- Bankers' acceptances	584,099	583,356
- Bank overdrafts	90,083	93,569
- Obligations under finance leases	58,124	58,087
- Term loans	88,777	119,472
Total finance costs	821,083	854,484

11. Profit before tax

The following items have been included in arriving at profit before tax from continuing operations:

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Impairment loss on receivables (Note 20)	155,398	772,464	-	-
Auditors' remuneration:				
- Statutory audit	135,500	126,500	27,000	25,000
- Other services	38,540	31,054	8,634	9,694
Depreciation of property, plant and equipment (Note 16)	2,676,438	2,403,742	-	-
Employee benefits expense (Note 12)	18,489,803	15,061,305	24,000	24,000
Net fair value loss on derivatives	302,086	-	-	-
Inventories written off	1,501,245	16,788	-	-
Inventories written down	958,444	326,290	-	-
Loss on disposal of an investment property	-	87,000	-	-
Non-executive directors' emoluments (Note 13)	51,500	48,000	51,500	48,000
Property, plant and equipment written off	115	886	-	-
Unrealised foreign exchange loss	1,736,899	-	-	-
Rental of:				
- factory	-	122,000	-	-
- hostel	36,014	51,240	-	-

12. Employee benefits expense

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Directors (Note 13)				
Executive directors of the Company	1,566,763	1,598,663	24,000	24,000
Directors of subsidiaries	1,013,475	1,064,756	-	-
	2,580,238	2,663,419	24,000	24,000
Other staff				
Wages and salaries	13,688,612	11,188,532	-	-
Defined contribution plan	708,438	575,179	-	-
Other employee benefits	1,512,515	634,175	-	-
	15,909,565	12,397,886	-	-
	18,489,803	15,061,305	24,000	24,000

13. Directors' remuneration

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Directors of the Company				
Executive:				
- Fees	331,500	288,000	-	-
- Salaries and other emoluments	1,142,400	1,225,600	24,000	24,000
- Defined contribution plan	91,800	84,000	-	-
- Estimated monetary value of benefits-in-kind	183,231	179,031	-	-
- Other employee benefits	1,063	1,063	-	-
	1,749,994	1,777,694	24,000	24,000
Non-executive:				
- Allowances	51,500	48,000	51,500	48,000
- Estimated monetary value of benefits-in-kind	6,600	6,900	6,600	-
	58,100	54,900	58,100	48,000

13. Directors' remuneration (cont'd)

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Directors of subsidiaries				
- Fees	60,900	50,761	-	-
- Salaries and other emoluments	879,772	955,100	-	-
- Defined contribution plan	70,324	56,416	-	-
- Estimated monetary value of benefits-in-kind	77,901	65,257	-	-
- Other employee benefits	2,479	2,479	-	-
	1,091,376	1,130,013	-	-
Total excluding benefits-in-kind	2,631,738	2,711,419	75,500	72,000
Estimated monetary value of benefits-in-kind	267,732	251,188	6,600	-
Total including benefits-in-kind	2,899,470	2,962,607	82,100	72,000
Analysis of directors' remuneration:				
Executive directors of the Company and directors of subsidiaries (Note 12)	2,580,238	2,663,419	24,000	24,000
Non-executive directors (Note 11)	51,500	48,000	51,500	48,000
Total excluding benefits-in-kind	2,631,738	2,711,419	75,500	72,000

14. Tax (income)/expense

Major components of income tax expense

The major components of tax (income)/expense for the years ended 31 August 2015 and 2014 are:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Statements of comprehensive income:				
Current income tax	327,719	162,416	-	439,000
(Over)/under provision in prior years	(20,799)	87,123	73,917	-
	306,920	249,539	73,917	439,000
Deferred income tax (Note 28):				
- Origination and reversal of temporary differences	(814,894)	(441,979)	-	-
- (Over)/under provision in prior years	(94,674)	71,952	-	-
	(909,568)	(370,027)	-	-
Tax (income)/expense recognised in profit or loss	(602,648)	(120,488)	73,917	439,000

Reconciliation between tax (income)/expense and accounting profit

The reconciliation between tax (income)/expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 August 2015 and 2014 are as follows:

	2015 RM	2014 RM
Group		
Profit before tax	478,512	4,349,497
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	119,628	1,087,374
Tax effects of:		
- income not subject to tax	(8,097)	(50,823)
- expenses eligible for double deduction	(257,421)	(157,263)
- expenses not deductible for tax purposes	242,481	482,166
Deferred tax assets not recognised on unused tax losses and unabsorbed capital allowances	290,037	92,767
Deferred tax assets recognised on unused tax losses and unabsorbed capital allowances	(261,146)	-

14. Tax (income)/expense (cont'd)

Reconciliation between tax (income)/expense and accounting profit (cont'd)

	2015 RM	2014 RM
Group		
Deferred tax assets recognised on unutilised allowances for increase exports	-	(414,822)
Utilisation of previously unrecognised unutilised allowances for increased exports	-	(948,409)
Utilisation of previously unrecognised unabsorbed capital allowances and reinvestment allowances	(209,958)	(169,080)
Utilisation of current year's reinvestment allowances	(402,699)	(201,473)
(Over)/under provision in prior years		
- income tax	(20,799)	87,123
- deferred tax	(94,674)	71,952
Tax income recognised in profit or loss	(602,648)	(120,488)
Company		
Profit before tax	981,182	1,963,540
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	245,296	490,885
Tax effects of:		
- income not subject to tax	(268,705)	(90,000)
- expenses not deductible for tax purposes	23,409	38,115
- Under provision in prior years	73,917	-
Tax expense recognised in profit or loss	73,917	439,000

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The Malaysian statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective year of assessment 2016. The computation of deferred tax as at 31 August 2015 has reflected these changes.

15. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 August:

	Group	
	2015 RM	**2014 RM**
Profit net of tax attributable to owners of the parent (RM)	301,946	3,370,959
Weighted average number of ordinary shares for the purpose of basic earnings per share	126,505,500	126,505,500
Basic earnings per share (sen)	0.2	2.7
Diluted earnings per share (sen)	0.2	2.7

The warrants are not dilutive as the average market price of the ordinary shares during the financial year were below the exercise price of the warrants.

Notes to the Financial Statements
(cont'd)

16. Property, plant and equipment

	* Land and buildings RM	Plant, machinery and equipment RM	Motor vehicles RM	# Other assets RM	Total RM
Group					
Cost					
At 1 September 2013	36,588,175	15,269,200	5,285,425	5,164,660	62,307,460
Additions	392,976	1,592,400	785,851	141,693	2,912,920
Disposals	-	(15,809)	(142,397)	-	(158,206)
Written off	-	-	-	(5,668)	(5,668)
Revaluation surplus	239,000	-	-	-	239,000
Transfer to investment properties (Note 17)	(1,039,000)	-	-	-	(1,039,000)
Reclassified as assets held for sale (Note 25)	(706,695)	-	-	-	(706,695)
At 31 August 2014 and 1 September 2014	35,474,456	16,845,791	5,928,879	5,300,685	63,549,811
Additions	97,786	3,387,252	867,163	261,692	4,613,893
Disposals	-	(1,190,396)	(578,212)	(2,500)	(1,771,108)
Written off	-	-	-	(749)	(749)
At 31 August 2015	35,572,242	19,042,647	6,217,830	5,559,128	66,391,847

16. Property, plant and equipment (cont'd)

	* Land and buildings RM	Plant, machinery and equipment RM	Motor vehicles RM	# Other assets RM	Total RM
Accumulated depreciation					
At 1 September 2013	5,662,721	10,001,892	3,944,850	3,033,248	22,642,711
Depreciation charge for the year (Note 11)	589,138	1,106,153	489,367	219,084	2,403,742
Disposals	-	(15,809)	(142,397)	-	(158,206)
Written off	-	-	-	(4,782)	(4,782)
Transfer to investment properties (Note 17)	(119,000)	-	-	-	(119,000)
Reclassified as assets held for sale (Note 25)	(88,363)	-	-	-	(88,363)
At 31 August 2014 and 1 September 2014	6,044,496	11,092,236	4,291,820	3,247,550	24,676,102
Depreciation charge for the year (Note 11)	587,638	1,281,004	602,991	204,805	2,676,438
Disposals	-	(1,147,244)	(578,212)	(1,687)	(1,727,143)
Written off	-	-	-	(634)	(634)
At 31 August 2015	6,632,134	11,225,996	4,316,599	3,450,034	25,624,763
Net carrying amount:					
At 31 August 2015	28,940,108	7,816,651	1,901,231	2,109,094	40,767,084
At 31 August 2014	29,429,960	5,753,555	1,637,059	2,053,135	38,873,709

Other assets comprise office equipment, furniture and fittings, computers, air-conditioners and signboard.

Notes to the Financial Statements
(cont'd)

16. Property, plant and equipment (cont'd)

* **Land and buildings**

	Leasehold land RM	Freehold land RM	Leasehold buildings RM	Freehold buildings RM	Electrical installation RM	Renovation RM	Worker quarter RM	Total RM
Cost								
At 1 September 2013	2,802,412	7,169,008	10,120,659	15,250,716	560,423	406,546	278,411	36,588,175
Additions	-	-	-	366,571	26,405	-	-	392,976
Revaluation surplus	-	230,000	-	9,000	-	-	-	239,000
Transfer to investment properties	-	(330,000)	-	(709,000)	-	-	-	(1,039,000)
Reclassified as assets held for sale	-	(312,350)	-	(394,345)	-	-	-	(706,695)
At 31 August 2014 and 1 September 2014	2,802,412	6,756,658	10,120,659	14,522,942	586,828	406,546	278,411	35,474,456
Additions	-	-	-	80,346	17,440	-	-	97,786
At 31 August 2015	2,802,412	6,756,658	10,120,659	14,603,288	604,268	406,546	278,411	35,572,242

16. Property, plant and equipment (cont'd)

* Land and buildings (cont'd)

	Leasehold land RM	Freehold land RM	Leasehold buildings RM	Freehold buildings RM	Electrical installation RM	Renovation RM	Worker quarter RM	Total RM
Accumulated depreciation								
At 1 September 2013	186,293	413,588	1,443,971	2,791,526	463,882	339,036	24,425	5,662,721
Depreciation charge for the year	31,988	-	141,953	365,220	30,954	13,455	5,568	589,138
Transfer to investment properties	-	-	-	(119,000)	-	-	-	(119,000)
Reclassified as assets held for sale	-	-	-	(88,363)	-	-	-	(88,363)
At 31 August 2014 and 1 September 2014	218,281	413,588	1,585,924	2,949,383	494,836	352,491	29,993	6,044,496
Depreciation charge for the year	31,988	-	141,685	335,870	59,071	13,455	5,569	587,638
At 31 August 2015	250,269	413,588	1,727,609	3,285,253	553,907	365,946	35,562	6,632,134
Net carrying amount								
At 31 August 2015	2,552,143	6,343,070	8,393,050	11,318,035	50,361	40,600	242,849	28,940,108
At 31 August 2014	2,584,131	6,343,070	8,534,735	11,573,559	91,992	54,055	248,418	29,429,960

16. Property, plant and equipment (cont'd)

(a) Acquisitions of property, plant and equipment during the financial year were by the following means:

	Group 2015 RM	Group 2014 RM
Cash outflows	3,439,369	2,337,920
Finance lease arrangements	1,174,524	575,000
	4,613,893	2,912,920

(b) Net carrying amount of property, plant and equipment held under finance lease arrangements are as follows:

	Group 2015 RM	Group 2014 RM
Motor vehicles	1,521,849	1,509,415
Plant and machinery	1,038,854	612,672
	2,560,703	2,122,087

(c) Net carrying amount of property, plant and equipment pledged as securities for the banking facilities granted to the Group as disclosed in Note 26 are as follow:

	Group 2015 RM	Group 2014 RM
Freehold buildings	11,318,035	11,573,559
Freehold land	6,343,070	6,343,070
Leasehold buildings	8,393,050	8,534,735
Leasehold land	2,552,143	2,584,131
	28,606,298	29,035,495

17. Investment properties

	Group 2015 RM	Group 2014 RM
At 1 September 2014/2013	3,983,000	3,130,000
Transfer from property, plant and equipment (Note16)	-	920,000
Fair value adjustments (Note 9)	105,000	160,000
Disposals	-	(227,000)
At 31 August	4,088,000	3,983,000

(a) Investment properties with carrying amount of RM2,700,000 (2014: RM2,540,000) are pledged for banking facilities granted to the Group as disclosed in Note 26.

(b) The strata title of a freehold condominium with carrying amount of RM145,000 (2014: RM140,000) has yet to be issued by the relevant authorities.

(c) The fair values of the investment properties of the Group as at 31 August 2015 are determined based on valuations carried out by independent professional valuer, Henry Butcher Malaysia (Muar) Sdn. Bhd., using comparison basis to reflect the market value. The valuer has relevant recognised professional qualifications and has recent experiences in the locations and category of properties being valued.

18. Investment in subsidiaries

	Company 2015 RM	Company 2014 RM
Unquoted shares in Malaysia, at cost	65,657,105	65,657,105
Less: Accumulated impairment losses	(20,910,776)	(20,910,776)
	44,746,329	44,746,329

(a) Details of the Group's subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015	2014
Held by the Company:				
Syarikat U.D. Trading Sdn. Bhd. ("UDT")	Malaysia	Dealing of furniture plywood, hardware, parts, equipment and construction materials	100	100

Notes to the Financial Statements
(cont'd)

18. Investment in subsidiaries (cont'd)

(a) Details of the Group's subsidiaries are as follows (cont'd):

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015	2014
Held by the Company:				
U.D. Panelform Sdn. Bhd. ("UDP")	Malaysia	Paper lamination	100	100
Sin Wee Seng Industries Sdn. Bhd. ("SWS")	Malaysia	Settee and sofa manufacturing	100	100
Poh Keong Industries Sdn. Bhd.	Malaysia	Furniture and parts manufacturing	51	51
SWS Industries Sdn. Bhd.	Malaysia	Temporary ceased operations	100	100
Held through UDP:				
U.D. Wood Products Sdn. Bhd.	Malaysia	Veneer lamination	100	100
Held through SWS:				
Starlight Industry Sdn. Bhd.	Malaysia	Property investment	100	100
Oriena Industry Sdn. Bhd.	Malaysia	Property investment	100	100
SWS Homes (M) Sdn. Bhd.	Malaysia	Property investment	100	100
Held through UDT:				
Syarikat U.D. Trading Corporation Sdn. Bhd. #	Malaysia	Dormant	-	100

Syarikat U.D. Trading Corporation Sdn. Bhd. had been struck off on 8 June 2015.

18. Investment in subsidiaries (cont'd)

(b) Summarised financial information of Poh Keong Industries Sdn. Bhd. which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

i) Summarised statement of financial position

	2015 RM	2014 RM
Non-current assets	7,250,460	7,344,063
Current assets	6,514,546	5,309,414
Total assets	13,765,006	12,653,477
Current liabilities	3,726,955	4,216,485
Non-current liabilities	146,360	218,078
Total liabilities	3,873,315	4,434,563
Net assets	9,891,691	8,218,914
Equity attributable to owners of the Company	5,044,762	4,151,199
Non-controlling interest	4,846,929	4,067,715

ii) Summarised statement of comprehensive income

	2015 RM	2014 RM
Revenue	18,344,991	20,756,999
Profit for the year	1,672,779	2,242,910
Profit and other comprehensive income attributable to:		
- owners of the Company	893,565	1,143,884
- non-controlling interests	779,214	1,099,026

iii) Summarised statement of cash flows

	2015 RM	2014 RM
Net cash from operating activities	1,566,191	2,610,949
Net cash flows used in investing activities	(577,990)	(1,008,843)
Net cash flows used in financing activities	(639,289)	(1,686,518)
Net increase/(decrease) in cash and cash equivalents	348,912	(84,412)
Cash and cash equivalent at the beginning of the year	861,893	946,305
Cash and cash equivalent at the end of the year	1,210,805	861,893

19. Inventories

	2015 RM	2014 RM
At cost		
Raw materials	22,630,892	24,512,589
Work-in-progress	5,627,957	5,366,049
Finished goods	3,589,611	4,097,435
	31,848,460	33,976,073
At net realisable value		
Raw materials	77,650	25,721
	31,926,110	34,001,794

The Group has written off and written down its inventories by RM1,501,245 (2014: RM16,788) and RM958,444 (2014: RM326,290) respectively during the financial year.

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM106,287,507 (2014: RM106,230,738).

20. Trade and other receivables

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade receivables				
Third parties	14,054,267	12,665,472	-	-
Less: Allowance for impairment	(1,598,056)	(1,571,656)	-	-
	12,456,211	11,093,816	-	-
Other receivables				
Sundry receivables	2,500,190	3,166,141	1,000	1,000
Refundable deposits	620,461	308,211	-	-
Advances to workers	152,307	205,981	-	-
	3,272,958	3,680,333	1,000	1,000
Total trade and other receivables	15,729,169	14,465,938	1,000	1,000
Add: Due from subsidiaries	-	-	-	280,664
Add: Cash and bank balances (Note 24)	8,001,892	5,430,262	70,073	63,447
Total loans and receivables	23,731,061	19,896,200	71,073	345,111

20. Trade and other receivables (cont'd)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally ranges from 30 to 120 days (2014: 30 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2015	**2014**
	RM	**RM**
Neither past due nor impaired	8,495,343	5,763,768
1 to 30 days past due not impaired	1,995,047	2,858,627
31 to 60 days past due not impaired	812,238	928,658
61 to 90 days past due not impaired	977,792	818,484
91 to 120 days past due not impaired	100,615	257,098
More than 121 days past due not impaired	75,176	467,181
	3,960,868	5,330,048
Impaired	1,598,056	1,571,656
	14,054,267	12,665,472

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM3,960,868 (2014: RM5,330,048) that are past due at the reporting date but not impaired. The directors are of the opinion that these receivables are collectible in view of the long term business relationships with the customers. These receivables are unsecured in nature.

20. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2015 **RM**	**2014** **RM**
Trade receivable - nominal amounts	1,598,056	1,571,656
Less: Allowance for impairment	(1,598,056)	(1,571,656)
	-	-

Movement in allowance accounts:

	Group	
	2015 **RM**	**2014** **RM**
At beginning of year	1,571,656	1,689,319
Charge for the year (Note 11)	155,398	772,464
Reversal of impairment loss (Note 9)	(128,998)	(88,365)
Written off	-	(801,762)
At end of year	1,598,056	1,571,656

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

21. Other current assets

	Group	
	2015 **RM**	**2014** **RM**
Prepaid operating expenses	671,563	648,739
Advances to raw material suppliers	2,117,158	2,702,763
Deposits to suppliers of property, plant and equipment	-	1,104,305
GST receivables	462,122	-
	3,250,843	4,455,807

22. Due from subsidiaries

Amounts due from subsidiaries were unsecured, interest-free and were repayable on demand.

23. Derivatives

Group	2015 Contract/ Notional Amount	2015 Assets	2014 Contract/ Notional Amount	2014 Liabilities
Non-hedging derivatives:				
Foreign currency forward contracts	2,251,775	(283,326)	1,445,475	18,759

The Group uses forward currency contracts to manage some of the transaction exposures. These contracts are not designated as cash flow hedge.

The Group determines the fair value of the foreign currency forward contracts by using the prices quoted by the counterparty bank, which is under Level 2 of the fair value hierarchy.

24. Cash and bank balances

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash on hand and at banks	6,856,382	4,906,467	70,073	63,447
Deposits with licensed banks	1,145,510	523,795	-	-
Cash and bank balances	8,001,892	5,430,262	70,073	63,447

For the purpose of the statements of cash flows, cash equivalents comprise the followings at 31 August:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash and bank balances	8,001,892	5,430,262	70,073	63,447
Less: Deposits pledged with banks	(838,889)	(523,795)	-	-
Less: Bank overdrafts (Note 26)	(2,278,786)	(1,274,587)	-	-
Cash and cash equivalents	4,884,217	3,631,880	70,073	63,447

24. Cash and bank balances (cont'd)

Deposits with licensed banks of the Group amounting to RM838,889 (2014: RM523,795) are pledged for banking facilities granted to the Group as disclosed in Note 26.

Deposits with licensed banks of the Group amounting to RM474,642 (2014: RM462,384) are held in trust by certain directors of the Company.

The weighted average effective interest rate and average maturities of deposits at the reporting date were 3.13% (2014: 3.14%) per annum and ranges from 90 to 365 days (2014: 365 days) respectively.

25. Assets classified as held for sale

	Group	
	2015 RM	**2014 RM**
At carrying amount		
Transfer from property, plant and equipment (Note 16)	-	618,332

During the year, the Group disposed of its assets classified as held for sale in Sin Wee Seng Industries Sdn. Bhd. for RM900,000 with a gain of RM281,668.

26. Loans and borrowings

		Group	
	Maturity	**2015 RM**	**2014 RM**
Current			
Unsecured:			
Bank overdrafts	On demand	1,123,966	912,216
Bankers' acceptances	2016	10,949,448	12,622,464
		12,073,414	13,534,680
Secured:			
Bank overdrafts	On demand	1,154,820	362,371
Bankers' acceptances	2016	5,087,797	3,813,000
Obligations under finance leases (Note 31)	2016	647,664	506,888
Term loans:			
- RM loan at BLR + 0.8% p.a.	2016	212,953	240,749
- RM loan at BFR p.a.	2016	375,767	181,250
- RM loan at BLR + 0.3% p.a.	2015	-	143,600
		7,479,001	5,247,858
		19,552,415	18,782,538

26. Loans and borrowings (cont'd)

		Group	
	Maturity	2015 RM	2014 RM
Non-current			
Secured:			
Obligations under finance leases (Note 31)	2016-2019	1,111,668	689,948
Term loans:			
- RM loan at BLR + 0.8% p.a.	2016	-	230,623
- RM loan at BFR p.a.	2016-2019	1,415,543	781,641
		2,527,211	1,702,212
Total loans and borrowings		22,079,626	20,484,750

* BLR = Base Lending Rate
# BFR = Base Financing Rate

The remaining maturities of the loans and borrowings as at reporting date are as follows:

	Group	
	2015 RM	2014 RM
On demand or within 1 year	19,552,415	18,782,538
More than 1 year and less than 2 years	961,006	751,354
More than 2 years and less than 5 years		
5 years or more	1,566,205	894,217
	-	56,641
	22,079,626	20,484,750

The loans and borrowings (except obligations under finance leases) of the Group are secured by:

(i) debenture incorporating legal charges over the properties of certain subsidiaries as disclosed in Note 16 and 17, and floating charges over all the present and future assets of certain subsidiaries;

(ii) corporate guarantee by the Company; and

(iii) deposits with licensed banks as disclosed in Note 24.

<u>Obligations under finance leases</u>

These obligations are denominated in RM and the discount rates implicit in the leases range from 2.04% to 4.30% (2014: 2.35% to 6.80%) per annum. These obligations are secured by charges over the respective leased assets.

26. Loans and borrowings (cont'd)

Bank overdrafts

Bank overdrafts are denominated in RM, bear interests range from BLR + 1.0% to BLR + 1.25% (2014: BLR + 1.0% to BLR + 1.25%) per annum.

Bankers' acceptances

These are used to finance purchases of the Group denominated in USD and RM and are short term in nature. The weighted average effective interest rate is 3.75% (2014: 4.06%) per annum.

27. Trade and other payables

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade payables				
Third parties	9,199,384	8,693,285	-	-
Other payables				
Sundry payables	3,735,939	3,537,928	4,096	1,146
Accrued operating expenses	1,890,647	1,692,003	35,500	33,000
	5,626,586	5,229,931	39,596	34,146
Total trade and other payables	14,825,970	13,923,216	39,596	34,146
Add: Loans and borrowings (Note 26)	22,079,626	20,484,750	-	-
Total financial liabilities carried at amortised cost	36,905,596	34,407,966	39,596	34,146

(a) Trade payables

These amounts are non-interest bearing. The normal trade credit term granted to the Group ranges from 30 to 90 days (2014: 14 to 90 days).

(b) Other payables

These amounts are non-interest bearing. Credit terms for other payables are negotiated on a case-by-case basis.

28. Deferred tax

Deferred income tax as at reporting dates relates to the following:

	Deferred tax liabilities	Deferred tax assets		
	Property, plant and equipment RM	Unused tax losses and unabsorbed capital allowances RM	Unutilised reinvestment allowances RM	Total RM
At 1 September 2013	1,598,552	66,998	(953,427)	712,123
Recognised in profit or loss	100,874	(74,119)	(396,782)	(370,027)
At 31 August 2014	1,699,426	(7,121)	(1,350,209)	342,096
Recognised in profit or loss	456,628	(1,289,024)	(77,172)	(909,568)
At 31 August 2015	2,156,054	(1,296,145)	(1,427,381)	(567,472)

	Group 2015 RM	Group 2014 RM
Presenting after appropriate offsetting as follows:		
Deferred tax assets	675,000	646,000
Deferred tax liabilities	(107,528)	(988,096)
	567,472	(342,096)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2015 RM	Group 2014 RM
Unused tax losses	13,588,000	13,615,000
Unabsorbed capital allowances	660,000	648,000
Unutilised reinvestment allowances	1,398,000	2,169,000

At the reporting date, the Group has above unused tax losses, unabsorbed capital allowances and unutilised reinvestment allowances that are available to offset against future taxable profits of the respective subsidiaries in which the unused tax losses, unabsorbed capital allowances and unutilised reinvestment allowances arose.

29. Share capital and share premium

(a) Share capital

	Number of ordinary shares of RM0.50 each 2015	2014	Amount 2015 RM	2014 RM
Authorised	200,000,000	200,000,000	100,000,000	100,000,000
Issued and fully paid	126,505,500	126,505,500	63,252,750	63,252,750

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company.

Subsequent to year end, the Company increased its issued and paid-up ordinary share capital from 126,505,500 to 145,875,038 by way of the issuance of 19,369,538 ordinary shares of RM0.50 each through conversion of warrants into ordinary shares at an issue price of RM0.80 per ordinary shares for cash.

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

Warrants

The Company had issued 21,084,250 warrants which were listed on Bursa Malaysia Securities Berhad on 2 December 2005 in conjunction with the rights issue on the basis of one (1) warrant attached to one (1) rights share subscribed.

The warrants are constituted by a Deed Poll dated 8 September 2005 executed by the Company.

The main features of the warrants are as follows:

(i) Each warrant entitles the registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price of RM0.80 per share, subject to adjustment in accordance with the provisions of the Deed Poll.

(ii) The warrants may be exercised at any time on or before the expiry date of ten (10) years from the issue date of the warrants on 2 December 2005. The warrants which are not exercised during the exercise period will thereafter become lapse and void.

(iii) All the new ordinary shares in the Company to be issued upon the exercise of the warrants shall, on allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to any dividends, that may be declared prior to the date of allotment and issue of the new shares, nor shall they be entitled to any distributions or entitlements for which the record date is prior to the date of exercise of the warrants.

29. Share capital and share premium (cont'd)

(a) Share capital (cont'd)

The summary of movements of warrants are as follows:

Date of issue	Exercise price per warrant RM	Number of warrants 1.9.2014	Exercised	31.8.2015
2.12.2005	0.80	21,084,250	-	21,084,250

(b) Share premium

This is a non-distributable reserve which arose from the issue of the Company's shares at a premium.

(c) Revaluation reserve

The revaluation reserve represents the difference between the carrying amount and fair value of a property at the date of transfer from property, plant and equipment to investment property. This reserve will be subsequently transferred to retained earnings upon disposal of that property.

30. Related party transactions

(a) Sale and purchase of goods and services

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

Subsidiaries:
(i) Sin Wee Seng Industries Sdn. Bhd. ("SWS")
(ii) Poh Keong Industries Sdn. Bhd. ("PKI")
(iii) SWS Industries Sdn. Bhd. ("SWS Industries")

Other related parties:
(i) Dee Sin Agency (Sole proprietorship of Gan Poh Keong, a director of PKI)
(ii) Envision Enterprise (Sole proprietorship of Gan Poh Keong, a director of PKI)
(iii) RTA Components Corp. (Sole proprietorship of Yeo Siew Gek, a director of PKI)

30. Related party transactions (cont'd)

(a) Sale and purchase of goods and services (cont'd)

	Group 2015 RM	Group 2014 RM
Transactions with other related parties		
Foreign workers' expenses paid/payable to Dee Sin Agency	172,612	146,033
Purchase of raw materials from Envision Enterprise	88,750	165,570
Sale of goods to RTA Components Corp.	-	23,631
Transaction with directors of SWS:		
Sale of asset held for sale to directors	900,000	-
Transaction with director of PKI:		
Rental of factory paid/payable to a director	-	31,640

	Company 2015 RM	Company 2014 RM
Transactions with subsidiaries:		
Management fee received from:		
- PKI	72,000	72,000
Dividend income received from:		
- SWS	1,200,000	213,333
- SWS Industries	-	1,600,000

(b) Compensation of key management personnel

There is no other key management personnel other than the directors of the Group. The remuneration of the directors are disclosed in Note 13.

31. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group 2015 RM	Group 2014 RM
Approved and contracted for:		
Prepaid land lease payments	375,000	475,000
Property, plant and equipment	2,970,000	184,000
	3,345,000	659,000
Approved but not contracted for:		
Property, plant and equipment	110,383	-

31. Commitments (cont'd)

(b) Finance lease commitments

The Group has finance leases for certain items of plant and machinery and motor vehicles (Note 16). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2015	**2014**
	RM	**RM**
Minimum lease payments:		
Not later than 1 year	731,936	554,674
Later than 1 year but not later than 2 years	609,200	365,868
Later than 2 years but not later than 5 years	584,755	378,758
Total minimum lease payments	1,925,891	1,299,300
Less: Amounts representing finance charges	(166,559)	(102,464)
Present value of minimum lease payments	1,759,332	1,196,836
Present value of payments:		
Not later than 1 year	647,664	506,888
Later than 1 year and not later than 2 years	560,240	339,481
Later than 2 years and not later than 5 years	551,428	350,467
Present value of minimum lease payments	1,759,332	1,196,836
Less: Amount due within 12 months (Note 26)	(647,664)	(506,888)
Amount due after 12 months (Note 26)	1,111,668	689,948

32. Fair value measurement

(a) Fair value of financial instrument that is carried at fair value

The fair value of the derivatives was measured under the Level 2 of fair value hierarchy.

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 August 2015 and 2014.

32. Fair value measurement (cont'd)

(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	20
Trade and other payables	27
Loans and borrowings (current and non-current)	26

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(c) Fair value of non-financial instrument that is carried at fair value

The fair value of the investment properties was measured under the Level 3 of fair value hierarchy. The details are disclosed in Note 17(c) to the financial statements.

During the reporting period ended 31 August 2015 and 2014, there were no transfers between the various fair value measurements.

33. Financial risk management objectives and policies

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

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

(a) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

33. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, with positive fair values.

Credit risk concentration profile

At the reporting date, the Group has no significant concentration of credit risk that may arise from exposure to the Group's trade receivables.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20(a). Derivatives and deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20(a).

(b) Liquidity risk

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

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group strives to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group maintains available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 31 August 2015				
Group				
Trade and other payables	14,825,970	-	-	14,825,970
Loans and borrowings	19,636,686	2,609,498	-	22,246,184
Total undiscounted financial liabilities	34,462,656	2,609,498	-	37,072,154
Company				
Other payables, excluding financial guarantees*	39,596	-	-	39,596
Total undiscounted financial liabilities	39,596	-	-	39,596
At 31 August 2014				
Group				
Trade and other payables	13,923,216	-	-	13,923,216
Loans and borrowings	18,915,113	1,867,887	66,609	20,849,609
Total undiscounted financial liabilities	32,838,329	1,867,887	66,609	34,772,825
Company				
Other payables, excluding financial guarantees*	34,146	-	-	34,146
Total undiscounted financial liabilities	34,146	-	-	34,146

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as the defaults have not occurred. Accordingly, financial guarantees under the scope of MFRS 139 are not included in the above maturity profile analysis.

33. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

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

The Group's interest rate risk arises primarily from its floating rate loans and borrowings. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate loans and borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis point lower/higher, with all other variables held constant, the Group's profit before tax would have been approximately RM20,000 (2014: RM23,000) higher/lower, as a result of lower/higher interest expense on floating rate loans and borrowings.

(d) Foreign currency risk

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

The Group is exposed to transactional currency exposures primarily arising from sales and purchases that are denominated in currencies other than the functional currency of the Group. The foreign currencies in which these transactions are denominated are primarily United States Dollars ("USD") and Euro Dollar ("EURO").

The Group holds cash and cash equivalents denominated in foreign currencies for working capital purposes. The other financial instruments denominated in foreign currencies includes trade receivables, trade payables and loans and borrowings.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD and EURO exchange rates at the reporting date against the functional currency of the Group, assuming all other variables remain unchanged. Material foreign currency transactions exposures are hedged, mainly with the derivative financial instruments such as forward foreign exchange contracts.

		2015 RM	2014 RM
		Profit before tax	
USD/RM	- strengthened 5% (2014: 5%)	(44,000)	(134,000)
	- weakened 5% (2014: 5%)	44,000	134,000
EURO/RM	- strengthened 5% (2014: 5%)	1,000	400
	- weakened 5% (2014: 5%)	(1,000)	(400)

34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximises shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 August 2015 and 31 August 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Loans and borrowings	22,079,626	20,484,750	-	-
Trade and other payables	14,825,970	13,923,216	39,596	34,146
Less: - Cash and bank balances	(8,001,892)	(5,430,262)	(70,073)	(63,447)
Net debt	28,903,704	28,977,704	(30,477)	(29,301)
Equity attributable to owners of the parent, total capital	62,435,912	63,399,021	44,819,606	45,177,396
Capital and net debt	91,339,616	92,376,725	44,789,129	45,148,095
Gearing ratio	32%	31%	N/A	N/A

35. Segment information

The Group has only one reportable operating segment, which is the business of design, manufacture and sales of leather upholstery and wodden furniture products.

Geographical information

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

	2015	**2014**
	RM	**RM**
Asia Pacific	34,389,599	26,890,041
Australia	6,497,994	2,265,172
Europe	47,846,829	53,510,462
Malaysia	31,472,885	34,138,146
Middle East	2,260,746	6,765,249
Others	2,384,151	3,049,980
	124,852,204	126,619,050

36. Dividends

	Group and Company 2015 RM	2014 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final single tier dividend for 2014: 1.00 sen per share	1,265,055	-

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

37. Contingent liabilities

A nominal amount of RM40,148,000 (2014: RM42,307,000) relating to corporate guarantees provided by the Company to banks for its subsidiaries' loans and borrowings.

The fair value of the corporate guarantees granted by the Company to banks in respect of loans and borrowings obtained by its subsidiaries is not material as the difference in borrowing rates charged by the banks is not significant in the absence of such guarantees.

38. Subsequent events

On 30 November 2015, the Company proposed to undertake a private placement of new ordinary shares of RM0.50 each of up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Private Placement"). The Company had obtained the approval from its shareholders at the last annual general meeting ("AGM") convened on 25 February 2015. The placement shares will be issued based on a discount of not more than ten percent (10%) to the five (5)-day volume-weighted average market price ("VWAP") of the Company's shares immediately preceding the price-fixing date, to be determined by the Board of Directors after taking into consideration the prevailing market conditions.

On 4 December 2015, the Company and the Board of Directors had been served with a court order issued by the Kuala Lumpur High Court filed by certain shareholders ordering an injunction to prevent and/or restrain the Company and the Board of Directors from implementing and/or giving effect to the Proposed Private Placement. The hearing of the Notice of Application was fixed on 16 December 2015.

On 16 December 2015, the Company aborted the Proposed Private Placement and provided an undertaking that it would not pursue the same. The Kuala Lumpur High Court granted an ad interim injunction until 23 December 2015 for the final disposal of the matter.

On 23 December 2015, the Plaintiffs had withdrawn their action.

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 August 2015 were authorised for issue in accordance with a resolution of the directors on 23 December 2015.

40. Supplementary information - Breakdown of realised and unrealised losses

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Total accumulated losses of the Company and its subsidiaries				
- Realised	(12,173,804)	(12,839,454)	(30,927,680)	(30,569,890)
- Unrealised	(1,376,570)	252,189	-	-
	(13,550,374)	(12,587,265)	(30,927,680)	(30,569,890)

List of Material Properties
as at 31 August 2015

The Group's policy on revaluation of landed properties is as stated in Note 4.7 and 4.8 to the Financial Statements.

Address / Location	Description	Land Area	Existing Use	Tenure/ Age of Building	Net Book Value RM'000	Date of Revaluation / Acquisition
Lot PTD 4085, Kawasan Perindustrian Parit Jamil, 84150 Parit Jawa, Muar, Johor.	Industrial land with single-storey factory and detached double-storey office	16,846 square metres	Sofas manufacturing facilities	Freehold / 13 years	7,573	29.01.99 (Date of Acquisition)
Lot 1789, GM1142, Mukim of Sungai Raya, District of Muar, Johor.	Industrial land with single-storey factory and detached double-storey office	19,391 square metres	Furniture manufacturing facilities	Freehold / 9 years	4,562	24.11.04 (Date of Acquisition)
Lot 8800, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Bukit Bakri, 84200 Muar, Johor.	Industrial land with single-storey factory and office block	8,217 square metres	Office cum warehouse	99 years leasehold expiring in 29-12-2094 / 12 years	4,273	13.07.01 (Date of Acquisition)
Lot PTD 4084, Kawasan Perindustrian Parit Jamil, 84150 Parit Jawa, Muar, Johor.	Industrial land with single-storey factory	16,846 square metres	Sofas manufacturing facilities	Freehold / 9 years	4,134	20.06.02 (Date of Acquisition)
Lot 8784, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Muar, Johor.	Industrial land with single-storey factory	5,502 square metres	Furniture manufacturing facilities	99 years leasehold expiring in 29-12- 2094 / 12 years	2,808	07.06.02 (Date of Acquisition)
Lot 8791, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Bukit Bakri, 84200 Muar, Johor.	Industrial land with 2 adjoining blocks of factory building with a three-storey office block	10,056 square metres	Office with furniture manufacturing facilities	99 years leasehold expiring in 29-12-2094 / 18 years	2,439	31.05.00 (Date of Acquisition)

List of Material Properties
as at 31 August 2015 (cont'd)

Address / Location	Description	Land Area	Existing Use	Tenure/ Age of Building	Net Book Value RM'000	Date of Revaluation / Acquisition
Lot PTD 4086, Kawasan Perindustrian Parit Jamil, 84150 Parit Jawa, Muar, Johor.	Industrial land	16,846 square metres	Vacant	Freehold	1,877	20.04.11 (Date of Acquisition)
Lot 8792, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Bukit Bakri, 84200 Muar, Johor.	Industrial land with single-storey detached factory	2,321 square metres	Warehouse	99 years Leasehold expiring in 29-12-2094 / 11 years	1,480	24.06.02 (Date of Acquisition)
No 18, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor.	Double storey terrace warehouse cum office	991 square metres	Warehouse cum office	Freehold / 21 years	1,400	07.05.00 (Date of Acquisition)

Analysis of Shareholdings
31 December 2015

Distribution schedule of shareholdings as at 31 December 2014

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of issued Share Capital
1 - 99	18	1.761	645	0.000
100 - 1,000	201	19.667	166,390	0.114
1,001 - 10,000	548	53.620	2,653,490	1.819
10,001 - 100,000	177	17.318	5,661,050	3.880
100,001 - 7,293,750 (*)	74	7.240	93,569,908	64.143
7,293,751 AND ABOVE (**)	4	0.391	43,823,555	30.041
TOTAL	1,022	100.000	145,875,038	100.000

Directors' Shareholdings

Name	Direct No. of Shares	Direct % of Issued Share Capital
Chua Heok Wee	945,645	0.648
Dr Loh Yee Feei	0	0.000
Hj Ismail Bin Tunggak @ Hj Ahmad	0	0.000
Lau Teck Poh	5,757,000	3.946
Neo Chee Kiat	10,858,210	7.443
Neo Tiam Hock	11,768,045	8.067
Piong Yew Peng	0	0.000
Tan King Tai @ Tan Khoon Hai	2,006,220	1.375
Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad For Tan King Tai @ Tan Khoon Hai (Smart)	1,425,000	0.976
Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan King Tai @ Tan Khoon Hai	744,000	0.510
Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan King Tai @ Tan Khoon Hai (471821)	2,683,400	1.839
Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan King Tai @ Tan Khoon Hai (6000117)	1,900,000	1.302
Tan Kok Tiam	0	0.000
Total	38,087,520	26.109

Analysis of Shareholdings
31 December 2015 (cont'd)

Substantial Shareholders

Name	No. of Shares	Direct % of Issued Share Capital
N.E.O Resources Sdn. Bhd.	12,959,000	8.883
Neo Tiam Hock	11,768,045	8.067
Neo Chee Kiat	10,858,210	7.443
MR. SERM JUTHAMONGKHON	8,238,300	5.647
Total	43,823,555	30.041

Thirty (30) largest securities account holders as as 31 December 2014

Name	No. of Shares	% of Issued Share Capital
N.E.O RESOURCES SDN. BHD.	12,959,000	8.883
NEO TIAM HOCK	11,768,045	8.067
NEO CHEE KIAT	10,858,210	7.443
MR. SERM JUTHAMONGKHON	8,238,300	5.647
BO ENG CHEE	6,035,700	4.137
LAU TECK POH	5,757,000	3.946
KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN MEI CHENG	5,132,000	3.518
SOH GOK LIAN	4,398,400	3.015
TAN HUI TING	4,348,500	2.980
PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHNUAH FARN FARN (E-BMM)	4,110,514	2.817
KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KEAN AIK	3,812,600	2.613
ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN HUI LUN (6000201)	3,777,185	2.589
TAN KEAN AIK	3,346,000	2.293
TAN BOON HAI	3,342,000	2.291
CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KING TAI @ TAN KHOON HAI (471821)	2,683,400	1.839

Thirty (30) largest securities account holders as as 31 December 2014 (cont'd)

Name	No. of Shares	% of Issued Share Capital
CHEW SENG GUAN	2,650,000	1.816
CHEW SENG KHAI	2,650,000	1.816
KOH CHON CHAI	2,316,400	1.587
AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR AWAN TRAVEL SDN.BHD. (SMART)	2,154,400	1.476
TAN KING TAI @ TAN KHOON HAI	2,006,220	1.375
ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KING TAI @ TAN KHOON HAI (6000117)	1,900,000	1.302
CHAN MEI CHENG	1,887,725	1.294
TAN HUI LUN	1,858,100	1.273
CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHNUAH FARN FARN (474003)	1,791,274	1.227
CHUA ENG HUI	1,502,100	1.029
AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TAN KING TAI @ TAN KHOON HAI (SMART)	1,425,000	0.976
NG CHIN HEE	1,402,250	0.961
PHNUAH LIH PING	1,263,500	0.866
PHNUAH FARN FARN	1,251,600	0.857
LEO HUA MOI	1,246,350	0.854
Total	117,871,773	80.803

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth (16th) Annual General Meeting of SWS Capital Berhad will be held at PTD 4085, Kawasan Perindustrian Parit Jamil, 84150 Parit Jawa, Muar, Johor Darul Takzim on Wednesday, 24 February 2016 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 August 2015 together with the Reports of Directors and Auditors thereon (Please refer to Note A).

2. To re-elect the following Directors who retire in accordance with the Articles of Association of the Company:

   a) Mr Piong Yew Peng (Article 91) **(Ordinary Resolution 1)**

   b) Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai (Article 96) **(Ordinary Resolution 2)**

   c) Mr Tan Kok Tiam (Article 96) **(Ordinary Resolution 3)**

   d) Dr Loh Yee Feei (Article 96) **(Ordinary Resolution 4)**

   e) Mr Chua Heok Wee (Article 96) **(Ordinary Resolution 5)**

   f) Mr Lau Teck Poh (Article 96) **(Ordinary Resolution 6)**

3. To approve the payment of Directors' fees for the financial year ended 31 August 2015. **(Ordinary Resolution 7)**

4. To approve the re-appointment of retiring Auditors, Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions with or without any modifications as resolutions:-

5. **Continuing in Office as Independent Non-Executive Director** **(Ordinary Resolution 9)**

   "THAT approval be and is hereby given to Tuan Hj. Ismail Bin Tunggak @ Hj. Ahmad who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.

6. Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965 **(Ordinary Resolution 10)**

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

7. To transact any other ordinary business of which due notice shall have been given.

By order of the Board

PANG KAH MAN (MIA 18831)
Company Secretary

Muar, Johor Darul Takzim

Dated this 29 January 2016

Notes:

(A) This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting.

1. Only depositors whose names appear in the Record of Depositors as at 16 February 2016 shall be regarded as members and be entitled to attend, speak and vote at the Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on a show of hands or on a poll in his stead. There shall be no restriction as to the qualification of the proxy and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

4. To be valid, the proxy form duly completed must be deposited at the Registered Office of the Company at No. 7, (1st Floor), Jalan Pesta 1/1, Taman Dr Ismail 1, Jalan Bakri, 84000 Muar, Johor Darul Takzim not less than forty-eight (48) hours before the time for holding the meeting provided that in the event the member(s) duly executes the proxy form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy, other than the particulars of the proxy have been duly completed by the member(s).

5. Where a member appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented be each proxy.

6. The instrument appointing a proxy in the case of any individual shall be signed by the appointor or his attorney duly authorised in writing and in the case of a corporation under its common seal or under the hand of an officer or attorney duly authorised.

Notice of
Annual General Meeting
(cont'd)

Explanatory Notes on Special Business:

7. ***Ordinary Resolution no. 9***

The proposed Ordinary Resolution no. 9 relates to the continuance of Tuan Hj. Ismail Bin Tunggak @ Hj. Ahmad in office as Independence Director. The Board of Directors has assessed the independence of Tuan Hj. Ismail Bin Tunggak @ Hj. Ahmad who has served on the Board as Independence Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

(a) He fulfils the criteria under the definition of "Independent Director" as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore, is able to bring independent and objective judgment to the Board;

(b) His experience in the relevant industries has enable him to provide the Board and Board Committees, as the case may be, with pertinent expertise, skills and competence; and

(c) He has been with the Company long and therefore, understands the Company's business operations which enables him to contribute actively and effectively during deliberations or discussions at the Board and Board Committee meetings.

8. ***Ordinary Resolution no. 10***
Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965

(a) The proposed Ordinary Resolution no. 10, if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purpose as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

(b) This is the renewal of the mandate obtained from the members during the previous Annual General Meeting held on 25 February 2015 ("the previous mandate") which will lapse at the conclusion of the 16th Annual General Meeting. As at the date of this Notice, the previous mandate was not utilised and accordingly no proceeds were raised. The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisition(s).

Statement Accompanying
Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

DETAILS OF INDIVIDUAL WHO IS STANDING FOR ELECTION AS A DIRECTOR

No individual is seeking election as a Director at the 16th Annual General Meeting of the Company.

SWS

SWS CAPITAL BERHAD
(Company No. 502246-P)
(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

No. of ordinary shares held

I/We, ...
(Full Name in Block Letters)

of ....
(Full Address)

being a *Member/Members of the above named Company, hereby *appoint the Chairman of the meeting /appoint

....
(Full Name in Block Letters)

of ....
(Full Address)

or failing him/her, ...
(Full Name in Block Letters)

of ....
(Full Address)

as *my/our *Proxy/Proxies to attend and vote for *me/us on my/our behalf at the Sixteenth (16th) Annual General Meeting of the Company to be held at PTD 4085, Kawasan Perindustrian Parit Jamil, 84150 Parit Jawa, Muar, Johor Darul Takzim on Wednesday, 24 February 2016 at 11.00 a.m. and at every adjournment thereof to vote as indicated below:

No.	Ordinary Resolution	For	Against
1.	To re-elect Mr Piong Yew Peng as Director		
2.	To re-elect Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai as Director		
3.	To re-elect Tan Kok Tiam as Director		
4.	To re-elect Dr Loh Yee Feei as Director		
5.	To re-elect Mr Chua Heok Wee as Director		
6.	To re-elect Mr Lau Teck Poh as Director		
7.	To approve the payment of Directors' fees		
8.	To re-appoint Messrs Ernst & Young as Auditors		
9.	To retain Tuan Hj. Ismail Bin Tunggak @ Hj. Ahmad as Independent Non-Executive Director		
10.	To renew authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		

(Please indicate with a "x" in the spaces provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Number of Shares Held	

The proportions of *my/our holding to be represented by *any/our *proxy/proxies are as follows:

	Percentage
First Named Proxy	
Second Named Proxy	
Total	100%

In case of voting by a show of hands, the First Named Proxy shall vote on *my/our behalf.

As withness *my/our hand this .... day of ...., 2016

....
Signature of Shareholder(s) or Common Seal

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 16 February 2016 shall be regarded as members and be entitled to attend, speak and vote at the Meeting.*

2. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on a show of hands or on a poll in his stead. There shall be no restriction as to the qualification of the proxy and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

3. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

4. *To be valid, the proxy form duly completed must be deposited at the Registered Office of the Company at No. 7, (1st Floor), Jalan Pesta 1/1, Taman Dr Ismail 1, Jalan Bakri, 84000 Muar, Johor Darul Takzim not less than forty-eight (48) hours before the time for holding the meeting provided that in the event the member(s) duly executes the proxy form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy, other than the particulars of the proxy have been duly completed by the member(s).*

5. *Where a member appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.*

6. *The instrument appointing a proxy in the case of any individual shall be signed by the appointer or his attorney duly authorised in writing and in the case of a corporation under its common seal or under the hand of an officer or attorney duly authorised.*

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STAMP

SWS CAPITAL BERHAD
(Company No. 502246-P)

The Company Secretary
No. 7 (1st Floor), Jalan Pesta 1/1,
Taman Tun Dr Ismail 1, Jalan Bakri,
84000 Muar,
Johor Darul Takzim

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