

**KUMPULAN EUROPLUS BERHAD**

(Company No. 534368 – A)

(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS**

**31 MARCH 2015**

**KUMPULAN EUROPLUS BERHAD**  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

| <b>CONTENTS</b>  | <b>PAGE</b> |
|--|-------------|
| DIRECTORS' REPORT  | 1 – 6       |
| FINANCIAL STATEMENTS   |             |
| STATEMENTS OF FINANCIAL POSITION   | 7 – 8       |
| STATEMENTS OF PROFIT OR LOSS AND<br>OTHER COMPREHENSIVE INCOME                             | 9 – 10      |
| STATEMENTS OF CHANGES IN EQUITY  | 11 – 13     |
| STATEMENTS OF CASH FLOWS   | 14 – 17     |
| NOTES TO THE FINANCIAL STATEMENTS  | 18 – 103    |
| SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF<br>REALISED AND UNREALISED PROFITS OR LOSSES | 104         |
| STATEMENT BY DIRECTORS   | 105         |
| STATUTORY DECLARATION  | 106         |
| INDEPENDENT AUDITORS' REPORT   | 107 – 109   |

**KUMPULAN EUROPLUS BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The directors hereby submit their report together with the audited financial statements of Kumpulan Europlus Berhad ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 March 2015.

**PRINCIPAL ACTIVITIES**

The Company is principally involved in investment holding. The principal activities of its subsidiaries and associates are disclosed in Note 7 and Note 8 to the financial statements.

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

**RESULTS**

|                               | <b>Group<br/>RM'000</b> | <b>Company<br/>RM'000</b> |
|-------------------------------|-------------------------|---------------------------|
| Profit for the financial year | 38,944                  | 1,446                     |
| Profit attributable to:       |                         |                           |
| Owners of the Company         | 38,438                  | 1,446                     |
| Non-controlling interests     | 506                     | -                         |
|                               | <u>38,944</u>           | <u>1,446</u>              |

**DIVIDEND**

No dividend was paid or declared by the Company since the end of the previous financial period.

The directors do not recommend the payment of any dividend in respect of the financial year ended 31 March 2015.

## **RESERVES AND PROVISIONS**

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

## **BAD AND DOUBTFUL DEBTS**

Before the statements of profit or loss and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

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

## **CURRENT ASSETS**

Before the statements of profit or loss and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

## **VALUATION METHODS**

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

## **CONTINGENT AND OTHER LIABILITIES**

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

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

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

## **CHANGE OF CIRCUMSTANCES**

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

## **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of directors, substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 23 to the financial statements.

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

## **ISSUE OF SHARES AND DEBENTURES**

During the financial year, the Company increased its issued and fully paid share capital from 572,991,765 ordinary shares of RM1/- each to 1,002,735,588 ordinary shares of RM1/- each by way of rights issue of 429,743,823 ordinary shares of RM1/- each at an issue price of RM1.08 per share, together with 214,871,911 free detachable warrants.

The new ordinary shares issued during the financial year rank pari-passu in all respects with the existing ordinary shares of the Company.

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

## **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:-

Dato' Abdul Hamid bin Mustapha

Datuk Oh Chong Peng

U Chin Wei

Tan Sri Pang Tee Chew

Tang King Hua

Lee Chun Fai

Datuk Ir. Hamzah bin Hasan

Vuitton Pang Hee Cheah

(Alternative director to Tan Sri Pang Tee Chew)

- appointed on 2 January 2015

- appointed on 28 August 2014

## DIRECTORS (CONTINUED)

In accordance with Article 97 of the Company's Articles of Association, Tang King Hua and Lee Chun Fai shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers themselves for re-election.

In accordance with Article 81 of the Company's Articles of Association, Datuk Ir. Hamzah bin Hasan who were appointed to the board after the last Annual General Meeting shall retire at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares of the Company during the financial year ended 31 March 2015 are as follows:-

|                              | Number of ordinary shares of RM1/- each |            |      |              |
|------------------------------|---|------------|------|--------------|
|                              | At                                      |            |      | At           |
|                              | 1.4.2014                                | Bought     | Sold | 31.3.2015    |
| <b>Shares in the Company</b> |   |            |      |              |
| <b>Direct interest</b>       |   |            |      |              |
| U Chin Wei                   | 30,000                                  | -          | -    | 30,000       |
| Tan Sri Pang Tee Chew        | 20,000                                  | 15,000     | -    | 35,000       |
| Tang King Hua                | -                                       | 350,000    | -    | 350,000      |
| <b>Indirect interest</b>     |   |            |      |              |
| U Chin Wei                   | 11,500                                  | -          | -    | 11,500 #     |
| Tan Sri Pang Tee Chew        | 52,053,600                              | 41,397,500 | -    | 93,451,100 ^ |
|                              |   |            |      |              |
|                              | Number of warrants                      |            |      |              |
|                              | At                                      |            |      | At           |
|                              | 1.4.2014                                | Bought     | Sold | 31.3.2015    |
| <b>The Company</b>           |   |            |      |              |
| <b>Direct interest</b>       |   |            |      |              |
| Tan Sri Pang Tee Chew        | -                                       | 7,500      | -    | 7,500        |
| <b>Indirect interest</b>     |   |            |      |              |
| Tan Sri Pang Tee Chew        | -                                       | 20,148,800 | -    | 20,148,800   |

# Deemed interested in the shares held by his spouse, Madam Goh Siew Thing by virtue of Section 134(12)(c) of the Companies Act, 1965 in Malaysia.

^ Deemed interested in the shares held by United Frontiers Holdings Limited by virtue of Section 6A(4) of the Companies Act, 1965 in Malaysia.

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

## **DIRECTORS' BENEFITS**

Since the end of the previous financial period, no director of the Company has received or become entitled to receive a benefit (other than benefits 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 disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

## **SIGNIFICANT EVENTS**

Significant events during the financial year and subsequent to the end of the financial year are disclosed in Note 33 and Note 34 to the financial statements.

**AUDITORS**

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

On behalf of the Board,

.....  
DATO' ABDUL HAMID BIN MUSTAPHA  
Director

.....  
DATUK OH CHONG PENG  
Director

Kuala Lumpur

Date: 28 July 2015



**KUMPULAN EUROPLUS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015**

|   |      | Group          |                | Company        |                |
|---|------|----------------|----------------|----------------|----------------|
|   | Note | 2015<br>RM'000 | 2014<br>RM'000 | 2015<br>RM'000 | 2014<br>RM'000 |
| <b>ASSETS</b>   |      |                |                |                |                |
| <b>Non-current assets</b>                                   |      |                |                |                |                |
| Property, plant and equipment                               | 4    | 10,092         | 20,272         | 209            | 197            |
| Goodwill on consolidation                                   | 5    | 5,369          | 5,369          | -              | -              |
| Other intangible asset                                      | 6    | 155,732        | 139,702        | -              | -              |
| Investment in subsidiaries                                  | 7    | -              | -              | 163,931        | 163,931        |
| Investment in associates                                    | 8    | 50,193         | 105,424        | -              | 91,463         |
| <b>Total non-current assets</b>                             |      | <b>221,386</b> | <b>270,767</b> | <b>164,140</b> | <b>255,591</b> |
| <b>Current assets</b>                                       |      |                |                |                |                |
| Inventories   | 9    | 2,133          | 1,562          | -              | -              |
| Trade and other receivables                                 | 10   | 40,148         | 41,812         | 34,700         | 34,079         |
| Prepayments   |      | 3,135          | 106            | 2              | -              |
| Amount due from customers<br>for contract works             | 11   | -              | 181            | -              | -              |
| Tax recoverable   |      | 498            | -              | -              | -              |
| Other investments   | 12   | 398,254        | 86,026         | 309,939        | -              |
| Deposits placed with licensed<br>banks                      | 13   | 3,803          | 4,155          | 1,801          | 1,405          |
| Cash and bank balances                                      |      | 7,471          | 5,030          | 2,670          | 803            |
|   |      | 455,442        | 138,872        | 349,112        | 36,287         |
| Associate classified as non-<br>current asset held for sale | 14   | 78,505         | -              | 78,505         | -              |
| <b>Total current assets</b>                                 |      | <b>533,947</b> | <b>138,872</b> | <b>427,617</b> | <b>36,287</b>  |
| <b>TOTAL ASSETS</b>   |      | <b>755,333</b> | <b>409,639</b> | <b>591,757</b> | <b>291,878</b> |

**KUMPULAN EUROPLUS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015 (CONTINUED)**

|   |             | <b>Group</b>   |                | <b>Company</b> |                |
|---|-------------|----------------|----------------|----------------|----------------|
|   | <b>Note</b> | <b>2015</b>    | <b>2014</b>    | <b>2015</b>    | <b>2014</b>    |
|   |             | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>  |
| <b>Equity attributable to the owners of the Company</b> |             |                |                |                |                |
| Share capital   | 15          | 1,002,736      | 572,992        | 1,002,736      | 572,992        |
| Reserves  | 16          | (379,655)      | (446,294)      | (422,246)      | (453,292)      |
| Equity attributable to the owners of the Company        |             | 623,081        | 126,698        | 580,490        | 119,700        |
| Non-controlling interests                               |             | 42,098         | 41,592         | -              | -              |
| <b>Total equity</b>                                     |             | <b>665,179</b> | <b>168,290</b> | <b>580,490</b> | <b>119,700</b> |
| <b>Non-current liability</b>                            |             |                |                |                |                |
| Deferred tax liabilities                                | 17          | 232            | 244            | -              | -              |
| <b>Total non-current liability</b>                      |             | <b>232</b>     | <b>244</b>     | <b>-</b>       | <b>-</b>       |
| <b>Current liabilities</b>                              |             |                |                |                |                |
| Trade and other payables                                | 18          | 83,042         | 118,232        | 11,267         | 61,143         |
| Loans and borrowings                                    | 19          | 6,416          | 122,253        | -              | 111,035        |
| Tax payable   |             | 464            | 620            | -              | -              |
| <b>Total current liabilities</b>                        |             | <b>89,922</b>  | <b>241,105</b> | <b>11,267</b>  | <b>172,178</b> |
| <b>Total liabilities</b>                                |             | <b>90,154</b>  | <b>241,349</b> | <b>11,267</b>  | <b>172,178</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                     |             | <b>755,333</b> | <b>409,639</b> | <b>591,757</b> | <b>291,878</b> |

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

**KUMPULAN EUROPLUS BERHAD**  
(Incorporated in Malaysia)

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

|  |    | Group                                 |                                       | Company                               |                                       |
|--|----|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|  |    | 1.4.2014<br>to<br>31.3.2015<br>RM'000 | 1.2.2013<br>to<br>31.3.2014<br>RM'000 | 1.4.2014<br>to<br>31.3.2015<br>RM'000 | 1.2.2013<br>to<br>31.3.2014<br>RM'000 |
| Note   |    |                                       |                                       |                                       |                                       |
| Revenue  | 20 | 18,500                                | 13,910                                | -                                     | -                                     |
| Cost of sales  | 21 | (17,584)                              | (11,429)                              | -                                     | -                                     |
| <b>Gross profit</b>  |    | 916                                   | 2,481                                 | -                                     | -                                     |
| Other income   |    | 31,281                                | 56,639                                | 23,577                                | 4,161                                 |
| Administrative expenses  |    | (4,494)                               | (10,758)                              | (2,866)                               | (4,131)                               |
| Selling and marketing expenses   |    | (729)                                 | (612)                                 | -                                     | -                                     |
| Other expenses   |    | (13,593)                              | (83,585)                              | (12,184)                              | (78,490)                              |
| Finance costs  | 22 | (5,985)                               | (13,783)                              | (6,963)                               | (13,215)                              |
| Share of results of associates   |    | 33,089                                | 16,749                                | -                                     | -                                     |
| Profit/(loss) before taxation  | 23 | 40,485                                | (32,869)                              | 1,564                                 | (91,675)                              |
| Taxation   | 24 | (1,541)                               | (708)                                 | (118)                                 | -                                     |
| <b>Profit/(loss) for the financial year/period</b>                     |    | 38,944                                | (33,577)                              | 1,446                                 | (91,675)                              |
| <b>Other comprehensive income/(loss), net of tax</b>                   |    |                                       |                                       |                                       |                                       |
| <i>Item that may be reclassified subsequently to profit or loss</i>    |    |                                       |                                       |                                       |                                       |
| - share of foreign exchange reserves of an associate                   |    | (1,399)                               | 1,328                                 | -                                     | -                                     |
| <b>Total comprehensive income/(loss) for the financial year/period</b> |    | 37,545                                | (32,249)                              | 1,446                                 | (91,675)                              |

**KUMPULAN EUROPLUS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONTINUED)**

|   | Note | Group                                 |                                       | Company                               |                                       |
|---|------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|   |      | 1.4.2014<br>to<br>31.3.2015<br>RM'000 | 1.2.2013<br>to<br>31.3.2014<br>RM'000 | 1.4.2014<br>to<br>31.3.2015<br>RM'000 | 1.2.2013<br>to<br>31.3.2014<br>RM'000 |
| <b>Profit/(loss) for the financial<br/>year/period attributable to:</b>                         |      |                                       |                                       |                                       |                                       |
| Owners of the Company   |      | 38,438                                | (33,027)                              | 1,446                                 | (91,675)                              |
| Non-controlling interests   |      | 506                                   | (550)                                 | -                                     | -                                     |
|   |      | <u>38,944</u>                         | <u>(33,577)</u>                       | <u>1,446</u>                          | <u>(91,675)</u>                       |
| <b>Total comprehensive income/(loss)<br/>for the financial year/period<br/>attributable to:</b> |      |                                       |                                       |                                       |                                       |
| Owners of the Company   |      | 37,039                                | (31,699)                              | 1,446                                 | (91,675)                              |
| Non-controlling interests   |      | 506                                   | (550)                                 | -                                     | -                                     |
|   |      | <u>37,545</u>                         | <u>(32,249)</u>                       | <u>1,446</u>                          | <u>(91,675)</u>                       |
| <b>Earnings/(loss) per ordinary share attributable to owners of the Company (sen)</b>           |      |                                       |                                       |                                       |                                       |
| Basic earnings/(loss) per<br>ordinary share   | 25   | <u>4.69</u>                           | <u>(6.0)</u>                          |                                       |                                       |
| Diluted earnings/(loss) per<br>ordinary share   | 25   | <u>4.69</u>                           | <u>(6.0)</u>                          |                                       |                                       |

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

**KUMPULAN EUROPLUS BERHAD**

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

| Group  | Note | Attributable to owners of the Company |                         |                                    |                              | Non-controlling Interests<br>RM'000 | Total Equity<br>RM'000 |
|--|------|---------------------------------------|-------------------------|------------------------------------|------------------------------|-------------------------------------|------------------------|
|  |      | Share Capital<br>RM'000               | Share Premium<br>RM'000 | Foreign Exchange Reserve<br>RM'000 | Accumulated Losses<br>RM'000 |                                     |                        |
| Balance as at 1 February 2013                                  |      | 520,992                               | 36,965                  | (458)                              | (456,482)                    | 101,017                             | 108,969                |
| Loss for the financial period                                  |      | -                                     | -                       | -                                  | (33,027)                     | (33,027)                            | (33,577)               |
| Other comprehensive income:                                    |      |                                       |                         |                                    |                              |                                     |                        |
| - Share of foreign exchange reserves of an associate           |      | -                                     | -                       | 1,328                              | -                            | 1,328                               | 1,328                  |
| <b>Total comprehensive loss for the financial period</b>       |      | -                                     | -                       | 1,328                              | (33,027)                     | (31,699)                            | (32,249)               |
| <u>Transactions with owners:</u>                               |      |                                       |                         |                                    |                              |                                     |                        |
| Issuance of shares   | 15   | 52,000                                | 5,380                   | -                                  | -                            | 57,380                              | 57,380                 |
| Issuance of shares to non-controlling interest of a subsidiary |      | -                                     | -                       | -                                  | -                            | 34,190                              | 34,190                 |
| Total transactions with owners                                 |      | 52,000                                | 5,380                   | -                                  | -                            | 57,380                              | 91,570                 |
| Balance as at 31 March 2014                                    |      | 572,992                               | 42,345                  | 870                                | (489,509)                    | 126,698                             | 168,290                |

**KUMPULAN EUROPLUS BERHAD**

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONTINUED)**

| Group   | Note | Attributable to owners of the Company |                         |                           |                                    |  |                              |                 | Non-controlling Interests<br>RM'000 | Total Equity<br>RM'000 |
|---|------|---------------------------------------|-------------------------|---------------------------|------------------------------------|--|------------------------------|-----------------|-------------------------------------|------------------------|
|   |      | Share Capital<br>RM'000               | Share Premium<br>RM'000 | Warrant Reserve<br>RM'000 | Foreign Exchange Reserve<br>RM'000 | Foreign Exchange Reserve Classified as Asset Held for Sale<br>RM'000 | Accumulated Losses<br>RM'000 | Total<br>RM'000 |                                     |                        |
| Balance as at 1 April 2014                                    |      | 572,992                               | 42,345                  | -                         | 870                                | -  | (489,509)                    | 126,698         | 41,592                              | 168,290                |
| Profit for the financial year                                 |      | -                                     | -                       | -                         | -                                  | -  | 38,438                       | 38,438          | 506                                 | 38,944                 |
| Other comprehensive income:                                   |      |                                       |                         |                           |                                    |  |                              |                 |                                     |                        |
| - Share of foreign exchange reserves of an associate          |      | -                                     | -                       | -                         | (1,399)                            | -  | -                            | (1,399)         | -                                   | (1,399)                |
| <b>Total comprehensive income for the financial year</b>      |      | -                                     | -                       | -                         | (1,399)                            | -  | 38,438                       | 37,039          | 506                                 | 37,545                 |
| Reserve attributable to associate classified as held for sale |      | -                                     | -                       | -                         | 529                                | (529)  | -                            | -               | -                                   | -                      |
| <u>Transactions with owners:</u>                              |      |                                       |                         |                           |                                    |  |                              |                 |                                     |                        |
| Rights issue with free warrants                               | 15   | 429,744                               | 4,779                   | 51,569                    | -                                  | -  | (21,969)                     | 464,123         | -                                   | 464,123                |
| Share issuance costs  | 15   | -                                     | (4,779)                 | -                         | -                                  | -  | -                            | (4,779)         | -                                   | (4,779)                |
| Total transactions with owners                                |      | 429,744                               | -                       | 51,569                    | -                                  | -  | (21,969)                     | 459,344         | -                                   | 459,344                |
| Balance as at 31 March 2015                                   |      | 1,002,736                             | 42,345                  | 51,569                    | -                                  | (529)  | (473,040)                    | 623,081         | 42,098                              | 665,179                |

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

**KUMPULAN EUROPLUS BERHAD**

(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

| Company  | Note | Non-distributable          |                            |                              | Accumulated<br>Losses<br>RM'000 | Total<br>Equity<br>RM'000 |
|--|------|----------------------------|----------------------------|------------------------------|---------------------------------|---------------------------|
|  |      | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | Warrant<br>Reserve<br>RM'000 |                                 |                           |
| Balance as at 1 February 2013                                |      | 520,992                    | 36,965                     | -                            | (403,962)                       | 153,995                   |
| <b>Total comprehensive loss<br/>for the financial period</b> |      | -                          | -                          | -                            | (91,675)                        | (91,675)                  |
| <u>Transaction with owners:</u>                              |      |                            |                            |                              |                                 |                           |
| Issuance of shares   | 15   | 52,000                     | 5,380                      | -                            | -                               | 57,380                    |
| Balance as at 31 March 2014                                  |      | 572,992                    | 42,345                     | -                            | (495,637)                       | 119,700                   |
| <b>Total comprehensive income<br/>for the financial year</b> |      | -                          | -                          | -                            | 1,446                           | 1,446                     |
| <u>Transaction with owners:</u>                              |      |                            |                            |                              |                                 |                           |
| Rights issue with free warrants                              | 15   | 429,744                    | 4,779                      | 51,569                       | (21,969)                        | 464,123                   |
| Share issuance costs   | 15   | -                          | (4,779)                    | -                            | -                               | (4,779)                   |
| Balance as at 31 March 2015                                  |      | 1,002,736                  | 42,345                     | 51,569                       | (516,160)                       | 580,490                   |

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

**KUMPULAN EUROPLUS BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

|   | <b>Group</b>     |                  | <b>Company</b>   |                  |
|---|------------------|------------------|------------------|------------------|
|   | <b>1.4.2014</b>  | <b>1.2.2013</b>  | <b>1.4.2014</b>  | <b>1.2.2013</b>  |
|   | <b>to</b>        | <b>to</b>        | <b>to</b>        | <b>to</b>        |
|   | <b>31.3.2015</b> | <b>31.3.2014</b> | <b>31.3.2015</b> | <b>31.3.2014</b> |
| <b>Note</b>   | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                      |                  |                  |                  |                  |
| Profit/(loss) before taxation                                     | 40,485           | (32,869)         | 1,564            | (91,675)         |
| Adjustments for:  |                  |                  |                  |                  |
| Bad debts written off   | -                | 13               | -                | 13               |
| Deposit written off   | -                | 1                | -                | -                |
| Depreciation of property, plant and equipment                     | 501              | 564              | 25               | 18               |
| Distribution income   | (10,243)         | (1,140)          | (7,283)          | -                |
| Dividend income from subsidiary                                   | -                | -                | -                | (195)            |
| Fair value loss/(gain) on other investment                        | 242              | (188)            | 10               | -                |
| Loss/(gain) on disposal of investment in associates               | 2,483            | (50,176)         | 2,483            | -                |
| Impairment loss on goodwill                                       | -                | 1,717            | -                | -                |
| Impairment loss on property, plant and equipment                  | 9,677            | -                | -                | -                |
| Impairment loss on investment in an associate                     | -                | 75,740           | -                | 60,017           |
| Impairment loss on receivables                                    |                  |                  |                  |                  |
| - trade and other receivables                                     | 1,008            | 5,796            | -                | 3,805            |
| - subsidiaries  | -                | -                | 8,743            | 14,626           |
| - associate   | -                | 11               | -                | 11               |
| Impairment loss on investment in associate no longer required     | (15,687)         | -                | (11,145)         | -                |
| Impairment loss on trade and other receivables no longer required | (11)             | (2,391)          | -                | (2,341)          |
| Interest income   | (952)            | (2,697)          | (886)            | (1,625)          |
| Interest expenses   | 5,985            | 13,783           | 6,963            | 13,215           |
| Loss on disposal of property, plant and equipment                 | -                | 8                | -                | -                |
| Property, plant and equipment written off                         | -                | 6                | -                | -                |
| Subtotal carried forward  | 33,488           | 8,178            | 474              | (4,131)          |



**KUMPULAN EUROPLUS BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**

**FOR THE FINANCIAL YEAR 31 MARCH 2015 (CONTINUED)**

|  | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | <b>1.4.2014</b>  | <b>1.2.2013</b>  | <b>1.4.2014</b>  | <b>1.2.2013</b>  |
|  | <b>to</b>        | <b>to</b>        | <b>to</b>        | <b>to</b>        |
|  | <b>31.3.2015</b> | <b>31.3.2014</b> | <b>31.3.2015</b> | <b>31.3.2014</b> |
| <b>Note</b>  | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED):</b> |                  |                  |                  |                  |
| Subtotal brought forward                                 | 33,488           | 8,178            | 474              | (4,131)          |
| Share of results of associates                           | (33,089)         | (16,749)         | -                | -                |
| Waiver of interest                                       | (4,347)          | -                | (4,264)          | -                |
| <b>Operating loss before changes in working capital</b>  | <b>(3,948)</b>   | <b>(8,571)</b>   | <b>(3,790)</b>   | <b>(4,131)</b>   |
| Changes In Working Capital:                              |                  |                  |                  |                  |
| Inventories  | (571)            | 230              | -                | -                |
| Receivables  | 1,127            | 7,821            | (17)             | 2,513            |
| Payables   | (1,502)          | (9,646)          | (8,002)          | (9,993)          |
| Balances with customers for contract works               | 181              | (402)            | -                | -                |
| <b>Cash flows used in operations</b>                     | <b>(4,713)</b>   | <b>(10,568)</b>  | <b>(11,809)</b>  | <b>(11,611)</b>  |
| Interest paid  | (283)            | (194)            | (283)            | -                |
| Income tax paid  | (2,207)          | (3,752)          | (118)            | -                |
| Income tax refunded                                      | -                | 80               | -                | -                |
| <b>Net cash used in operating activities</b>             | <b>(7,203)</b>   | <b>(14,434)</b>  | <b>(12,210)</b>  | <b>(11,611)</b>  |

**KUMPULAN EUROPLUS BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONTINUED)**

|  |   | Group            |                 | Company          |                 |
|--|---|------------------|-----------------|------------------|-----------------|
|  |   | 1.4.2014         | 1.2.2013        | 1.4.2014         | 1.2.2013        |
|  |   | to               | to              | to               | to              |
|  |   | 31.3.2015        | 31.3.2014       | 31.3.2015        | 31.3.2014       |
| Note   |   | RM'000           | RM'000          | RM'000           | RM'000          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                 |   |                  |                 |                  |                 |
| Acquisition of additional equity interest in a subsidiary                    | 7 | -                | -               | -                | (136,761)       |
| Additions to property, plant and equipment                                   |   | (179)            | (1,336)         | (37)             | (215)           |
| Dividend received  |   | -                | 1,140           | -                | 195             |
| Payment for other intangible asset   |   | (15,849)         | (24,273)        | -                | -               |
| Interest received  |   | 310              | 2,697           | 244              | 1,625           |
| Net change in amount owing by subsidiaries                                   |   | -                | -               | (8,833)          | 54,698          |
| Net change in amount owing by associates                                     |   | (489)            | 335             | (516)            | 2,723           |
| Placement of other investments   |   | (302,227)        | (85,838)        | (302,666)        | -               |
| Proceeds from disposal of investment in an associate                         |   | 21,620           | 52,500          | 21,620           | -               |
| Proceeds from disposal of property, plant and equipment                      |   | -                | 21              | -                | -               |
| <b>Net cash used in investing activities</b>                                 |   | <b>(296,814)</b> | <b>(54,754)</b> | <b>(290,188)</b> | <b>(77,735)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                 |   |                  |                 |                  |                 |
| Drawdown of term loan  |   | -                | 144,535         | -                | 144,535         |
| Expenses in relation to rights issue   |   | (4,779)          | -               | (4,779)          | -               |
| Transaction costs of financing facilities                                    |   | (3,000)          | -               | -                | -               |
| Interest received  |   | 642              | -               | 642              | -               |
| Interest paid  |   | (39,390)         | (13,589)        | (40,368)         | (13,215)        |
| Net change in amount owing to subsidiaries                                   |   | -                | -               | (8,186)          | 2,019           |
| Net change in amount owing to associates                                     |   | -                | 6,858           | -                | 2,225           |
| Proceeds from issuance of shares   |   | 464,123          | 57,380          | 464,123          | 57,380          |
| Proceeds from issuance of shares to non-controlling interest of a subsidiary |   | -                | 34,190          | -                | -               |
| Repayment of borrowings  |   | (111,678)        | (156,026)       | (106,771)        | (102,502)       |
| <b>Net cash from financing activities</b>                                    |   | <b>305,918</b>   | <b>73,348</b>   | <b>304,661</b>   | <b>90,442</b>   |

**KUMPULAN EUROPLUS BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONTINUED)**

|  | Group                                 |                                       | Company                               |                                       |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|  | 1.4.2014<br>to<br>31.3.2015<br>RM'000 | 1.2.2013<br>to<br>31.3.2014<br>RM'000 | 1.4.2014<br>to<br>31.3.2015<br>RM'000 | 1.2.2013<br>to<br>31.3.2014<br>RM'000 |
| <b>NET CHANGE IN CASH AND<br/>CASH EQUIVALENTS</b>                                     | 1,901                                 | 4,160                                 | 2,263                                 | 1,096                                 |
| <b>CASH AND CASH EQUIVALENTS<br/>AT THE BEGINNING OF THE<br/>FINANCIAL YEAR/PERIOD</b> | 7,234                                 | 3,074                                 | 2,208                                 | 1,112                                 |
| <b>CASH AND CASH EQUIVALENTS<br/>AT THE END OF THE<br/>FINANCIAL YEAR/PERIOD</b>       | 9,135                                 | 7,234                                 | 4,471                                 | 2,208                                 |
| <b>ANALYSIS OF CASH AND CASH<br/>EQUIVALENTS:</b>                                      |                                       |                                       |                                       |                                       |
| Deposits placed with licensed banks  | 3,803                                 | 4,155                                 | 1,801                                 | 1,405                                 |
| Cash and bank balances   | 7,471                                 | 5,030                                 | 2,670                                 | 803                                   |
| Bank overdrafts  | (2,139)                               | (1,951)                               | -                                     | -                                     |
|  | 9,135                                 | 7,234                                 | 4,471                                 | 2,208                                 |

19

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

**KUMPULAN EUROPLUS BERHAD**

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**

**1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION**

The Company is principally involved in investment holding. The principal activities of its subsidiaries and associates are disclosed in Note 6 and Note 7 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

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

The registered office of the Company is located at Level 18, The Garden North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 37-2, No. 8, Jalan Anggerik Vanilla BE 31/BE, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 July 2015.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of Preparation**

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.3 to the financial statements.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations (“IC Int”)

#### (a) Adoption of Amendments/Improvements to FRSs and New IC Int

The Group and the Company had adopted the following amendments/improvements to FRSs and new IC Int that are mandatory for the current financial year:

##### Amendments/Improvements to FRS

|         |  |
|---------|--|
| FRS 10  | Consolidated Financial Statements                  |
| FRS 12  | Disclosure of Interests in Other Entities          |
| FRS 127 | Separate Financial Statements                      |
| FRS 132 | Financial Instruments: Presentation                |
| FRS 136 | Impairment of Assets                               |
| FRS 139 | Financial Instruments: Recognition and Measurement |

##### New IC Int

|           |        |
|-----------|--------|
| IC Int 21 | Levies |
|-----------|--------|

The adoption of the above amendments/improvements to FRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company except for the following:

##### *Amendments to FRS 136 Impairment of Assets*

Amendments to FRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. The new disclosure about fair value measurement when impairment or reversal of impairment is recognised is made in Note 4 to the financial statements.

#### (b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new FRSs and amendments/improvements to FRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

**Effective for  
financial periods  
beginning on  
or after**

##### New FRS

|       |                       |                |
|-------|-----------------------|----------------|
| FRS 9 | Financial Instruments | 1 January 2018 |
|-------|-----------------------|----------------|

##### Amendments/Improvements to FRSs

|       |  |             |
|-------|--|-------------|
| FRS 1 | First-time Adoption of Financial Reporting Standards | 1 July 2014 |
| FRS 2 | Share-based Payment                                  | 1 July 2014 |

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations (“IC Int”) (Continued)

#### (b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Continued)

##### Amendments/Improvements to FRSs (Continued)

|         |   |                                |
|---------|---|--------------------------------|
| FRS 3   | Business Combinations                                       | 1 July 2014                    |
| FRS 5   | Non-current Asset Held for Sale and Discontinued Operations | 1 January 2016                 |
| FRS 7   | Financial Instruments: Disclosures                          | 1 January 2016                 |
| FRS 8   | Operating Segments  | 1 July 2014                    |
| FRS 10  | Consolidated Financial Statements                           | 1 January 2016                 |
| FRS 11  | Joint Arrangements  | 1 January 2016                 |
| FRS 12  | Disclosure of Interests in Other Entities                   | 1 January 2016                 |
| FRS 13  | Fair Value Measurement                                      | 1 July 2014                    |
| FRS 101 | Presentation of Financial Statements                        | 1 January 2016                 |
| FRS 116 | Property, Plant and Equipment                               | 1 July 2014/<br>1 January 2016 |
| FRS 119 | Employee Benefits   | 1 July 2014/<br>1 January 2016 |
| FRS 124 | Related Party Disclosures                                   | 1 July 2014                    |
| FRS 127 | Separate Financial Statements                               | 1 January 2016                 |
| FRS 128 | Investments in Associates and Joint Ventures                | 1 January 2016                 |
| FRS 138 | Intangible Assets   | 1 July 2014/<br>1 January 2016 |
| FRS 140 | Investment Property   | 1 July 2014                    |

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

#### ***FRS 9 Financial Instruments***

FRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations (“IC Int”) (Continued)

#### (b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Continued)

##### *FRS 9 Financial Instruments (Continued)*

##### Classification and measurement (Continued)

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

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

##### Impairment

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

##### Hedge accounting

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations (“IC Int”) (Continued)

#### (b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Continued)

##### *Amendments to FRS 3 Business Combinations*

Amendments to FRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to FRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to FRS 3 clarifies that FRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in FRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

##### *Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations*

Amendments to FRS 5 introduces specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.

##### *Amendments to FRS 7 Financial Instruments: Disclosures*

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

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

##### *Amendments to FRS 8 Operating Segments*

Amendments to FRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations (“IC Int”) (Continued)

#### (b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Continued)

##### *Amendments to FRS 13 Fair Value Measurement*

Amendments to FRS 13 relates to the IASB’s Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of FRS 13 includes all contracts accounted for within the scope of FRS 139 *Financial Instruments: Recognition and Measurement* or FRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in FRS 132 *Financial Instruments: Presentation*.

##### *Amendments to FRS 101 Presentation of Financial Statements*

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

##### *Amendments to FRS 116 Property, Plant and Equipment*

Amendments to FRS 116 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

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

##### *Amendments to FRS 124 Related Party Disclosures*

Amendments to FRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

##### *Amendments to FRS 127 Separate Financial Statements*

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations (“IC Int”) (Continued)

#### (b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Continued)

##### *Amendments to FRS 138 Intangible Assets*

Amendments to FRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to FRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

##### *Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures*

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

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in FRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

#### (c) MASB Approved Accounting Standards, MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs (“MFRSs Framework”) for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* (“Transitioning Entities”). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1 January 2017. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations (“IC Int”) (Continued)**

#### **(c) MASB Approved Accounting Standards, MFRSs (Continued)**

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for financial year ended 31 March 2018. The main effects arising from the transition to the MFRSs Framework are discussed below.

The effect is based on the Group’s and the Company’s best estimates at the reporting date. The financial effects may change or additional effects may be identified, prior to the completion of the Group’s and the Company’s first MFRSs based financial statements.

#### **Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”)**

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

#### ***MFRS 15 Revenue from Contracts with Customers***

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

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

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

The Group is currently assessing the impact of the adoption of this standard.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 New FRSS, Amendments/Improvements to FRSS and New IC Interpretations (“IC Int”) (Continued)

#### (c) MASB Approved Accounting Standards, MFRSs (Continued)

##### *MFRS 141 Agriculture, Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture*

MFRS 141 requires a biological asset to be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity’s biological assets to be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises.

With the Amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

The Group does not expect any impact on the financial statements arising from the adoption of these standard and Amendments.

### 2.3 Summary of Significant Accounting Policies

#### (a) Basis of Consolidation

##### (i) Subsidiaries

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (Continued)**

#### **(a) Basis of Consolidation (Continued)**

##### **(i) Subsidiaries (Continued)**

Control exists when the Group is exposed, or has the rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of controls as mentioned above.

When the Group has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other holders;
- Potential voting rights, if such rights are substantive, held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements;
- The nature of the Group's relationship with other parties and whether those other parties are acting on its behalf (i.e. they are 'de facto agents'); and
- Any additional facts and circumstances indicate that the Group has or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

##### **(ii) Business Combinations**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial period. The financial statements of the Company and its subsidiaries are all drawn up to the same report date.

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (Continued)**

#### **(a) Basis of Consolidation (Continued)**

##### **(ii) Business Combinations (Continued)**

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

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

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

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

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

##### **(iii) Acquisitions of Non-controlling Interests**

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

##### **(iv) Loss of Control**

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (Continued)**

#### **(a) Basis of Consolidation (Continued)**

##### **(v) Associates**

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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

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

##### **(vi) Non-controlling Interests**

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

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (Continued)**

#### **(a) Basis of Consolidation (Continued)**

##### **(vii) Transactions Eliminated on Consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### **(b) Goodwill on Consolidation**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating 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 fair values of the operations disposed of and the portion of the cash-generating unit retained.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Summary of Significant Accounting Policies (Continued)

#### (c) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. The policy of recognition of impairment losses is in accordance with Note 2.3(p) to the financial statements. Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

No depreciation is provided on the freehold land as it has infinite useful life.

Depreciation of other property, plant and equipment is provided on the straight line basis to write off the cost of each asset to its residual value over their estimated useful life at the following rates:-

|                                  |               |
|----------------------------------|---------------|
| Leasehold land                   | 79 - 95 years |
| Buildings                        | 2%            |
| Renovation                       | 10 - 20%      |
| Plant and machinery              | 10 - 20%      |
| Furniture, fixtures and fittings | 10 - 20%      |
| Office equipment                 | 10 - 50%      |
| Motor vehicles                   | 20%           |

The residual values, useful life and depreciation method are reviewed at each financial period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (Continued)**

#### **(d) Intangible Asset**

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge users for usage of the concession infrastructure under the intangible asset model, as defined in IC Interpretation 12 Service Concession Arrangements (“IC Int 12”). Intangible asset received as consideration for providing construction work in a service concession arrangement is measured at fair value upon initial recognition. Subsequent to initial recognition, intangible asset is measured at cost less accumulated amortisation and any accumulated impairment loss.

The intangible asset model, as defined in IC Int 12, applies to service concession arrangements where the grantor has not provided a contractual guarantee in respect of the amount receivable for constructing and operating the assets. Under this model, during construction phase, the Group records an intangible asset representing the right to charge users of the public service and recognise profits from the construction of the public service infrastructure. Income and expenses associated with construction contracts are recognised in accordance with FRS 111 Construction Contracts.

Upon completion of construction works and commencement of road tolling operations, the intangible asset is to be amortised. Amortisation is calculated to write off the cost of intangible assets arising from a service concession arrangement on systematic basis over the estimated useful life. Both the period and method of amortisation are reviewed annually.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is recognised in the profit or loss as incurred.

At the end of each of the reporting period, the Group assesses whether there is any indication of impairment. If such indication exists, the carrying amount is assessed and written down immediately to its recoverable amount.

#### **(e) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

The cost of raw materials comprises cost of purchase and incidental costs bringing the inventories to their present locations and conditions. The cost of finished goods consists of raw materials, direct labour and a proportion of manufacturing overheads.

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (Continued)**

#### **(f) Non-current Assets Held for Sale**

Non-current assets classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such assets and its sale must be highly probable.

Immediately before the initial classification as held for sale, the carrying amounts for the non-current assets are measured in accordance with the Group's accounting policies. On initial classification as held for sale, non-current assets measured at the lower of carrying amount immediately before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

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

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

- (a) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset been classified as held for sale; and
- (b) its recoverable amount at the date of subsequent decision not to sell.

#### **(g) Construction Contracts**

Construction works are stated at cost plus attributable profit less progress billings. Cost comprises direct labour, material costs, sub-contract sum and an allocated proportion of directly related overheads. Administrative and general expenses are charged to the profit or loss as and when incurred.

When the outcome of a construction contract can be reliably estimated, contract revenue is recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Costs incurred in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Summary of Significant Accounting Policies (Continued)

#### (g) Construction Contracts (Continued)

Irrespective of whether the outcome of a construction contracts can be estimated reliably, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised in profit or loss immediately. Provision is made for all anticipated losses on construction work. Provision for warranties is made for expected/estimated repair costs for making good certain defects and damages during the warranty periods.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from customers for contract works. When progress billings exceed costs incurred plus recognised profit (less recognised losses), the balance is shown as amount due to customers for contract works.

#### (h) Financial Instruments

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

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

The Group and the Company categorise the financial instruments as follows:-

##### (i) Financial Assets

###### *Financial assets at fair value through profit or loss*

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the near future or part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Summary of Significant Accounting Policies (Continued)

#### (h) Financial Instruments (Continued)

##### (i) Financial Assets (Continued)

###### *Loans and receivables*

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

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

###### *Held-to-maturity investments*

Financial assets with fixed or determinable payments and fixed maturity and the Group have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity investments.

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

###### *Available-for-sale financial assets*

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less any impairment loss.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (Continued)**

#### **(h) Financial Instruments (Continued)**

##### **(ii) Financial Liabilities**

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated as fair value through profit or loss upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

##### **(iii) Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

##### **(iv) Derecognition**

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (Continued)**

#### **(i) Leases**

##### **(i) Finance Leases**

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

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The corresponding liability is included in the statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowings rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets and assets under hire purchase is consistent with that for depreciable property, plant and equipment.

##### **(ii) Operating Leases**

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (Continued)**

#### **(j) Borrowing Costs**

All borrowing costs are recognised in profit or loss using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Interest, dividends, losses and gains relating to a financial instrument, or a component part classified as a liability is reported within finance cost in the profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **(k) Employee Benefits**

##### **(i) Short term employee benefits**

Wages, salaries, social security contribution, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the 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 sick leave, maternity and paternity leave are recognised when absences occur.

##### **(ii) Post-employment benefits**

The Group contributes to the Employees Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

#### **(l) Provision for Liabilities**

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.



## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (Continued)**

#### **(m) Foreign Currencies**

##### **(i) Functional and presentation currency**

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

##### **(ii) Functional currency transactions and translations**

Transactions in foreign currencies are translated to Ringgit Malaysia at exchange rates ruling at the transaction date. Monetary assets and liabilities in foreign currencies in the statements of financial position are translated into Ringgit Malaysia at the rates ruling at the reporting date. All exchange differences are included in the profit or loss.

Non-monetary items are measured in term of historical cost in a foreign currency or translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

##### **(iii) Foreign Operations**

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Summary of Significant Accounting Policies (Continued)

#### (n) Taxation

The tax expense in the profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credit can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from transaction which is recognised in other comprehensive income or directly in equity, in which case the deferred tax is also charged or credited in other comprehensive income or directly in equity and deferred tax arises from a business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of business combination.

#### (o) Revenue Recognition

The Group recognised revenue when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the Group and specific criteria have been met for each of the Group's activities as described below:-

##### (i) Construction

Revenue from construction is recognised based on the stage of completion method as described in Note 2.3(g) to the financial statements.

##### (ii) Sales of goods

Revenue is recognised upon delivery of products and customers' acceptance, net of sales tax, discounts and returns and when the significant risk and rewards of ownership have been passed to the buyer.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (Continued)**

#### **(o) Revenue Recognition (Continued)**

##### **(iii) Interest income**

Interest income is recognised using the effective interest method.

##### **(iv) Management fee**

Management fee is recognised upon completion of services rendered in accordance with the terms of the agreement entered into.

##### **(v) Rental income**

Rental income is recognised on accrual basis over the lease period.

##### **(vi) Distribution income from unit trusts**

Distribution income from unit trusts is recognised when the right to receive the payment is established.

#### **(p) Impairment of Assets**

##### **(i) Impairment of Financial Assets**

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

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (Continued)**

#### **(p) Impairment of Assets (Continued)**

##### **(i) Impairment of Financial Assets (Continued)**

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

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

##### **(ii) Impairment of Non-financial Assets**

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

For goodwill that has an indefinite useful life and is not available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Summary of Significant Accounting Policies (Continued)

#### (p) Impairment of Assets (Continued)

##### (ii) Impairment of Non-financial Assets (Continued)

An asset's recoverable amount is the higher of an asset's or cash generating units ("CGU") fair value less disposal costs and its value in use. 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 risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss.

#### (q) Cash and Cash Equivalents

For the purpose of statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.

#### (r) Equity Instruments

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (Continued)**

#### **(r) Equity Instruments (Continued)**

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

#### **(s) Operating Segments**

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

#### **(t) Fair Value Measurements**

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

For non-financial asset, the fair value measurement 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.

### **3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

#### **3.1 Critical judgements in applying the Group's and the Company's accounting policies**

In the process of applying the Group's and the Company's accounting policies, which are described in Note 2.3 above, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

#### **3.2 Key sources of estimation uncertainty**

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

##### **(i) Impairment of goodwill**

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 5 to the financial statements.

##### **(ii) Useful lives of property, plant and equipment**

The Group and the Company estimate the useful lives of property, plant and equipment based on period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectation differs from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of useful lives of property, plant and equipment are based on experience with similar assets in the industries. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets. The carrying amount of property, plant and equipment are disclosed in Note 4 to the financial statements.

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

**3.2 Key sources of estimation uncertainty (Continued)**

**(iii) Impairment of investment in subsidiaries**

The Company assesses the carrying amount of its investment in subsidiaries at each reporting date whether there is an indication that an asset may be impaired. More regular reviews are performed if events indicate that this is necessary. Costs of investments in subsidiaries which have ceased operations were impaired up to net assets of the subsidiaries.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investment in subsidiaries. The carrying amounts of investment in subsidiaries are disclosed in Note 7 to the financial statements.

**(iv) Impairment of investment in associates**

The Group and the Company assess the carrying amount of their investment in associates at each reporting date whether there is an indication that an asset may be impaired. More regular reviews are performed if events indicate that this is necessary.

In the event that there is no reason to believe that the estimation of the present value of future cash flows of the associate materially exceeds its fair value less costs of disposal, the asset's fair value less costs of disposal may be used as its recoverable amount. The carrying amounts of the investment in associates are disclosed in Note 8 to the financial statements.



**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

**3.2 Key sources of estimation uncertainty (Continued)**

**(v) Impairment of property, plant and equipment**

The Group and the Company review the carrying amount of its property, plant and equipment, to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the property, plant and equipment. Independent professional valuations to determine the carrying amount of these assets will be procured when the need arise.

As at the end of the financial year under review, the management relies on the professional valuer to determine the fair market value of certain properties. Significant judgement is required in the estimation of fair market value determined by the independent valuer. The carrying amounts of property, plant and equipment are disclosed in Note 4 to the financial statements.

**(vi) Impairment of intangible asset**

The Group tests intangible asset for impairment annually in accordance with its accounting policy. The Group makes an estimate of the intangible asset's recoverable amount based on the value-in-use calculation using the cash flow projections from financial budgets approved by the management covering a 50-year period.

Significant judgement is required in the estimation of the present value of future cash flows generated from the intangible asset, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of intangible asset.

The carrying amount of the intangible asset is disclosed in Note 5 to the financial statements.

**(vii) Allowance for write down in inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates can result in revisions to the valuation of inventories.

The carrying amount of the inventories are disclosed in Note 9 to the financial statements.

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

**3.2 Key sources of estimation uncertainty (Continued)**

**(viii) Impairment of loans and receivables (including amounts owing by subsidiaries and associates)**

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and the Company's receivable at the reporting date is disclosed in Note 10 to the financial statements.

**(ix) Taxation**

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

**(x) Contingent liabilities**

Determination of the treatment of contingent liabilities in the financial statements is based on the management's view of the expected outcome of the applicable contingency.

**(xi) Construction contracts**

The Group recognised contract revenue and cost in the profit or loss by using the stage of completion method. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date over the estimated total contract costs.

Significant judgements are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and cost, as well as recoverability of the construction projects. In making the judgement, the management's evaluation is based on past experience.

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

**3.2 Key sources of estimation uncertainty (Continued)**

**(xii) Construction revenue recognition in relation to Concession Agreement**

In accordance with IC Int 12 Service Concession Arrangements, revenue associated with construction works under the Concession Agreement shall be recognised and measured in accordance with FRS 111 Construction Contracts using the percentage of completion method. Revenue generated by construction work rendered by the Group is measured at fair value of the consideration received or receivable.

In order to determine the construction revenue to be recognised, the directors have estimated and recognised a construction margin in the construction of the infrastructure asset. The estimated margin is based on relative comparison with general industry trend although actual margins may differ.

4. **PROPERTY, PLANT AND EQUIPMENT**

| <b>Group<br/>2015</b>                          | <b>Freehold<br/>land<br/>RM'000</b> | <b>Leasehold<br/>land<br/>RM'000</b> | <b>Buildings<br/>RM'000</b> | <b>Renovation<br/>RM'000</b> | <b>Plant and<br/>machinery<br/>RM'000</b> | <b>Furniture,<br/>fixtures and<br/>fittings<br/>RM'000</b> | <b>Office<br/>equipment<br/>RM'000</b> | <b>Motor<br/>vehicles<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|-------------------------------------|--------------------------------------|-----------------------------|------------------------------|---|--|--|--------------------------------------|-------------------------|
| <b>Cost</b>                                    |                                     |                                      |                             |                              |   |  |  |                                      |                         |
| At 1 April 2014                                | 117                                 | 15,387                               | 15,909                      | 1,181                        | 10,645                                    | 58   | 972                                    | 788                                  | 45,057                  |
| Additions                                      | -                                   | -                                    | -                           | -                            | 69  | 10   | 100                                    | -                                    | 179                     |
| At 31 March 2015                               | 117                                 | 15,387                               | 15,909                      | 1,181                        | 10,714                                    | 68   | 1,072                                  | 788                                  | 45,236                  |
| <b>Accumulated<br/>Depreciation</b>            |                                     |                                      |                             |                              |   |  |  |                                      |                         |
| At 1 April 2014                                | -                                   | 2,023                                | 943                         | 211                          | 9,620                                     | 26   | 744                                    | 345                                  | 13,912                  |
| Depreciation for the<br>financial year         | -                                   | 32                                   | 234                         | 38                           | 124                                       | 5  | 79                                     | 170                                  | 682                     |
| At 31 March 2015                               | -                                   | 2,055                                | 1,177                       | 249                          | 9,744                                     | 31   | 823                                    | 515                                  | 14,594                  |
| <b>Accumulated<br/>Impairment Loss</b>         |                                     |                                      |                             |                              |   |  |  |                                      |                         |
| At 1 April 2014                                | -                                   | 10,873                               | -                           | -                            | -   | -  | -                                      | -                                    | 10,873                  |
| Impairment for the<br>financial year           | 31                                  | -                                    | 9,646                       | -                            | -   | -  | -                                      | -                                    | 9,677                   |
| At 31 March 2015                               | 31                                  | 10,873                               | 9,646                       | -                            | -   | -  | -                                      | -                                    | 20,550                  |
| <b>Carrying amount<br/>as at 31 March 2015</b> | 86                                  | 2,459                                | 5,086                       | 932                          | 970                                       | 37   | 249                                    | 273                                  | 10,092                  |

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| <b>Group<br/>2014</b>                          | <b>Freehold<br/>land<br/>RM'000</b> | <b>Leasehold<br/>land<br/>RM'000</b> | <b>Buildings<br/>RM'000</b> | <b>Renovation<br/>RM'000</b> | <b>Plant and<br/>machinery<br/>RM'000</b> | <b>Furniture,<br/>fixtures and<br/>fittings<br/>RM'000</b> | <b>Office<br/>equipment<br/>RM'000</b> | <b>Motor<br/>vehicles<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|-------------------------------------|--------------------------------------|-----------------------------|------------------------------|---|--|--|--------------------------------------|-------------------------|
| <b>Cost</b>                                    |                                     |                                      |                             |                              |   |  |  |                                      |                         |
| At 1 February 2013                             | 117                                 | 15,387                               | 15,480                      | 661                          | 10,410                                    | 60   | 962                                    | 857                                  | 43,934                  |
| Additions                                      | -                                   | -                                    | 429                         | 624                          | 235                                       | -  | 48                                     | -                                    | 1,336                   |
| Disposals                                      | -                                   | -                                    | -                           | -                            | -   | -  | -                                      | (69)                                 | (69)                    |
| Write-offs                                     | -                                   | -                                    | -                           | (104)                        | -   | (2)  | (38)                                   | -                                    | (144)                   |
| At 31 March 2014                               | 117                                 | 15,387                               | 15,909                      | 1,181                        | 10,645                                    | 58   | 972                                    | 788                                  | 45,057                  |
| <b>Accumulated<br/>Depreciation</b>            |                                     |                                      |                             |                              |   |  |  |                                      |                         |
| At 1 February 2013                             | -                                   | 1,986                                | 680                         | 261                          | 9,485                                     | 21   | 703                                    | 182                                  | 13,318                  |
| Depreciation for the<br>financial period       | -                                   | 37                                   | 263                         | 52                           | 135                                       | 6  | 76                                     | 203                                  | 772                     |
| Disposals                                      | -                                   | -                                    | -                           | -                            | -   | -  | -                                      | (40)                                 | (40)                    |
| Write-offs                                     | -                                   | -                                    | -                           | (102)                        | -   | (1)  | (35)                                   | -                                    | (138)                   |
| At 31 March 2014                               | -                                   | 2,023                                | 943                         | 211                          | 9,620                                     | 26   | 744                                    | 345                                  | 13,912                  |
| <b>Accumulated<br/>Impairment Loss</b>         |                                     |                                      |                             |                              |   |  |  |                                      |                         |
| At 1 February 2013/<br>31 March 2014           | -                                   | 10,873                               | -                           | -                            | -   | -  | -                                      | -                                    | 10,873                  |
| <b>Carrying amount<br/>as at 31 March 2014</b> | 117                                 | 2,491                                | 14,966                      | 970                          | 1,025                                     | 32   | 228                                    | 443                                  | 20,272                  |

4. **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

| <b>Company<br/>2015</b>                        | <b>Renovation<br/>RM'000</b> | <b>Office<br/>equipment<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|------------------------------|--|-------------------------|
| <b>Cost</b>                                    |                              |  |                         |
| At 1 April 2014                                | 215                          | -                                      | 215                     |
| Additions                                      | -                            | 37                                     | 37                      |
| At 31 March 2015                               | 215                          | 37                                     | 252                     |
| <b>Accumulated<br/>Depreciation</b>            |                              |  |                         |
| At 1 April 2014                                | 18                           | -                                      | 18                      |
| Depreciation for the financial year            | 21                           | 4                                      | 25                      |
| At 31 March 2015                               | 39                           | 4                                      | 43                      |
| <b>Carrying amount<br/>as at 31 March 2015</b> | 176                          | 33                                     | 209                     |

| <b>Company<br/>2014</b>                        | <b>Renovation<br/>RM'000</b> | <b>Office<br/>equipment<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|------------------------------|--|-------------------------|
| <b>Cost</b>                                    |                              |  |                         |
| At 1 February 2013                             | -                            | -                                      | -                       |
| Additions                                      | 215                          | -                                      | 215                     |
| At 31 March 2014                               | 215                          | -                                      | 215                     |
| <b>Accumulated<br/>Depreciation</b>            |                              |  |                         |
| At 1 February 2013                             | -                            | -                                      | -                       |
| Depreciation for the financial period          | 18                           | -                                      | 18                      |
| At 31 March 2014                               | 18                           | -                                      | 18                      |
| <b>Carrying amount<br/>as at 31 March 2014</b> | 197                          | -                                      | 197                     |

The depreciation of the Group and the Company are allocated as follows:-

|                        | <b>Group</b>           |                        | <b>Company</b>         |                        |
|------------------------|------------------------|------------------------|------------------------|------------------------|
|                        | <b>2015<br/>RM'000</b> | <b>2014<br/>RM'000</b> | <b>2015<br/>RM'000</b> | <b>2014<br/>RM'000</b> |
| Profit or loss         | 501                    | 564                    | 25                     | 18                     |
| Other intangible asset | 181                    | 208                    | -                      | -                      |
|                        | 682                    | 772                    | 25                     | 18                     |

#### 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

##### (a) Impairment Loss

During the financial year, the Group assessed the recoverable amount of its freehold land and buildings in view of the softness in property market and that the properties are non-income generating. The assessment was performed by the management by reference to an independent valuation carried out by a professional valuer which led to the recognition of an impairment loss of RM9,677,000/- in the statements of profit or loss in other expenses line item.

The estimated recoverable amount of RM665,000/- on freehold land and buildings with cost of RM11,011,000/- is determined using fair value less costs of disposal, which is based on comparison method by reference to independent valuation carried out by a professional valuer. The fair value is within Level 3 of the fair value hierarchy. The key assumptions used in estimating the fair value are the price per square foot and the adjustments on the differences in location, size and shapes, accessibility, infrastructure available and other value considerations.

##### (b) Security

The carrying amount of property, plant and equipment of the Group that have been charged to financial institutions for banking facilities granted to the Group as disclosed in Note 19 to the financial statements are as follows:-

|                | <b>Group</b>  |               |
|----------------|---------------|---------------|
|                | <b>2015</b>   | <b>2014</b>   |
|                | <b>RM'000</b> | <b>RM'000</b> |
| Freehold land  | -             | 116           |
| Leasehold land | -             | 410           |
| Buildings      | -             | 6,379         |
|                | <hr/>         | <hr/>         |
|                | -             | 6,905         |

- (c) As at the reporting date, the titles to the freehold and leasehold land and buildings of the Group with net carrying amount of RM1,727,000/- (2014: RM11,524,000/-) are not registered in the name of the Group.

## 5. GOODWILL ON CONSOLIDATION

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2015</b>   | <b>2014</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> |
| <b>At cost</b>                                    |               |               |
| At the beginning/end of the financial year/period | 8,955         | 8,955         |
| <b>Accumulated impairment loss</b>                |               |               |
| At the beginning of the financial year/period     | (3,586)       | (1,869)       |
| Charge for the financial period                   | -             | (1,717)       |
| At the end of the financial year/period           | (3,586)       | (3,586)       |
| <b>Carrying amount</b>                            |               |               |
| At the end of the financial year/period           | 5,369         | 5,369         |

Goodwill on consolidation has been allocated to the Group's cash generating units ("CGU") identified according to business segments as follows:-

|                 | <b>Group</b>  |               |
|-----------------|---------------|---------------|
|                 | <b>2015</b>   | <b>2014</b>   |
|                 | <b>RM'000</b> | <b>RM'000</b> |
| Toll concession | 5,369         | 5,369         |

The recoverable amount of the goodwill on consolidation is determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the management as follows:-

- Cash flows covering a 50-year period which is the period of the concession;
- West Coast Expressway Sdn. Bhd.'s revenue will mainly be derived from toll collection where toll rates are expected to increase at regular intervals;
- Operational expenses were projected by the management based on their past experience; and
- The pre-tax discount rate of 5.98% (2014: 5.93%) was used in determining the value-in-use of the goodwill on consolidation. The discount rate was estimated based on the weighted average cost of capital of the Group.

The value assigned to the key assumptions represents the management's assessment on the future trends of the expressway operation services industry and are based on both external and internal sources. The Directors are of the opinion that the key bases and assumption used are reasonable and there is no impairment to the carrying amount of goodwill.

### Sensitivity to changes in assumption

There are no reasonable possible changes in key assumptions which would cause the carrying value of goodwill on consolidation to exceed its recoverable amount.



6. OTHER INTANGIBLE ASSET

|   | Group   |         |
|---|---------|---------|
|   | 2015    | 2014    |
|   | RM'000  | RM'000  |
| <b>Infrastructure Development Expenditure</b> |         |         |
| <b>At cost</b>                                |         |         |
| At the beginning of the financial year/period | 139,702 | 115,221 |
| Additions                                     | 16,030  | 24,481  |
| At the end of the financial year/period       | 155,732 | 139,702 |

Included in the additions of other intangible asset during the financial year are as follows:-

|   | Group  |        |
|---|--------|--------|
|   | 2015   | 2014   |
|   | RM'000 | RM'000 |
| Depreciation of property, plant and equipment | 181    | 208    |
| Director's remuneration                       | 1,530  | 1,042  |
| Interest expense                              | 4,425  | 7,116  |
| Pre-construction enabling works               | 7,336  | 13,839 |
| Rental of premises                            |        |        |
| - current year/period                         | 75     | 71     |
| - under accrual in prior year                 | -      | 756    |
| Staff costs                                   | 1,946  | 1,249  |

Included in the additions of other intangible asset during the financial year are amounts of RM7,336,000/- and RM4,425,000/- (2014: RM13,839,000/- and RM3,251,000/-) respectively representing the pre-construction enabling works and the interest charged by IJM Construction Sdn. Bhd. for the West Coast Expressway Project ("WCE Project"). IJM Construction Sdn. Bhd. is a subsidiary of IJM Corporation Berhad, a major shareholder of the Company.

On 2 January 2013, West Coast Expressway Sdn. Bhd. ("WCEsb"), an 80%-owned subsidiary of the Company signed the Concession Agreement ("CA") with the Government of Malaysia in relation to the WCE Project. The WCE Project involves the development of the West Coast Expressway from Banting in Selangor to Taiping in Perak with 233km of toll highway. The project cost is estimated to be in the region of RM6 billion and the construction period is for 5 years.

The key agreed terms of the CA are as follows:-

- (i) the WCE Project is a build-operate-transfer project with a concession period of 50 years. The concession period will be extended for another 10 years if the agreed targeted Internal Rate of Return ("IRR") is not achieved;
- (ii) to enhance the viability of the WCE Project, a Government Support Loan ("GSL") of RM2.24 billion at an interest rate of 4% per annum will be provided by the Government of Malaysia subject to a separate negotiation and agreement to be executed with the Ministry of Finance;

**6. OTHER INTANGIBLE ASSET (CONTINUED)**

The key agreed terms of the CA are as follows (Continued):-

- (iii) the land acquisition cost of up to RM980 million for the WCE Project will be borne by the Government of Malaysia;
- (iv) toll revenue in excess of an agreed traffic volume will be shared as follows:-
  - during the GSL tenure, 70% of the excess revenue will be utilised as repayment or prepayment of the GSL; and
  - after settlement of the GSL, on the basis of 30:70 between the Government of Malaysia and WCESB if the targeted IRR is not achieved and 70:30 if the actual IRR is more than the targeted IRR.
- (v) the construction works of the WCE Project will be implemented by WCESB through a tender committee;
- (vi) a liquidated and ascertained damages of RM100,000/- shall be paid by WCESB to the Government of Malaysia for each day of delay of construction if the construction is not completed by the agreed completion date; and
- (vii) cost savings from the construction costs shall be utilised to repay the GSL amount or for other purposes as may be determined by the Government of Malaysia.

On 19 May 2014, the Government of Malaysia has approved the appointment of a consortium comprising of IJM Construction Sdn. Bhd. and the Company (known as the “IJMC-KEB Joint Venture”) as the Turnkey/Engineering and Procurement Contractor for the construction of the WCE Project.

On 25 August 2014, WCESB received a letter from Lembaga Lebuhraya Malaysia to confirm the date of commencement of construction.

The directors are of the opinion that the WCE Project once implemented shall enhance the future profitability and improve the financial position of the Group based on the cash flow projections of WCE Project covering a 50-year period.

7. INVESTMENT IN SUBSIDIARIES

|                                   | Company        |                |
|-----------------------------------|----------------|----------------|
|                                   | 2015           | 2014           |
|                                   | RM'000         | RM'000         |
| Unquoted shares, at cost          | 180,581        | 180,581        |
| Less: Accumulated impairment loss | (16,650)       | (16,650)       |
|                                   | <u>163,931</u> | <u>163,931</u> |

The following information relates to the subsidiaries all of which have their principal place of business and are incorporated in Malaysia:-

| Name of Company                    | Effective Ownership<br>Interest/Voting Rights |           | Principal Activities  |
|------------------------------------|---|-----------|---|
|                                    | 2015<br>%                                     | 2014<br>% |   |
| Direct subsidiaries                |   |           |   |
| Ambang Vista Sdn. Bhd.             | 100   | 100       | Property investment, development and trading of building materials.   |
| Asian Resinated Felt Sdn. Bhd.     | 82.8  | 82.8      | Manufacturing and distribution of resinated felt.   |
| Angsana Mestika Sdn. Bhd.          | 100   | 100       | Inactive.   |
| KEB Management Sdn. Bhd.           | 100   | 100       | Provision of management services.   |
| KEB Plantations Holdings Sdn. Bhd. | 100   | 100       | Inactive.   |
| Keuro Leasing Sdn. Bhd.            | 100   | 100       | Hire purchase, lease financing, letter of credit, money lending and factoring services.                     |
| Keuro Trading Sdn. Bhd.            | 100   | 100       | Inactive.   |
| West Coast Expressway Sdn. Bhd.    | 80  | 80        | Design, construction and development of the West Coast Expressway Project and managing its toll operations. |

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

| Name of Company                                 | Effective Ownership Interest/Voting Rights |        | Principal Activities      |
|---|--|--------|---------------------------|
|   | 2015 %                                     | 2014 % |                           |
| Indirect subsidiaries                           |  |        |                           |
| Held through KEB Plantations Holdings Sdn. Bhd. |  |        |                           |
| KEB Builders Sdn. Bhd.                          | 100  | 100    | Construction contracting. |
| Tiasa Ria Sdn. Bhd.                             | 63   | 63     | Inactive.                 |
| Held through KEB Management Sdn. Bhd.           |  |        |                           |
| Irama Bijak Sdn. Bhd.                           | 70   | 70     | Dormant.                  |
| Tiasa Ria Sdn. Bhd.                             | 7  | 7      | Inactive.                 |
| Held through Ambang Vista Sdn. Bhd.             |  |        |                           |
| Ratus Prestij Sdn. Bhd.                         | 100  | 100    | Dormant.                  |
| Held through Angsana Mestika Sdn. Bhd.          |  |        |                           |
| Europlus Holdings Sdn. Bhd.                     | 50.1                                       | 50.1   | Dormant.                  |
| Held through Keuro Trading Sdn. Bhd.            |  |        |                           |
| Maximix Sdn. Bhd.                               | 100  | 100    | Inactive.                 |
| Held through Maximix Sdn. Bhd.                  |  |        |                           |
| Perkasa Jati Holdings Sdn. Bhd.                 | 100  | 100    | Inactive.                 |

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:-

|  | 2015  |   |   |                 |
|--|---|---|---|-----------------|
|  | West Coast<br>Expressway<br>Sdn. Bhd.<br>RM'000 | Asian<br>Resinated<br>Felt<br>Sdn. Bhd.<br>RM'000 | Other<br>individually<br>immaterial<br>subsidiaries<br>RM'000 | Total<br>RM'000 |
| NCI percentage of ownership<br>interest and voting interest                | 20%   | 17.16%  |   |                 |
| Carrying amount of NCI   | 38,665  | 3,437   | (4)   | 42,098          |
| Profit/(loss) allocated to NCI in<br>current financial year                | 509   | (2)   | (1)   | 506             |
| <b>Summarised financial information<br/>before intra-group elimination</b> |   |   |   |                 |
| <b>As at 31 March 2015</b>   |   |   |   |                 |
| Non-current assets   | 156,195   | 7,260   |   |                 |
| Current assets   | 92,884  | 13,177  |   |                 |
| Non-current liabilities  | -   | (232)   |   |                 |
| Current liabilities  | (63,319)  | (1,565)   |   |                 |
| Net assets   | 185,760   | 18,640  |   |                 |
| <b>Financial year ended<br/>31 March 2015</b>                              |   |   |   |                 |
| Revenue  | 10,065  | 8,175   |   |                 |
| Profit/(loss) for the financial year                                       | 2,546   | (11)  |   |                 |
| Total comprehensive income/(loss)  | 2,546   | (11)  |   |                 |
| Cash flows from operating activities                                       | 9,743   | 110   |   |                 |
| Cash flows from investing activities                                       | (10,060)  | (37)  |   |                 |
| Cash flows from financing activities                                       | -   | -   |   |                 |
| Net (decrease)/increase in cash and<br>cash equivalents                    | (317)   | 73  |   |                 |

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Non-controlling interests in subsidiaries (Continued)

|  | 2014  |   |   |                 |
|--|---|---|---|-----------------|
|  | West Coast<br>Expressway<br>Sdn. Bhd.<br>RM'000 | Asian<br>Resinated<br>Felt<br>Sdn. Bhd.<br>RM'000 | Other<br>individually<br>immaterial<br>subsidiaries<br>RM'000 | Total<br>RM'000 |
| NCI percentage of ownership<br>interest and voting interest                | 20%   | 17.16%  |   |                 |
| Carrying amount of NCI   | 38,156  | 3,439   | (3)   | 41,592          |
| (Loss)/profit allocated to NCI in<br>current financial period              | (816)   | 269   | (3)   | (550)           |
| <b>Summarised financial information<br/>before intra-group elimination</b> |   |   |   |                 |
| <b>As at 31 March 2014</b>   |   |   |   |                 |
| Non-current assets   | 140,304   | 7,479   |   |                 |
| Current assets   | 96,072  | 14,362  |   |                 |
| Non-current liabilities  | -   | (244)   |   |                 |
| Current liabilities  | (45,596)  | (1,556)   |   |                 |
| Net assets   | 190,780   | 20,041  |   |                 |
| <b>Financial period ended<br/>31 March 2014</b>                            |   |   |   |                 |
| Revenue  | -   | 12,216  |   |                 |
| (Loss)/profit for the financial period                                     | (4,081)   | 1,362   |   |                 |
| Total comprehensive (loss)/income  | (4,081)   | 1,362   |   |                 |
| Cash flows from operating activities                                       | (46,183)  | 2,637   |   |                 |
| Cash flows from investing activities                                       | (83,735)  | (578)   |   |                 |
| Cash flows from financing activities                                       | 130,949   | -   |   |                 |
| Net increase in cash and<br>cash equivalents                               | 1,031   | 2,059   |   |                 |

- (c) There are no significant restrictions on the Group's ability to access or use the assets of the subsidiaries and settle the liabilities of the Group except for West Coast Expressway Sdn. Bhd. which is restricted to make any distribution of profits and create any contract or obligation to pay money or money's worth to the Group unless prior approval is obtained from the non-controlling interests shareholders. The assets to which such restrictions apply are the cash and cash equivalents and other investments included in the consolidated financial statements totalling RM89,420,000/- (2014: RM87,448,000/-).

## 8. INVESTMENT IN ASSOCIATES

Investment in associates consists of:-

|   | <b>Group</b>  |               | <b>Company</b> |               |
|---|---------------|---------------|----------------|---------------|
|   | <b>2015</b>   | <b>2014</b>   | <b>2015</b>    | <b>2014</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| <b>At Cost</b>  |               |               |                |               |
| Quoted shares   | -             | 342,706       | -              | 342,706       |
| Unquoted shares   | 400           | 400           | -              | -             |
|   | 400           | 343,106       | -              | 342,706       |
| Share of post-acquisition reserves, net of dividends received       | 49,793        | 29,284        | -              | -             |
| Less:   |               |               |                |               |
| Accumulated impairment loss   |               |               |                |               |
| At the beginning of the financial year/period                       | (266,966)     | (191,226)     | (251,243)      | (191,226)     |
| Reversal of impairment loss   | 15,687        | -             | 11,145         | -             |
| Charge for the financial year/period                                | -             | (75,740)      | -              | (60,017)      |
| At the end of the financial year/period                             | (251,279)     | (266,966)     | (240,098)      | (251,243)     |
| Transfer to associate classified as non-current asset held for sale | 251,279       | -             | 240,098        | -             |
|   | 50,193        | 105,424       | -              | 91,463        |
| <b>Market Value</b>   |               |               |                |               |
| Quoted shares   | -             | 91,713        | -              | 91,713        |

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

# 8. INVESTMENT IN ASSOCIATES (CONTINUED)

The following information relates to the associates which have principal place of business and are all incorporated in Malaysia:-

| Name of Companies                            | Effective Ownership Interest/Voting Rights |        | Nature of the relationship   |
|--|--|--------|--|
|  | 2015 %                                     | 2014 % |  |
| <b>Held by the Company</b>                   |  |        |  |
| Talam Transform Berhad ("Talam")             | - *  | 29.92  | Provision of management services, investment holding and property development. |
| <b>Held through direct subsidiary</b>        |  |        |  |
| <b>Held through KEB Management Sdn. Bhd.</b> |  |        |  |
| Radiant Pillar Sdn. Bhd. +                   | 10   | 10     | Investment holding and property development.                                   |
| <b>Held through indirect subsidiary</b>      |  |        |  |
| <b>Held through KEB Builders Sdn. Bhd.</b>   |  |        |  |
| Radiant Pillar Sdn. Bhd. +                   | 30   | 30     | Investment holding and property development.                                   |
| Ambang Usaha Sdn. Bhd.                       | 50   | 50     | Dormant.   |

\* During the financial year, the Group's investment in Talam with equity interest of 23.53% has been transferred to associate classified as non-current asset held for sale as disclosed in Note 14 to the financial statements.

+ This company was audited by another firm of chartered accountants other than Messrs. Baker Tilly Monteiro Heng.



**8. INVESTMENT IN ASSOCIATES (CONTINUED)**

(i) During the financial year:

- (a) the Company had on 24 July 2014 disposed of 230,000,000 ordinary shares of RM0.20 each held in Talam for a total consideration of RM21,620,000/-, thereby reducing the Group's equity interest in Talam from 29.92% to 23.53%.
- (b) the Company had on 17 October 2014 entered into a share sale agreement with Tan Sri Dato' (Dr.) Ir Chan Ah Chye @ Chan Chong Yoon for the disposal of 900,000,000 ordinary shares of RM0.20 each held in Talam for a total consideration of RM99,000,000/-. The investment in Talam of the Group and the Company with carrying amount of RM78,505,000/- are transferred to associate classified as non-current asset held for sale as disclosed in Note 14 to the financial statements.

(ii) In the previous financial year:-

- (a) The Group had entered into a share sale agreement with IJM Properties Sdn. Bhd. for the disposal of 10% equity interest in Radiant Pillar Sdn. Bhd. comprising 100,000 units of ordinary shares of RM1/- each for a total consideration of RM52,500,000/-, thereby reducing the Group's equity interest in Radiant Pillar Sdn. Bhd. to 40%. IJM Properties Sdn. Bhd. is an indirect subsidiary of IJM Corporation Berhad, a major shareholder of the Company
- (b) The investments in Talam and Radiant Pillar Sdn. Bhd. amounting to RM5,450,000/- and RM9,766,000/- respectively, consisting 72,874,167 ordinary shares of RM0.20 each and 300,000 ordinary shares of RM1/- each respectively have been charged to the financial institutions for bank borrowings as mentioned in Note 19 to the financial statements.
- (c) The Group and the Company had recognised the impairment losses in respect of the investment in Talam based on the fair value less costs of disposal as at 31 March 2014.
- (d) The Group has equity accounted for its share of Talam results from 1 February 2013 to 31 January 2014, based on Talam's audited financial statements for the financial year ended 31 January 2014. Talam's results for the period from 1 February 2014 to 31 March 2014 is not publicly available and accordingly will be equity accounted for the financial year ended 31 March 2015.

# 8. INVESTMENT IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

| Group  | 2015                             |                                    |   |                 |
|--|----------------------------------|------------------------------------|---|-----------------|
|  | Talam Transform Berhad<br>RM'000 | Radiant Pillar Sdn. Bhd.<br>RM'000 | Other individually immaterial associate<br>RM'000 | Total<br>RM'000 |
| <b>Summarised financial information</b>                        |                                  |                                    |   |                 |
| <b>As at 31 March 2015</b>                                     |                                  |                                    |   |                 |
| Non-current assets   | -                                | 34,633                             |   |                 |
| Current assets   | -                                | 996,736                            |   |                 |
| Non-current liabilities  | -                                | 205,629                            |   |                 |
| Current liabilities  | -                                | 706,428                            |   |                 |
| Net assets   | -                                | 1,943,426                          |   |                 |
| <b>Financial year ended</b>                                    |                                  |                                    |   |                 |
| <b>31 March 2015</b>   |                                  |                                    |   |                 |
| Profit for the financial year                                  | -                                | 90,557                             |   |                 |
| Other comprehensive income                                     | -                                | -                                  |   |                 |
| Total comprehensive income                                     | -                                | 90,557                             |   |                 |
| <i>Included in the total comprehensive income is:</i>          |                                  |                                    |   |                 |
| Revenue  | -                                | 472,964                            |   |                 |
| <b>As at 31 March 2015</b>                                     |                                  |                                    |   |                 |
| Group's share of net assets less accumulated impairment losses | -                                | 49,244                             | 949   | 50,193          |
| <b>Group's share of results</b>                                |                                  |                                    |   |                 |
| <b>Financial year ended</b>                                    |                                  |                                    |   |                 |
| <b>31 March 2015</b>   |                                  |                                    |   |                 |
| Group's share of (loss)/profit                                 | (3,133)                          | 36,223                             | (1)   | 33,089          |
| Group's share of other comprehensive loss                      | (1,399)                          | -                                  | -   | (1,399)         |
| Group's share of total comprehensive (loss)/income             | (4,532)                          | 36,223                             | (1)   | 31,690          |

8. INVESTMENT IN ASSOCIATES (CONTINUED)

| Group   | 2014                                   |  |  | Total<br>RM'000 |
|---|--|--|--|-----------------|
|   | Talam<br>Transform<br>Berhad<br>RM'000 | Radiant<br>Pillar<br>Sdn. Bhd.<br>RM'000 | Other<br>individually<br>immaterial<br>associate<br>RM'000 |                 |
| <b>Summarised financial information</b>                           |  |  |  |                 |
| <b>As at 31 January/31 March 2014</b>                             |  |  |  |                 |
| Non-current assets  | 769,109                                | 8,494                                    |  |                 |
| Current assets  | 1,147,129                              | 784,081                                  |  |                 |
| Non-current liabilities   | (329,422)                              | (204,880)                                |  |                 |
| Current liabilities   | (1,011,136)                            | (559,106)                                |  |                 |
| Net assets  | 575,680                                | 28,589                                   |  |                 |
| <b>Financial year/period ended</b>                                |  |  |  |                 |
| <b>31 January/31 March 2014</b>                                   |  |  |  |                 |
| Profit for the financial period                                   | 7,976                                  | 31,711                                   |  |                 |
| Other comprehensive income  | 4,424                                  | -  |  |                 |
| Total comprehensive income  | 12,400                                 | 31,711                                   |  |                 |
| <i>Included in the total<br/>comprehensive income is:</i>         |  |  |  |                 |
| Revenue   | 216,717                                | 284,698                                  |  |                 |
| <b>As at 31 January/31 March 2014</b>                             |  |  |  |                 |
| Group's share of net assets less<br>accumulated impairment losses | 91,454                                 | 13,021                                   | 949  | 105,424         |
| <b>Group's share of results</b>                                   |  |  |  |                 |
| <b>Financial year ended</b>                                       |  |  |  |                 |
| <b>31 January/ 31 March 2014</b>                                  |  |  |  |                 |
| Group's share of profit or loss                                   | 1,981                                  | 14,736                                   | 32   | 16,749          |
| Group's share of other<br>comprehensive income                    | 1,328                                  | -  | -  | 1,328           |
| Group's share of total<br>comprehensive income                    | 3,309                                  | 14,736                                   | 32   | 18,077          |

9. INVENTORIES

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2015</b>   | <b>2014</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> |
| <b>At cost:</b>                         |               |               |
| Raw materials                           | 1,031         | 796           |
| Finished goods                          | 314           | 252           |
| Consumables                             | 788           | 514           |
|   | <b>2,133</b>  | <b>1,562</b>  |
| Recognised in profit or loss:           |               |               |
| Inventories recognised as cost of sales | <b>6,393</b>  | <b>8,059</b>  |

10. TRADE AND OTHER RECEIVABLES

|                                    | <b>Group</b>    |                 | <b>Company</b> |               |
|------------------------------------|-----------------|-----------------|----------------|---------------|
|                                    | <b>2015</b>     | <b>2014</b>     | <b>2015</b>    | <b>2014</b>   |
|                                    | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>  | <b>RM'000</b> |
| <b>Trade receivables</b>           |                 |                 |                |               |
| Trade receivables                  | 13,392          | 13,980          | -              | -             |
| Amount owing by associates         | 745             | 1,345           | -              | -             |
|                                    | <b>14,137</b>   | <b>15,325</b>   | <b>-</b>       | <b>-</b>      |
| <b>Less:</b>                       |                 |                 |                |               |
| <b>Accumulated impairment loss</b> |                 |                 |                |               |
| Trade receivables                  | (12,010)        | (11,013)        | -              | -             |
|                                    | <b>(12,010)</b> | <b>(11,013)</b> | <b>-</b>       | <b>-</b>      |
| Trade receivables, net             | <b>2,127</b>    | <b>4,312</b>    | <b>-</b>       | <b>-</b>      |

10. **TRADE AND OTHER RECEIVABLES (CONTINUED)**

|  | <b>Group</b>  |               | <b>Company</b> |               |
|--|---------------|---------------|----------------|---------------|
|  | <b>2015</b>   | <b>2014</b>   | <b>2015</b>    | <b>2014</b>   |
|  | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| <b>Other receivables</b>                 |               |               |                |               |
| Other receivables                        | 78,738        | 78,722        | 32,980         | 32,966        |
| Amount owing by subsidiaries             | -             | -             | 71,728         | 62,895        |
| Amount owing by associates               | 37,789        | 37,300        | 34,599         | 34,083        |
| Refundable deposits                      | 221           | 205           | 8              | 7             |
|  | 116,748       | 116,227       | 139,315        | 129,951       |
| <b>Less:</b>                             |               |               |                |               |
| <b>Accumulated impairment loss</b>       |               |               |                |               |
| Other receivables                        | (78,716)      | (78,716)      | (32,966)       | (32,966)      |
| Amount owing by subsidiaries             | -             | -             | (71,638)       | (62,895)      |
| Amount owing by associates               | (11)          | (11)          | (11)           | (11)          |
|  | (78,727)      | (78,727)      | (104,615)      | (95,872)      |
| Other receivables, net                   | 38,021        | 37,500        | 34,700         | 34,079        |
| <b>Total trade and other receivables</b> | 40,148        | 41,812        | 34,700         | 34,079        |

(a) **Trade and other receivables**

Trade receivables are non-interest bearing and are generally on 60 to 90 (2014: 60 to 90) days terms. Other credit terms are assessed and approved by a case-by-case basis.

Ageing analysis on trade receivables

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

|  | <b>Group</b>  |               |
|--|---------------|---------------|
|  | <b>2015</b>   | <b>2014</b>   |
|  | <b>RM'000</b> | <b>RM'000</b> |
| Neither past due nor impaired                | 560           | 821           |
| Past due 1 - 30 days but not impaired        | 479           | 553           |
| Past due 31 - 120 days but not impaired      | 338           | 738           |
| Past due more than 120 days but not impaired | 750           | 2,200         |
|  | 1,567         | 3,491         |
| Impaired                                     | 12,010        | 11,013        |
|  | 14,137        | 15,325        |

10. **TRADE AND OTHER RECEIVABLES (CONTINUED)**

(a) **Trade and other receivables (Continued)**

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the 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

There were no significant concentrations of credit risk of the Group's trade receivables that are past due but not impaired and are unsecured in nature. The management is confident that the amounts due are still recoverable as there has not been a significant change in the credit quality of these receivables.

Receivables that are impaired

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

|                              | <b>Group</b>  |               | <b>Company</b> |               |
|------------------------------|---------------|---------------|----------------|---------------|
|                              | <b>2015</b>   | <b>2014</b>   | <b>2015</b>    | <b>2014</b>   |
|                              | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| <b>Individually impaired</b> |               |               |                |               |
| Trade and other receivables  |               |               |                |               |
| - nominal amounts            | 90,753        | 89,740        | 104,721        | 95,872        |
| Less: Accumulated            |               |               |                |               |
| Impairment loss              | (90,737)      | (89,740)      | (104,615)      | (95,872)      |
|                              | 16            | -             | 106            | -             |

Movements in accumulated impairment loss:-

|   | <b>Group</b>  |               | <b>Company</b> |               |
|---|---------------|---------------|----------------|---------------|
|   | <b>2015</b>   | <b>2014</b>   | <b>2015</b>    | <b>2014</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| At the beginning of the financial year/period | 89,740        | 88,419        | 95,872         | 79,771        |
| Reversal of impairment loss                   | (11)          | (2,391)       | -              | (2,341)       |
| Charge for the financial year/period          | 1,008         | 5,807         | 8,743          | 18,442        |
| Written off                                   | -             | (2,095)       | -              | -             |
| At the end of the financial year/period       | 90,737        | 89,740        | 104,615        | 95,872        |

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.

10. **TRADE AND OTHER RECEIVABLES (CONTINUED)**

(b) **Amount owing by subsidiaries**

The amount owing by subsidiaries is non-trade in nature, unsecured, non-interest bearing, repayable on demand and expected to be settled in cash.

(c) **Amount owing by associates**

The amount owing by associates is non-trade in nature, unsecured, bears interest at rate of nil (2014: 7.60% to 8.60%) per annum, repayable on demand and expected to be settled in cash.

11. **AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORKS**

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2015</b>   | <b>2014</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> |
| Aggregate costs incurred to date  | 39,715        | 39,285        |
| Recognised profits less recognised losses   | 1,400         | 1,571         |
|   | <u>41,115</u> | <u>40,856</u> |
| Progress billings   | (41,115)      | (40,675)      |
|   | <u>-</u>      | <u>181</u>    |
| Amount due from customers for contract works included in current assets                       | -             | 181           |
| Construction contracts costs recognised as contract expenses during the financial year/period | <u>430</u>    | <u>1,628</u>  |
| Progress billings recognised as contract revenue during the financial year/period             | <u>259</u>    | <u>1,694</u>  |

12. **OTHER INVESTMENTS**

|  | <b>Group</b>  |               | <b>Company</b> |               |
|--|---------------|---------------|----------------|---------------|
|  | <b>2015</b>   | <b>2014</b>   | <b>2015</b>    | <b>2014</b>   |
|  | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| <u>Current</u>   |               |               |                |               |
| Financial assets at fair value<br>through profit or loss |               |               |                |               |
| - Unquoted unit trusts in Malaysia                       | 398,254       | 86,026        | 309,939        | -             |

Unit trusts are funds invested mainly in money market and fixed income instruments and are managed by investment management companies.

13. **DEPOSITS PLACED WITH LICENSED BANKS**

The effective interest rates as at the reporting date of the deposits placed with licensed banks range from 2.30% to 3.00% (2014: 2.30% to 3.25%) per annum. The deposits placed with licensed banks have maturity periods ranging from 1 day to 1 month (2014: 1 day to 3 months).

14. **ASSOCIATE CLASSIFIED AS NON-CURRENT ASSET HELD FOR SALE**

On 17 October 2014, the Company had entered into a conditional share sale agreement with Tan Sri Dato' (Dr.) Ir Chan Ah Chye @ Chan Chong Yoon for the disposal of 900,000,000 ordinary shares of RM0.20 each held in Talam as further disclosed in Note 33(c) to the financial statements. In addition, the Company also intended and committed to dispose of the remaining 92,840,517 ordinary shares of RM0.20 each held in Talam. The entire investment in the associate is classified as held for sale as the investment is expected to be recovered primarily through sale rather than continuing use, and the sale is expected to be completed within the next financial year.

|  | <b>Group and Company</b> |               |
|--|--------------------------|---------------|
|  | <b>2015</b>              | <b>2014</b>   |
|  | <b>RM'000</b>            | <b>RM'000</b> |
| <b>At lower of carrying amount and fair value less costs to sell:-</b> |                          |               |
| <b>Investment in associate:</b>  |                          |               |
| At the beginning of the financial year/period                          | -                        | -             |
| Transfer from investment in associates (Note 8)                        | 78,505                   | -             |
| At the end of the financial year/period                                | <u>78,505</u>            | <u>-</u>      |



15. SHARE CAPITAL

|  | Group and Company                 |           |                                   |           |
|--|-----------------------------------|-----------|-----------------------------------|-----------|
|  | 2015                              |           | 2014                              |           |
|  | Number<br>of Shares<br>'000 Units | RM'000    | Number<br>of Shares<br>'000 Units | RM'000    |
| Ordinary shares of RM1/- each                    |                                   |           |                                   |           |
| Authorised:                                      |                                   |           |                                   |           |
| At the beginning of the<br>financial year/period | 3,000,000                         | 3,000,000 | 1,000,000                         | 1,000,000 |
| Created during the financial<br>year/period      | -                                 | -         | 2,000,000                         | 2,000,000 |
| At the end of the financial year/<br>period      | 3,000,000                         | 3,000,000 | 3,000,000                         | 3,000,000 |
| Issued and fully paid:                           |                                   |           |                                   |           |
| At the beginning of the<br>financial year/period | 572,992                           | 572,992   | 520,992                           | 520,992   |
| Issued during the financial year/<br>period      | 429,744                           | 429,744   | 52,000                            | 52,000    |
| At the end of the financial year/<br>period      | 1,002,736                         | 1,002,736 | 572,992                           | 572,992   |

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

(a) **Authorised share capital**

In previous financial period, the Company increased its authorised share capital from RM1,000,000,000/- comprising 1,000,000,000 ordinary shares of RM1/- each to RM3,000,000,000/- comprising 3,000,000,000 ordinary shares of RM1/- each.

(b) **Issued and fully paid-up share capital**

During the financial year, the Company increased its issued and fully paid share capital from 572,991,765 ordinary shares of RM1/- each to 1,002,735,588 ordinary shares of RM1/- each by way of rights issue of 429,743,823 ordinary shares of RM1/- each at an issue price of RM1.08 per share, together with 214,871,911 free detachable warrants.

In previous financial period, the Company increased its issued and fully paid share capital from 520,991,765 ordinary shares of RM1/- each to 572,991,765 ordinary shares of RM1/- each by way of a private placement of 52,000,000 ordinary shares of RM1/- each at an issue price of RM1.11 per share.

The new ordinary shares issued during the financial year rank pari-passu in all respects with the existing ordinary shares of the Company.

## 16. RESERVES

|   | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2015             | 2014             | 2015             | 2014             |
|   | RM'000           | RM'000           | RM'000           | RM'000           |
| Share premium   | 42,345           | 42,345           | 42,345           | 42,345           |
| Foreign exchange reserve                                | -                | 870              | -                | -                |
| Foreign exchange reserve<br>classified as held for sale | (529)            | -                | -                | -                |
| Warrant reserve   | 51,569           | -                | 51,569           | -                |
| Accumulated losses                                      | (473,040)        | (489,509)        | (516,160)        | (495,637)        |
|   | <u>(379,655)</u> | <u>(446,294)</u> | <u>(422,246)</u> | <u>(453,292)</u> |

### (a) Share Premium

This reserve comprises premium paid on subscription of shares of the Company above par value of the shares.

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia

### (b) Foreign Exchange Reserve

The foreign exchange reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations of an associate.

### (c) Warrant Reserve

On 3 September 2014, the Company allotted and issued 214,871,911 warrants which were constituted under the Deed Poll dated 16 July 2014.

Salient features of the above warrants are as follows:

- (i) each of the warrant entitles the holder to the right of exercise of one ordinary share in the Company. The number of warrants is subject to adjustments under certain circumstances in accordance with the provisions of Deed Poll;
- (ii) the warrants may be exercised any time over a period of two (2) years including and commencing from the issue date of the warrants. Any warrants not exercise during the Exercise Period will thereafter lapse and become void;
- (iii) the new ordinary shares allotted and issued upon exercise of the warrants shall be fully paid and rank pari passu with the then existing ordinary shares of the Company. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company; and
- (iv) each warrant entitles its holder the right to subscribe for one ordinary share of RM1/- each in the Company at any time up to the expiry date of 5 August 2016 at an exercise price of RM1.18/- each payable in cash.

16. **RESERVES (CONTINUED)**

(c) **Warrant Reserve (Continued)**

The number of warrants remains unexercised at the end of the financial year are follows:-

|                      | <b>Group and Company</b> |                   |
|----------------------|--------------------------|-------------------|
|                      | <b>2015</b>              | <b>2014</b>       |
|                      | <b>'000 Units</b>        | <b>'000 Units</b> |
| Unexercised warrants | 214,872                  | -                 |

The warrant reserve is computed based on fair value per warrant of RM0.24. The key assumptions used to arrive at this fair value are as follows:

|                 |                 |
|-----------------|-----------------|
| Valuation model | : Black Scholes |
| Share price     | : RM1.18        |
| Exercise price  | : RM1.18        |
| Expiry date     | : 2 years       |
| Volatility      | : 31.421%       |
| Risk free rate  | : 3.849%        |

17. **DEFERRED TAX LIABILITIES**

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2015</b>   | <b>2014</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> |
| At the beginning of the year/period   | 244           | 135           |
| Charge to profit or loss (Note 24)  | (12)          | 109           |
| At the end of the year/period   | 232           | 244           |
| Representing the tax effects of:-   |               |               |
| Temporary differences between net book values and the corresponding tax written down values | 232           | 244           |

18. **TRADE AND OTHER PAYABLES**

|                                       | <b>Group</b>  |               | <b>Company</b> |               |
|---------------------------------------|---------------|---------------|----------------|---------------|
|                                       | <b>2015</b>   | <b>2014</b>   | <b>2015</b>    | <b>2014</b>   |
|                                       | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| <b>Trade payables</b>                 |               |               |                |               |
| Trade payables                        | 61,641        | 52,860        | -              | -             |
| <b>Other payables</b>                 |               |               |                |               |
| Other payables                        | 9,644         | 24,302        | 3,103          | 14,806        |
| Deposits                              | 126           | 126           | -              | -             |
| Accruals                              | 3,644         | 32,957        | 936            | 30,923        |
| Amount owing to subsidiaries          | -             | -             | 4,302          | 12,488        |
| Amount owing to associates            | 7,987         | 7,987         | 2,926          | 2,926         |
|                                       | 21,401        | 65,372        | 11,267         | 61,143        |
| <b>Total trade and other payables</b> | 83,042        | 118,232       | 11,267         | 61,143        |

(a) **Trade payables**

The Group normal trade credit term ranges from 14 to 90 (2014: 14 to 90) days.

Included in trade payables of the Group is retention sum payable of RM925,000/- (2014: RM925,000/-).

Included in trade payables of the Group is an amount of RM54,545,000/- (2014: RM42,785,000/-) owing to IJM Corporation Berhad and its subsidiaries ("IJM Group"), a major shareholder of the Company. The amount owing is unsecured, interest free and repayable on demand except for an amount of RM54,497,000/- (2014: RM42,736,000/-) bears interest at a rate of 8.85% (2014: 8.60%) per annum.

(b) **Other payables**

Included in other payables of the Group and of the Company are amounts of RM5,078,000/- and RM1,901,000/- (2014: RM18,655,000/- and RM13,576,000/-) respectively owing to IJM Group, a major shareholder of the Company and companies in which certain directors have interest. The amounts owing are unsecured, interest free and repayable on demand except for the amounts of Nil (2014: RM18,080,000/- and RM13,576,000/-) bearing interest at rate of Nil (2014: 7.60% to 8.60%) per annum.

(c) **Accruals**

Included in accruals of the Group and of the Company are amounts of RM1,578,000/- and Nil (2014: RM32,031,000/- and RM30,848,000/-) respectively which represent interest charges owing to financial institutions in relation to the borrowings of the Group and of the Company.

18. **TRADE AND OTHER PAYABLES (CONTINUED)**

(d) **Amount owing to subsidiaries**

The amount owing to subsidiaries is non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

(e) **Amount owing to associates**

The amount owing to associates is non-trade in nature, unsecured, bears interest at rate of nil (2014: 7.60% to 8.60%) per annum, repayable on demand and expected to be settled in cash.

19. **LOANS AND BORROWINGS**

|                                     | <b>Group</b>  |                | <b>Company</b> |                |
|-------------------------------------|---------------|----------------|----------------|----------------|
|                                     | <b>2015</b>   | <b>2014</b>    | <b>2015</b>    | <b>2014</b>    |
|                                     | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>  |
| <b><i>Current (secured)</i></b>     |               |                |                |                |
| Term loans                          | -             | 112,644        | -              | 111,035        |
| Trust receipts and revolving credit | 4,277         | 4,277          | -              | -              |
| Bank overdrafts                     | 2,138         | 1,950          | -              | -              |
|                                     | <u>6,415</u>  | <u>118,871</u> | <u>-</u>       | <u>111,035</u> |
| <b><i>Current (unsecured)</i></b>   |               |                |                |                |
| Term loans                          | -             | 3,381          | -              | -              |
| Bank overdrafts                     | 1             | 1              | -              | -              |
|                                     | <u>1</u>      | <u>3,382</u>   | <u>-</u>       | <u>-</u>       |
| <b>Total loans and borrowings</b>   | <u>6,416</u>  | <u>122,253</u> | <u>-</u>       | <u>111,035</u> |

Term loans

In the previous financial year, the effective interest rates of the term loans of the Group and of the Company as at the reporting date range from 8.04% to 8.44% per annum.

Trust receipts and revolving credit

The effective interest rate of the trust receipts and revolving credit of the Group as at the reporting date is 10.03% (2014: 10.03%) per annum.

Bank overdrafts

The bank overdrafts of the Group are granted on the undertaking that the Group and the Company will not pledge or execute any charges on its assets.

The effective interest rate of the bank overdraft of the Group as at the reporting date is 10.03% (2014: 10.03%) per annum.

Securities

The Group has bank overdraft and trust receipt facilities of RM2,138,000/- and RM4,277,000/- (2014: RM1,950,000/- and RM4,277,000/-) respectively, which are secured by way of the following:-

- (i) Third party legal charge over a leasehold land of an associate; and
- (ii) Corporate guarantee by the Company.

## 19. LOANS AND BORROWINGS (CONTINUED)

In previous financial period, the Group has term loan and bridging loan facilities of RM116,025,000/- of which RM112,644,000/- are secured by way of the following:-

- (i) First legal charge over several parcels of land of subsidiaries;
- (ii) First party charge over 72,874,167 units of the ordinary shares of RM0.20 each in an associate;
- (iii) Third party first legal charge over several parcels of land of associates;
- (iv) First ranking Legal Assignment over the proceeds under the corporate exercise;
- (v) Assignment of right under lease agreement between a subsidiaries and its lessees;
- (vi) First Party Legal Charge over the Debt Service Reserve Account;
- (vii) First Party Legal Charge over the Designated Proceeds Account;
- (viii) Pledge of 93,239,237 units of the ordinary shares of RM1/- each in a subsidiary;
- (ix) Pledge of 300,000 units of the ordinary shares of RM1/- each in an associate;
- (x) Corporate guarantee by the Company; and
- (xi) Personal guarantee of a former substantial shareholder of the Company.

## 20. REVENUE

|  | <b>Group</b>     |                  |
|--|------------------|------------------|
|  | <b>1.4.2014</b>  | <b>1.2.2013</b>  |
|  | <b>to</b>        | <b>to</b>        |
|  | <b>31.3.2015</b> | <b>31.3.2014</b> |
|  | <b>RM'000</b>    | <b>RM'000</b>    |
| Manufacturing and trading of industrial products | 8,175            | 12,216           |
| Construction contracts                           | 10,325           | 1,694            |
|  | <b>18,500</b>    | <b>13,910</b>    |

Included in the revenue from construction contracts is an amount of RM10,065,000/- (2014: Nil) which represents construction revenue recognised pursuant to IC Interpretation 12 Service Concession Arrangements from the construction of a public service infrastructure.

21. COST OF SALES

|   | <b>Group</b>     |                  |
|---|------------------|------------------|
|   | <b>1.4.2014</b>  | <b>1.2.2013</b>  |
|   | <b>to</b>        | <b>to</b>        |
|   | <b>31.3.2015</b> | <b>31.3.2014</b> |
|   | <b>RM'000</b>    | <b>RM'000</b>    |
| Manufacturing and trading of industrial products    | 6,393            | 8,059            |
| Construction contracts                              | 10,396           | 1,628            |
| Leasing, management services and investment holding | 795              | 1,742            |
|   | <b>17,584</b>    | <b>11,429</b>    |

Included in the cost of sales from construction contracts is an amount of RM9,966,000/- (2014: Nil) which represents construction cost recognised pursuant to IC Interpretation 12 Service Concession Arrangements from the construction of a public service infrastructure.

22. FINANCE COSTS

|                | <b>Group</b>     |                  | <b>Company</b>   |                  |
|----------------|------------------|------------------|------------------|------------------|
|                | <b>1.4.2014</b>  | <b>1.2.2013</b>  | <b>1.4.2014</b>  | <b>1.2.2013</b>  |
|                | <b>to</b>        | <b>to</b>        | <b>to</b>        | <b>to</b>        |
|                | <b>31.3.2015</b> | <b>31.3.2014</b> | <b>31.3.2015</b> | <b>31.3.2014</b> |
|                | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    |
| Term loans     | 5,702            | 8,843            | 5,702            | 8,843            |
| Bridging loans | -                | 2,926            | -                | 2,926            |
| Others         | 283              | 2,014            | 1,261            | 1,446            |
|                | <b>5,985</b>     | <b>13,783</b>    | <b>6,963</b>     | <b>13,215</b>    |

23. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation has been arrived at:-

|                                | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--------------------------------|------------------|------------------|------------------|------------------|
|                                | <b>1.4.2014</b>  | <b>1.2.2013</b>  | <b>1.4.2014</b>  | <b>1.2.2013</b>  |
|                                | <b>to</b>        | <b>to</b>        | <b>to</b>        | <b>to</b>        |
|                                | <b>31.3.2015</b> | <b>31.3.2014</b> | <b>31.3.2015</b> | <b>31.3.2014</b> |
|                                | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>After charging:</b>         |                  |                  |                  |                  |
| Audit fees                     |                  |                  |                  |                  |
| - statutory                    |                  |                  |                  |                  |
| · current year/period          | 200              | 200              | 115              | 114              |
| · under accrual in prior years | 48               | 26               | 21               | 12               |
| - non-statutory                | 11               | 10               | 11               | 10               |
| Bad debts written off          | -                | 13               | -                | 13               |
| Deposit written off            | -                | 1                | -                | -                |

23. **PROFIT/(LOSS) BEFORE TAXATION (CONTINUED)**

Profit/(Loss) before taxation has been arrived at (Continued):-

|   | <b>Group</b>     |                  | <b>Company</b>   |                  |
|---|------------------|------------------|------------------|------------------|
|   | <b>1.4.2014</b>  | <b>1.2.2013</b>  | <b>1.4.2014</b>  | <b>1.2.2013</b>  |
|   | <b>to</b>        | <b>to</b>        | <b>to</b>        | <b>to</b>        |
|   | <b>31.3.2015</b> | <b>31.3.2014</b> | <b>31.3.2015</b> | <b>31.3.2014</b> |
|   | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>After charging: (Continued)</b>                |                  |                  |                  |                  |
| Depreciation of property, plant and equipment     | 501              | 564              | 25               | 18               |
| Directors' remuneration                           |                  |                  |                  |                  |
| - fees  | 821              | 313              | 821              | 279              |
| - salaries and allowances                         | 308              | 1,162            | 307              | 722              |
| Fair value loss on other investments              | 242              | -                | 10               | -                |
| Impairment loss on receivables                    |                  |                  |                  |                  |
| - trade and other receivables                     | 1,008            | 5,796            | -                | 3,805            |
| - subsidiaries                                    | -                | -                | 8,743            | 14,626           |
| - associate                                       | -                | 11               | -                | 11               |
| Impairment loss on goodwill                       | -                | 1,717            | -                | -                |
| Impairment loss on investment in an associate     | -                | 75,740           | -                | 60,017           |
| Impairment loss on property, plant and equipment  | 9,677            | -                | -                | -                |
| Loss on disposal of property, plant and equipment | -                | 8                | -                | -                |
| Loss on disposal of investment in an associate    | 2,483            | -                | 2,483            | -                |
| Property, plant and equipment written off         | -                | 6                | -                | -                |
| Rental of premises                                |                  |                  |                  |                  |
| - current year/period                             | 71               | 115              | 28               | 32               |
| - under accrual in prior year                     | -                | 102              | -                | -                |
| Rental of equipment                               | 23               | 31               | -                | -                |
| Realised loss on foreign exchange                 | 35               | -                | -                | -                |
| Staff costs                                       |                  |                  |                  |                  |
| - Salaries, wages, overtime, bonus and allowances | 2,699            | 3,880            | 642              | -                |
| - EPF   | 188              | 313              | 27               | -                |
| - SOCSO   | 19               | 31               | 1                | -                |
| - Other staff related expenses                    | 67               | 130              | 12               | 40               |



23. **PROFIT/(LOSS) BEFORE TAXATION (CONTINUED)**

Profit/(Loss) before taxation has been arrived at (Continued):-

|  | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | <b>1.4.2014</b>  | <b>1.2.2013</b>  | <b>1.4.2014</b>  | <b>1.2.2013</b>  |
|  | <b>to</b>        | <b>to</b>        | <b>to</b>        | <b>to</b>        |
|  | <b>31.3.2015</b> | <b>31.3.2014</b> | <b>31.3.2015</b> | <b>31.3.2014</b> |
|  | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>After crediting:</b>  |                  |                  |                  |                  |
| Distribution income from unit trusts                               | 10,243           | 1,140            | 7,283            | -                |
| Dividend income from subsidiary                                    | -                | -                | -                | 195              |
| Fair value gain on other investments                               | -                | 188              | -                | -                |
| Gain on disposal of investment<br>in an associate                  | -                | 50,176           | -                | -                |
| Impairment loss on investment in<br>associate no longer required   | 15,687           | -                | 11,145           | -                |
| Impairment loss no longer required<br>- trade and other receivable | 11               | 2,391            | -                | 2,341            |
| - subsidiary   | -                | -                | 43               | -                |
| Interest income  |                  |                  |                  |                  |
| - deposits with licensed bank                                      | 310              | 1,123            | 244              | 51               |
| - others   | 642              | 1,574            | 642              | 1,574            |
| Rental income  | 24               | 28               | -                | -                |
| Realised gain on foreign exchange                                  | -                | 16               | -                | -                |
| Waiver of interest   | 4,347            | -                | 4,264            | -                |

24. **TAXATION**

|  | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | <b>1.4.2014</b>  | <b>1.2.2013</b>  | <b>1.4.2014</b>  | <b>1.2.2013</b>  |
|  | <b>to</b>        | <b>to</b>        | <b>to</b>        | <b>to</b>        |
|  | <b>31.3.2015</b> | <b>31.3.2014</b> | <b>31.3.2015</b> | <b>31.3.2014</b> |
|  | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    |
| Current taxation                             |                  |                  |                  |                  |
| Malaysian income tax                         |                  |                  |                  |                  |
| - current year/period                        | (104)            | (684)            | -                | -                |
| - (under)/over accrual in prior year         | (1,449)          | 85               | (118)            | -                |
|  | (1,553)          | (599)            | (118)            | -                |
| Deferred taxation (Note 17)                  |                  |                  |                  |                  |
| - current year/period                        | (6)              | (47)             | -                | -                |
| - over/(under) accrual in prior year         | 18               | (62)             | -                | -                |
|  | 12               | (109)            | -                | -                |
| Tax expense for the financial<br>year/period | (1,541)          | (708)            | (118)            | -                |

## 24. TAXATION (CONTINUED)

The income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated taxable profit for the fiscal year. The statutory tax rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016. As such, the deferred tax was re-measured to reflect these changes.

The reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:-

|   | <b>Group</b>     |                  | <b>Company</b>   |                  |
|---|------------------|------------------|------------------|------------------|
|   | <b>1.4.2014</b>  | <b>1.2.2013</b>  | <b>1.4.2014</b>  | <b>1.2.2013</b>  |
|   | <b>to</b>        | <b>to</b>        | <b>to</b>        | <b>to</b>        |
|   | <b>31.3.2015</b> | <b>31.3.2014</b> | <b>31.3.2015</b> | <b>31.3.2014</b> |
|   | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    |
| Profit/(loss) before taxation                       | 40,485           | (32,869)         | 1,564            | (91,675)         |
| Taxation at statutory tax rate of 25%               | (10,121)         | 8,217            | (391)            | 22,919           |
| Tax effects of:                                     |                  |                  |                  |                  |
| - non-deductible expenses                           | (2,218)          | (25,189)         | (5,281)          | (23,504)         |
| - origination of deferred tax assets not recognised | (2,351)          | (471)            | -                | -                |
| - difference in tax rate                            | (97)             | (812)            | -                | -                |
| - tax effect on share of results of associates      | 8,272            | 4,188            | -                | -                |
| - non-taxable income                                | 6,405            | 13,336           | 5,672            | 585              |
| - (under)/over accrual in prior year                | (1,431)          | 23               | (118)            | -                |
| Tax expense for the financial year/period           | (1,541)          | (708)            | (118)            | -                |

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

|   | <b>Group</b>     |                  | <b>Company</b>   |                  |
|---|------------------|------------------|------------------|------------------|
|   | <b>1.4.2014</b>  | <b>1.2.2013</b>  | <b>1.4.2014</b>  | <b>1.2.2013</b>  |
|   | <b>to</b>        | <b>to</b>        | <b>to</b>        | <b>to</b>        |
|   | <b>31.3.2015</b> | <b>31.3.2014</b> | <b>31.3.2015</b> | <b>31.3.2014</b> |
|   | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    |
| Unutilised tax losses   | 88,852           | 79,118           | -                | -                |
| Unabsorbed capital allowances                                   | 1,321            | 1,264            | -                | -                |
| Other taxable temporary differences                             | (210)            | (216)            | -                | -                |
|   | 89,963           | 80,166           | -                | -                |
| Potential deferred tax assets not recognised at 24% (2014: 24%) | 21,591           | 19,240           | -                | -                |

24. **TAXATION (CONTINUED)**

As at 31 March 2014, the Group has estimated unutilised tax losses of RM88,852,000/- (2014: RM79,118,000/-), and unabsorbed capital allowances of RM1,321,000/- (2014: RM1,264,000/-) carried forward, available for set-off against future taxable profit.

25. **EARNINGS/(LOSS) PER ORDINARY SHARE**

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

Basis earnings/(loss) per ordinary share is calculated by dividing the net profit/(loss) for the financial year/period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year/period:-

|   | <b>Group</b>     |                  |
|---|------------------|------------------|
|   | <b>1.4.2014</b>  | <b>1.2.2013</b>  |
|   | <b>to</b>        | <b>to</b>        |
|   | <b>31.3.2015</b> | <b>31.3.2014</b> |
|   | <b>RM'000</b>    | <b>RM'000</b>    |
| Net profit/(loss) for the financial year/period attributable to owners of the Company | 38,438           | (33,027)         |
| Number of ordinary shares ('000 units)  | 572,992          | 520,992          |
| Effects of shares issued during the financial year/period                             | 247,250          | 30,538           |
| Weighted average number of shares ('000 unit)   | 820,242          | 551,530          |
| Basic earnings/(loss) per ordinary share (sen)  | 4.69             | (6.0)            |

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

The diluted earnings/(loss) per ordinary share is equal to the basic earnings/(loss) per ordinary share as the outstanding warrants are anti-dilutive as the average market price of the Company's shares are lower than the exercise price of the warrants.

**26. CORPORATE GUARANTEES AND CONTINGENT LIABILITIES (UNSECURED)**

|  | <b>Group</b>  |               | <b>Company</b> |               |
|--|---------------|---------------|----------------|---------------|
|  | <b>2015</b>   | <b>2014</b>   | <b>2015</b>    | <b>2014</b>   |
|  | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| Corporate guarantees given to financial institutions for credit facilities granted to a subsidiary.  |               |               |                |               |
| - utilised   | -             | -             | 7,000          | 11,990        |
| Contingent liabilities:  |               |               |                |               |
| A subsidiary was indebted to a bank which had on 7 September 2010 auctioned and disposed of a piece of land belonging to Talam Group which secured the borrowings of this subsidiary.  |               |               |                |               |
| Talam is taking legal action against the bank for the difference between the auction price and the market value of the land. In the event that Talam is unable to succeed in its claim, the Group may be liable for the amount claimed by Talam. |               |               |                |               |
| Talam Group is a related party as disclosed in Note 28 to the financial statements.  | 33,700        | 33,700        | -              | -             |

**27. CAPITAL COMMITMENT**

The outstanding commitment in respect of other intangible asset is as follows:-

|                                   | <b>Group</b>  |               |
|-----------------------------------|---------------|---------------|
|                                   | <b>2015</b>   | <b>2014</b>   |
|                                   | <b>RM'000</b> | <b>RM'000</b> |
| Other intangible asset:           |               |               |
| - Contracted but not provided for | 5,009,120     | 7,257         |

**28. RELATED PARTY DISCLOSURES**

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its subsidiaries are as follows:-

| <b>Name of related parties</b> | <b>Relationship</b>  |
|--------------------------------|--|
| Talam Group                    | Talam Transform Berhad (“Talam”) and its subsidiaries. Talam is an associate of the Company.   |
| Radiant Group                  | Radiant Pillar Sdn. Bhd. (“Radiant”), an associate of the Group, and its subsidiary. IJM Group has substantial direct and indirect equity interests in Radiant Group. Radiant Group became subsidiaries of IJM Group with effect from 24 January 2014. |
| IJM Group                      | IJM Corporation Berhad (“IJM”) and its subsidiaries. IJM is a major shareholder of the Company.  |
| Ambang Usaha Sdn. Bhd.         | Ambang Usaha Sdn. Bhd. is an associate of the Group. IJM Group is the shareholder of its remaining equity interest.  |
| MWE Group                      | MWE Holdings Berhad (“MWE”) and its subsidiaries. MWE is a major shareholder of the Company.   |

28. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Transactions with related parties

|   | Group                                 |                                       | Company                               |                                       |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|   | 1.4.2014<br>to<br>31.3.2015<br>RM'000 | 1.2.2013<br>to<br>31.3.2014<br>RM'000 | 1.4.2014<br>to<br>31.3.2015<br>RM'000 | 1.2.2013<br>to<br>31.3.2014<br>RM'000 |
| Talam Group:                              |                                       |                                       |                                       |                                       |
| Interest income                           | 107                                   | 740                                   | 107                                   | 740                                   |
| Late payment interest                     | -                                     | (1,374)                               | -                                     | -                                     |
| Rental of premises                        |                                       |                                       |                                       |                                       |
| - current year/period                     | (26)                                  | (63)                                  | -                                     | -                                     |
| - under accrual<br>in prior year          | -                                     | (858)                                 | -                                     | -                                     |
| Rental of equipment                       | (23)                                  | (31)                                  | -                                     | -                                     |
| Radiant Group:                            |                                       |                                       |                                       |                                       |
| Interest income                           | 454                                   | 735                                   | 454                                   | 735                                   |
| Interest expenses                         | -                                     | (957)                                 | -                                     | (739)                                 |
| IJM Group:                                |                                       |                                       |                                       |                                       |
| Disposal of investment<br>in an associate | -                                     | 52,500                                | -                                     | -                                     |
| Pre-construction<br>enabling works        | (7,336)                               | (13,839)                              | -                                     | -                                     |
| Interest expenses                         | (4,425)                               | (4,324)                               | (978)                                 | (707)                                 |
| MWE Group:                                |                                       |                                       |                                       |                                       |
| Share registration fees                   | (18)                                  | -                                     | (18)                                  | -                                     |

28. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Balances with related parties

|                                   | Group         |               | Company       |               |
|-----------------------------------|---------------|---------------|---------------|---------------|
|                                   | 2015          | 2014          | 2015          | 2014          |
|                                   | RM'000        | RM'000        | RM'000        | RM'000        |
| <b>Trade payables</b>             |               |               |               |               |
| IJM Group                         | 54,545        | 42,785        | -             | -             |
|                                   | <u>54,545</u> | <u>42,785</u> | <u>-</u>      | <u>-</u>      |
| <b>Other payables</b>             |               |               |               |               |
| IJM Group                         | 5,078         | 18,655        | 1,901         | 13,576        |
|                                   | <u>5,078</u>  | <u>18,655</u> | <u>1,901</u>  | <u>13,576</u> |
| <b>Amount owing by associates</b> |               |               |               |               |
| Talam Group                       | 35,497        | 36,065        | 31,576        | 31,517        |
| Radiant Group                     | 3,024         | 2,567         | 3,012         | 2,555         |
| Ambang Usaha Sdn. Bhd.            | 2             | 2             | -             | -             |
|                                   | <u>38,523</u> | <u>38,634</u> | <u>34,588</u> | <u>34,072</u> |
| <b>Amount owing to associates</b> |               |               |               |               |
| Talam Group                       | 5,502         | 5,502         | 2,926         | 2,926         |
| Radiant Group                     | 2,485         | 2,485         | -             | -             |
|                                   | <u>7,987</u>  | <u>7,987</u>  | <u>2,926</u>  | <u>2,926</u>  |

28. **RELATED PARTY DISCLOSURES (CONTINUED)**

(c) **Key management compensation**

The remuneration of key management personnel and directors' remuneration (including directors who retired or resigned during the financial year), are disclosed as follows:-

|                                       | <b>Group</b>     |                  | <b>Company</b>   |                  |
|---------------------------------------|------------------|------------------|------------------|------------------|
|                                       | <b>1.4.2014</b>  | <b>1.2.2013</b>  | <b>1.4.2014</b>  | <b>1.2.2013</b>  |
|                                       | <b>to</b>        | <b>to</b>        | <b>to</b>        | <b>to</b>        |
|                                       | <b>31.3.2015</b> | <b>31.3.2014</b> | <b>31.3.2015</b> | <b>31.3.2014</b> |
|                                       | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>Directors</b>                      |                  |                  |                  |                  |
| Executive directors:                  |                  |                  |                  |                  |
| - Fees                                | -                | 29               | -                | 29               |
| - Salaries and other emoluments       | 1,501            | 1,840            | -                | 398              |
| - EPF                                 | 30               | 40               | -                | -                |
|                                       | 1,531            | 1,909            | -                | 427              |
| Non-executive directors:              |                  |                  |                  |                  |
| - Fees                                | 821              | 284              | 821              | 250              |
| - Other emoluments                    | 307              | 324              | 307              | 324              |
|                                       | 1,128            | 608              | 1,128            | 574              |
|                                       | 2,659            | 2,517            | 1,128            | 1,001            |
| <b>Other key management personnel</b> |                  |                  |                  |                  |
| - Salaries, allowance and bonus       | 455              | 427              | 280              | -                |
| - EPF                                 | 67               | 38               | 47               | -                |
|                                       | 522              | 465              | 327              | -                |
|                                       | 3,181            | 2,982            | 1,455            | 1,001            |

The director's remuneration of a subsidiary incurred and capitalised in other intangible asset amounted to RM1,530,000/- (2014: RM1,042,000/-).



## 28. RELATED PARTY DISCLOSURES (CONTINUED)

### (c) Key management compensation (Continued)

Remuneration of the directors of the Company in respect of services rendered to the Company and its subsidiaries is represented by the following bands:-

|                                | 1.4.2014<br>to<br>31.3.2015<br>No. | 1.2.2013<br>to<br>31.3.2014<br>No. |
|--------------------------------|------------------------------------|------------------------------------|
| <b>Executive directors</b>     |                                    |                                    |
| RM50,000 and below             | -                                  | 1                                  |
| RM400,001 to RM450,000         | -                                  | 1                                  |
| <b>Non-executive directors</b> |                                    |                                    |
| RM50,000 and below             | 1                                  | 4                                  |
| RM50,001 to RM100,000          | -                                  | 4                                  |
| RM100,001 to RM150,000         | 2                                  | -                                  |
| RM150,001 to RM200,000         | 2                                  | -                                  |
| RM200,001 to RM250,000         | 2                                  | -                                  |

## 29. OPERATING SEGMENTS

### Measurement of reportable segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly associate classified as non-current asset held for sale, investment in associates, other investments, tax refundable, tax payable and deferred tax liabilities.

### Business segments

The Group's operating businesses are classified according to the nature of activities as follows:-

Manufacturing segment : Involved in the business of manufacturing and distribution of industrial products;

Toll concession segment : Involved in the business of management and tolling of highway operation;

Construction segment : Involved in the business of construction contracting; and

Others : Involved in the business of business of construction contracting, leasing, management services, and investment holding.

29. OPERATING SEGMENTS (CONTINUED)

Business segments (Continued)

| 2015<br>Group   | Manufacturing<br>and trading of<br>industrial<br>products<br>RM'000 | Toll<br>Concession<br>RM'000 | Construction<br>RM'000 | Others<br>RM'000 | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|---|---|------------------------------|------------------------|------------------|-----------------------|------------------------|
| <b>Revenue</b>  |   |                              |                        |                  |                       |                        |
| External sales  | 8,175   | 10,065 *                     | 260                    | -                | -                     | 18,500                 |
| Inter-segment sales   | -   | -                            | -                      | -                | -                     | -                      |
| Total revenue   | 8,175   | 10,065                       | 260                    | -                | -                     | 18,500                 |
| <b>Results</b>  |   |                              |                        |                  |                       |                        |
| Segment results   | 4   | 2,538                        | (1,666)                | 20,253           | (8,700) A             | 12,429                 |
| Finance costs   |   |                              |                        |                  |                       | (5,985)                |
| Share of results<br>of associates                             |   |                              |                        |                  |                       | 33,089                 |
| Interest income   |   |                              |                        |                  |                       | 952                    |
| Profit before tax   |   |                              |                        |                  |                       | 40,485                 |
| Taxation  |   |                              |                        |                  |                       | (1,541)                |
| Profit for the<br>financial year                              |   |                              |                        |                  |                       | 38,944                 |
| <b>Consolidated<br/>Statement of<br/>Financial Position</b>   |   |                              |                        |                  |                       |                        |
| <b>Assets</b>   |   |                              |                        |                  |                       |                        |
| Segment assets  | 19,939  | 160,764                      | 3,671                  | 212,378          | (168,869) B           | 227,883                |
| Associate classified as<br>non-current asset held<br>for sale | -   | -                            | -                      | 78,505           | -                     | 78,505                 |
| Investment in<br>associates                                   | -   | -                            | 300                    | 49,893           | -                     | 50,193                 |
| Other investments   | -   | 88,315                       | -                      | 309,939          | -                     | 398,254                |
| Tax recoverable   | 498   | -                            | -                      | -                | -                     | 498                    |
| Consolidated<br>total assets                                  | 20,437  | 249,079                      | 3,971                  | 650,715          | (168,869)             | 755,333                |
| <b>Liabilities</b>  |   |                              |                        |                  |                       |                        |
| Segment liabilities   | 17,713  | 63,319                       | 55,789                 | 174,099          | (221,462) C           | 89,458                 |
| Tax payables/<br>deferred tax liabilities                     | 262   | -                            | -                      | 434              | -                     | 696                    |
| Consolidated<br>total liabilities                             | 17,975  | 63,319                       | 55,789                 | 174,533          | (221,462)             | 90,154                 |
| <b>Other Information</b>                                      |   |                              |                        |                  |                       |                        |
| Capital expenditure   | 100   | 16,072                       | -                      | 37               | -                     | 16,209 D               |
| Depreciation of<br>property, plant<br>and equipment           | 320   | -                            | 5                      | 176              | -                     | 501                    |
| Non-cash expenses<br>other than depreciation                  | -   | 232                          | 1,426                  | 11,752           | -                     | 13,410 E               |
| Other non-cash income   | -   | -                            | 11                     | 15,687           | -                     | 15,698 F               |

\* Represents construction revenue recognised pursuant to IC Interpretation 12 Service Concession Arrangements from the construction of a public service infrastructure.

29. OPERATING SEGMENTS (CONTINUED)

Business segments (Continued)

| 2014<br>Group   | Manufacturing<br>and trading of<br>industrial<br>products<br>RM'000 | Toll<br>Concession<br>RM'000 | Construction<br>RM'000 | Others<br>RM'000 | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|---|---|------------------------------|------------------------|------------------|-----------------------|------------------------|
| <b>Revenue</b>  |   |                              |                        |                  |                       |                        |
| External sales  | 12,216  | -                            | 1,694                  | -                | -                     | 13,910                 |
| Inter-segment sales   | -   | -                            | -                      | -                | -                     | -                      |
| Total revenue   | 12,216  | -                            | 1,694                  | -                | -                     | 13,910                 |
| <b>Results</b>  |   |                              |                        |                  |                       |                        |
| Segment results   | 1,841   | (4,816)                      | 50,809                 | (105,340)        | 18,974                | A (38,532)             |
| Finance costs   |   |                              |                        |                  |                       | (13,783)               |
| Share of results<br>of associates                           |   |                              |                        |                  |                       | 16,749                 |
| Interest income   |   |                              |                        |                  |                       | 2,697                  |
| Loss before tax   |   |                              |                        |                  |                       | (32,869)               |
| Taxation  |   |                              |                        |                  |                       | (708)                  |
| Loss for the<br>financial period                            |   |                              |                        |                  |                       | (33,577)               |
| <b>Consolidated<br/>Statement of<br/>Financial Position</b> |   |                              |                        |                  |                       |                        |
| <b>Assets</b>   |   |                              |                        |                  |                       |                        |
| Segment assets  | 20,126  | 150,349                      | 5,882                  | 218,779          | (176,947)             | B 218,189              |
| Investment in<br>associates                                 | -   | -                            | 300                    | 105,124          | -                     | 105,424                |
| Other investments   | -   | 86,026                       | -                      | -                | -                     | 86,026                 |
| Consolidated<br>total assets                                | 20,126  | 236,375                      | 6,182                  | 323,903          | (176,947)             | 409,639                |
| <b>Liabilities</b>  |   |                              |                        |                  |                       |                        |
| Segment liabilities   | 17,695  | 52,947                       | 56,317                 | 334,366          | (220,840)             | C 240,485              |
| Tax payables/<br>deferred tax liabilities                   | (50)  | 215                          | -                      | 699              | -                     | 864                    |
| Consolidated<br>total liabilities                           | 17,645  | 53,162                       | 56,317                 | 335,065          | (220,840)             | 241,349                |
| <b>Other Information</b>                                    |   |                              |                        |                  |                       |                        |
| Capital expenditure   | 679   | 24,488                       | 429                    | 221              | -                     | 25,817                 |
| Depreciation of<br>property, plant<br>and equipment         | 351   | -                            | 6                      | 207              | -                     | 564                    |
| Non-cash expenses<br>other than<br>depreciation             | 87  | 10                           | 752                    | 82,443           | -                     | 83,292                 |
| Other non-cash income                                       | -   | 188                          | 50                     | 2,341            | -                     | 2,579                  |

29. OPERATING SEGMENTS (CONTINUED)

Business segments (Continued)

Note: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

**A** The following items are added in/(deducted from) segment results to arrive at loss before taxation:-

|  | <b>2015<br/>RM'000</b> | <b>2014<br/>RM'000</b> |
|--|------------------------|------------------------|
| Dividend income from subsidiaries                                  | -                      | (195)                  |
| Impairment loss on investment in a subsidiary                      | -                      | 64                     |
| Impairment loss on amount owing by subsidiaries                    | 8,743                  | 19,105                 |
| Impairment loss on amount owing by subsidiaries no longer required | (43)                   | -                      |
|  | <u>8,700</u>           | <u>18,974</u>          |

**B** The following items are added in/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:-

|                            | <b>2015<br/>RM'000</b> | <b>2014<br/>RM'000</b> |
|----------------------------|------------------------|------------------------|
| Investment in subsidiaries | (163,931)              | (163,931)              |
| Inter-segment assets       | (4,938)                | (13,016)               |
|                            | <u>(168,869)</u>       | <u>(176,947)</u>       |

**C** The following items are added in/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:-

|                           | <b>2015<br/>RM'000</b> | <b>2014<br/>RM'000</b> |
|---------------------------|------------------------|------------------------|
| Inter-segment liabilities | <u>(221,462)</u>       | <u>(220,840)</u>       |

29. OPERATING SEGMENTS (CONTINUED)

Business segments (Continued)

**D** Additions of capital expenditure consist of:-

|                               | <b>2015<br/>RM'000</b> | <b>2014<br/>RM'000</b> |
|-------------------------------|------------------------|------------------------|
| Property, plant and equipment | 179                    | 1,336                  |
| Other intangible asset        | 19,060                 | 24,481                 |
|                               | <u>19,239</u>          | <u>25,817</u>          |

**E** Other non-cash expenditure consist of:-

|   | <b>2015<br/>RM'000</b> | <b>2014<br/>RM'000</b> |
|---|------------------------|------------------------|
| Bad debt written off                              | -                      | 13                     |
| Deposit written off                               | -                      | 1                      |
| Fair value loss on other investment               | 242                    | -                      |
| Impairment loss on goodwill                       | -                      | 1,717                  |
| Impairment loss on investment in an associate     | -                      | 75,740                 |
| Impairment loss on receivables                    |                        |                        |
| - trade and other receivables                     | 1,008                  | 5,796                  |
| - associate                                       | -                      | 11                     |
| Impairment loss on property, plant and equipment  | 9,677                  | -                      |
| Loss on disposal of investment in associate       | 2,483                  | -                      |
| Loss on disposal of property, plant and equipment | -                      | 8                      |
| Property, plant and equipment written off         | -                      | 6                      |
|   | <u>13,410</u>          | <u>83,292</u>          |

**F** Other non-cash income consist of:-

|   | <b>2015<br/>RM'000</b> | <b>2014<br/>RM'000</b> |
|---|------------------------|------------------------|
| Fair value gain on short term investment                      | -                      | 188                    |
| Impairment loss on other receivables no longer required       | 11                     | 2,391                  |
| Impairment loss on investment in associate no longer required | 15,686                 | -                      |
|   | <u>15,697</u>          | <u>2,579</u>           |

## 29. OPERATING SEGMENTS (CONTINUED)

### Geographical segment

The activities of the Group mainly carried out in Malaysia and as such, geographical segment reporting is not presented.

### Major customer information

In the previous financial year, a major customer with revenue of RM4,041,000/- from the manufacturing and trading of industrial products segment accounted for more than 10% of the Group revenue.

## 30. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

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

|                                | Loans and<br>receivables<br>RM'000 | Fair value<br>through profit<br>or loss<br>RM'000 | Financial<br>liabilities at<br>amortised cost<br>RM'000 | Total<br>RM'000 |
|--------------------------------|------------------------------------|---|---|-----------------|
| <b>2015</b>                    |                                    |   |   |                 |
| <b>Group</b>                   |                                    |   |   |                 |
| <b>Financial assets</b>        |                                    |   |   |                 |
| Other investments              | -                                  | 398,254   | -   | 398,254         |
| Trade receivables              | 2,127                              | -   | -   | 2,127           |
| Other receivables and deposits | 38,021                             | -   | -   | 38,021          |
| Deposits with a licensed bank  | 3,803                              | -   | -   | 3,803           |
| Cash and bank balances         | 7,471                              | -   | -   | 7,471           |
|                                | <b>51,422</b>                      | <b>398,254</b>                                    | <b>-</b>  | <b>449,676</b>  |
| <b>Financial liabilities</b>   |                                    |   |   |                 |
| Loans and borrowings           | -                                  | -   | (6,416)   | (6,416)         |
| Trade payables                 | -                                  | -   | (61,641)  | (61,641)        |
| Other payables and accruals    | -                                  | -   | (21,401)  | (21,401)        |
|                                | <b>-</b>                           | <b>-</b>  | <b>(89,458)</b>   | <b>(89,458)</b> |

30. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

|   | Loans and<br>receivables<br>RM'000 | Fair value<br>through profit<br>or loss<br>RM'000 | Financial<br>liabilities at<br>amortised cost<br>RM'000 | Total<br>RM'000 |
|---|------------------------------------|---|---|-----------------|
| <b>2015</b>                                     |                                    |   |   |                 |
| <b>Company</b>                                  |                                    |   |   |                 |
| <b>Financial assets</b>                         |                                    |   |   |                 |
| Other investments                               | -                                  | 309,939   | -   | 309,939         |
| Other receivables and deposits                  | 34,700                             | -   | -   | 34,700          |
| Deposits with a licensed banks                  | 1,801                              | -   | -   | 1,801           |
| Cash and bank balances                          | 2,670                              | -   | -   | 2,670           |
|   | 39,171                             | 309,939   | -   | 349,110         |
| <b>Financial liabilities</b>                    |                                    |   |   |                 |
| Other payables and accruals                     | -                                  | -   | 11,267  | 11,267          |
|   | -                                  | -   | 11,267  | 11,267          |
| <b>2014</b>                                     |                                    |   |   |                 |
| <b>Group</b>                                    |                                    |   |   |                 |
| <b>Financial assets</b>                         |                                    |   |   |                 |
| Other investments                               | -                                  | 86,026  | -   | 86,026          |
| Trade receivables                               | 4,312                              | -   | -   | 4,312           |
| Other receivables and deposits                  | 37,500                             | -   | -   | 37,500          |
| Amount due from customers for<br>contract works | 181                                | -   | -   | 181             |
| Deposits with a licensed bank                   | 4,155                              | -   | -   | 4,155           |
| Cash and bank balances                          | 5,030                              | -   | -   | 5,030           |
|   | 51,178                             | 86,026  | -   | 137,204         |
| <b>Financial liabilities</b>                    |                                    |   |   |                 |
| Loans and borrowings                            | -                                  | -   | 122,253   | 122,253         |
| Trade payables                                  | -                                  | -   | 52,860  | 52,860          |
| Other payables and accruals                     | -                                  | -   | 65,372  | 65,372          |
|   | -                                  | -   | 240,485   | 240,485         |

30. **FINANCIAL INSTRUMENTS (CONTINUED)**

(a) **Categories of financial instruments (Continued)**

|                                | Loans and<br>receivables<br>RM'000 | Fair value<br>through profit<br>or loss<br>RM'000 | Financial<br>liabilities at<br>amortised cost<br>RM'000 | Total<br>RM'000 |
|--------------------------------|------------------------------------|---|---|-----------------|
| <b>2014</b>                    |                                    |   |   |                 |
| <b>Company</b>                 |                                    |   |   |                 |
| <b>Financial assets</b>        |                                    |   |   |                 |
| Other receivables and deposits | 34,079                             | -   | -   | 34,079          |
| Deposits with a licensed banks | 1,405                              | -   | -   | 1,405           |
| Cash and bank balances         | 803                                | -   | -   | 803             |
|                                | <u>36,287</u>                      | <u>-</u>  | <u>-</u>  | <u>36,287</u>   |
| <b>Financial liabilities</b>   |                                    |   |   |                 |
| Loans and borrowings           | -                                  | -   | 111,035   | 111,035         |
| Other payables and accruals    | -                                  | -   | 61,143  | 61,143          |
|                                | <u>-</u>                           | <u>-</u>  | <u>172,178</u>  | <u>172,178</u>  |

(b) **Fair values**

(i) **Fair value of financial instruments that are carried at fair value**

The fair value hierarchy used to measure the fair value of financial asset carried at fair value are as follows:-

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

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

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

As at 31 March 2015, the fair value of other investments as disclosed in Note 12 to the financial statements is measured under Level 1, of which is determined directly by reference to prices provided by investment management companies.

During the financial year ended 31 March 2015, there were no transfers between Level 1 and Level 2 fair value measurements.



30. **FINANCIAL INSTRUMENTS (CONTINUED)**

(b) **Fair values (Continued)**

(ii) **Fair value of financial instruments by classes 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 at the reporting date:-

|                                     | Note |
|-------------------------------------|------|
| Trade and other receivables         | 10   |
| Deposits placed with licensed banks | 13   |
| Cash and bank balances              | -    |
| Trade and other payables            | 18   |
| Loans and borrowings                | 19   |

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 the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

31. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk and interest rate risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

(i) **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 and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including other investments, deposits placed with licensed banks and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company do not hold any collateral as security and other credit enhancements for the above financial assets.

The management has a credit policy in place to monitor and minimise the exposure of default. The Group trades only with recognised and credit worthy third parties. Trade receivables are monitored on an ongoing basis.

As at the reporting date, there were no significant concentrations of credit risk in the Group. The maximum exposure to credit risk for the Group is represented by the carrying amount of each financial instrument.

**31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES  
(CONTINUED)**

**(i) Credit risk (Continued)**

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 10 to the financial statements. Deposits with banks that are neither past due nor impaired are placed with reputable financial institutions with no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 10 to the financial statements.

**(ii) Liquidity risk**

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

31. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(ii) **Liquidity risk (Continued)**

Maturity analysis

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

|   | Total  | Contractual<br>interest<br>rate | Contractual<br>cash flow | On demand<br>or within<br>one year | One to<br>five years | Over five<br>years |
|---|--------|---------------------------------|--------------------------|------------------------------------|----------------------|--------------------|
|   | RM'000 | %                               | RM'000                   | RM'000                             | RM'000               | RM'000             |
| <b>2015</b>                                 |        |                                 |                          |                                    |                      |                    |
| <b>Group</b>                                |        |                                 |                          |                                    |                      |                    |
| <b>Financial liabilities</b>                |        |                                 |                          |                                    |                      |                    |
| Trade payables                              | 61,641 | -                               | 61,641                   | 61,641                             | -                    | -                  |
| Other payables and<br>accruals              | 13,414 | -                               | 13,414                   | 13,414                             | -                    | -                  |
| Amount owing to associates                  | 7,987  | -                               | 7,987                    | 7,987                              | -                    | -                  |
| Loans and borrowings:-                      |        |                                 |                          |                                    |                      |                    |
| - Bank overdrafts                           | 2,139  | 9.53%                           | 2,139                    | 2,139                              | -                    | -                  |
| - Trust receipts and<br>revolving credit    | 4,277  | 10.03%                          | 4,277                    | 4,277                              | -                    | -                  |
| Total undiscounted<br>financial liabilities | 89,458 |                                 | 89,458                   | 89,458                             | -                    | -                  |
| <b>Company</b>                              |        |                                 |                          |                                    |                      |                    |
| <b>Financial liabilities</b>                |        |                                 |                          |                                    |                      |                    |
| Other payables and accruals                 | 4,039  | -                               | 4,039                    | 4,039                              | -                    | -                  |
| Amount owing to subsidiaries                | 4,302  | -                               | 4,302                    | 4,302                              | -                    | -                  |
| Amount owing to associates                  | 2,926  | -                               | 2,926                    | 2,926                              | -                    | -                  |
| Total undiscounted<br>financial liabilities | 11,267 |                                 | 11,267                   | 11,267                             | -                    | -                  |

31. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**  
**(CONTINUED)**

(ii) **Liquidity risk (Continued)**

Maturity analysis (Continued)

|   | Total<br>RM'000 | Contractual<br>interest<br>rate<br>% | Contractual<br>cash flow<br>RM'000 | On demand<br>or within<br>one year<br>RM'000 | One to<br>five years<br>RM'000 | Over five<br>years<br>RM'000 |
|---|-----------------|--------------------------------------|------------------------------------|--|--------------------------------|------------------------------|
| <b>2014</b>                                 |                 |                                      |                                    |  |                                |                              |
| <b>Group</b>                                |                 |                                      |                                    |  |                                |                              |
| <b>Financial liabilities</b>                |                 |                                      |                                    |  |                                |                              |
| Trade payables                              | 52,860          | -                                    | 52,860                             | 52,860                                       | -                              | -                            |
| Other payables and<br>accruals              | 57,385          | -                                    | 57,385                             | 57,385                                       | -                              | -                            |
| Amount owing to associates                  | 7,987           | -                                    | 7,987                              | 7,987  | -                              | -                            |
| Loans and borrowings:-                      |                 |                                      |                                    |  |                                |                              |
| - Bank overdrafts                           | 1,951           | 9.53%                                | 1,951                              | 1,951  | -                              | -                            |
| - Term loans                                | 116,025         | 8.04% - 8.44%                        | 116,025                            | 116,025                                      | -                              | -                            |
| - Trust receipts and revolving<br>credit    | 4,277           | 9.49% - 10.03%                       | 4,277                              | 4,277  | -                              | -                            |
| Total undiscounted<br>financial liabilities | 240,485         |                                      | 240,485                            | 240,485                                      | -                              | -                            |
| <b>Company</b>                              |                 |                                      |                                    |  |                                |                              |
| <b>Financial liabilities</b>                |                 |                                      |                                    |  |                                |                              |
| Other payables                              | 45,729          | -                                    | 45,729                             | 45,729                                       | -                              | -                            |
| Amount owing to subsidiaries                | 12,488          | -                                    | 12,488                             | 12,488                                       | -                              | -                            |
| Amount owing to associates                  | 2,926           | -                                    | 2,926                              | 2,926  | -                              | -                            |
| Loans and borrowings:-                      |                 |                                      |                                    |  |                                |                              |
| - Term loans                                | 111,035         | 8.04% - 8.44%                        | 111,035                            | 111,035                                      | -                              | -                            |
| Total undiscounted<br>financial liabilities | 172,178         |                                      | 172,178                            | 172,178                                      | -                              | -                            |

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (iii) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

The information on maturity dates and effective interest rate of financial assets and liabilities are disclosed in their respective notes.

#### Sensitivity analysis for interest rate risk

##### *Fair value sensitivity analysis for fixed rate instruments*

The Company and the Group do not account for any fixed rate financial assets at fair value through profit or loss and equity. Therefore a change in interest rates at the reporting date would not affect profit or loss and equity.

##### *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

|                           | Profit or loss/Equity       |                             |
|---------------------------|-----------------------------|-----------------------------|
|                           | 100bp<br>decrease<br>RM'000 | 100bp<br>increase<br>RM'000 |
| <b>2015</b>               |                             |                             |
| <b>Group</b>              |                             |                             |
| Variable rate instruments | (65)                        | 65                          |
| <b>Company</b>            |                             |                             |
| Variable rate instruments | -                           | -                           |
| <b>2014</b>               |                             |                             |
| <b>Group</b>              |                             |                             |
| Variable rate instruments | (1,033)                     | 1,033                       |
| <b>Company</b>            |                             |                             |
| Variable rate instruments | (920)                       | 920                         |

### 32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratio as at 31 March 2015 and 31 March 2014 were as follows:-

|  | <b>Group</b>  |               |
|--|---------------|---------------|
|  | <b>2015</b>   | <b>2014</b>   |
|  | <b>RM'000</b> | <b>RM'000</b> |
| Total borrowings                             | 6,416         | 122,253       |
| Equity attributable to owners of the Company | 623,081       | 126,698       |
| Debt-to-equity ratio                         | 0.01          | 0.96          |

There were no changes in the Group's approach to capital management during the financial year.

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

### 33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

#### (a) Renounceable Rights Issue with Warrants

On 5 August 2014, the Company issued to all shareholders the renounceable Rights Issue of 429,743,823 new ordinary shares of RM1/- each in the Company ("rights share") at an issue price of RM1.08 per share, together with 214,871,911 free detachable warrants ("Warrant(s)"), on the basis of three rights shares for every four existing ordinary shares of RM1/- each and one free warrant for every two rights share subscribed for.

On 3 September 2014, the renounceable rights share was completed following the listing of and quotation for rights shares and Warrants on the Main Market of Bursa Malaysia Securities Berhad.

#### (b) Disposal of 230,000,000 Ordinary Shares of RM0.20 each in Talam Transform Berhad ("Talam")

On 24 July 2014, the Company had disposed of 230,000,000 ordinary shares of RM0.20 each held in Talam representing 5.45% of the total equity interest in Talam to third party for a total cash consideration of RM21,620,000/-.

**33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)**

**(c) Proposed disposal of 900,000,000 ordinary shares of RM0.20 each in Talam**

On 17 October 2014, the Company had entered into a conditional share sale agreement (“SSA”) with Tan Sri Dato’ (Dr.) Ir Chan Ah Chye @ Chan Chong Yoon (“the Purchaser”) for the proposed disposal of 900,000,000 ordinary shares of RM0.20 each in Talam (“Talam Shares”), representing 21.34% of equity interest in Talam for a total consideration of RM99,000,000/- or the equivalent of RM0.11 per Talam Share, on such terms and conditions set out in the SSA.

A valuation exercise will be conducted on the material real estate of Talam and its subsidiaries. In the event that the valuation exercise results in an adjusted net assets of Talam which is twenty percent higher or lower than the latest audited net assets per share of Talam as at 31 January 2014 of RM0.14, both parties shall negotiate in good faith to agree on an agreed purchase price within fourteen days from the date of the last valuation report.

On 16 March 2015, the Company and the Purchaser had via a letter mutually agreed to extend the unconditional date of the SSA for a further one (1) month, thereby amending the last day of the unconditional date from 16 March 2015 to 16 April 2015.

**(d) West Coast Expressway Project**

On 19 May 2014, the Government of Malaysia has approved the appointment of a consortium comprising of IJM Construction Sdn. Bhd. and the Company (known as the “IJMC-KEB Joint Venture”) as the Turnkey/Engineering and Procurement Contractor for the construction of the West Coast Expressway Project (“WCE Project”).

On 25 August 2014, West Coast Expressway Sdn. Bhd. (“WCESB”) received a letter from the Government of Malaysia to confirm the date of commencement of the WCE Project.

On 11 December 2014, WCESB entered into a Supplemental Agreement with the Government of Malaysia for the proposal of amending and varying the provision of the Concession Agreement dated 2 January 2013 to be in line with the approval letter from the Government dated 19 May 2014. Simultaneously, WCESB had on 11 December 2014 issued a letter of award appointing IJMC-KEB Joint Venture as the Turnkey/Engineering, Procurement and Construction (“EPC”) Contractor for WCE Project.

**(e) Joint Venture Agreement**

On 11 December 2014, the Company has entered into a Joint Venture Agreement (“JVA”) with IJMC to form an unincorporated joint venture in the name of “IJMC-KEB Joint Venture” for the purpose of governing their relationship as joint venture partners to secure the award of the construction works from WCE Project of West Coast Expressway Sdn. Bhd. as the turnkey/EPC Contractor upon such terms and conditions as stipulated in the JVA.

The proportion and participating interest of the Company and IJMC in IJMC-KEB Joint Venture is as follows:-

- IJMC - 70%
- The Company - 30%

**34. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

**(a) Proposed disposal of 900,000,000 ordinary shares of RM0.20 each in Talam**

Further to Note 33(c) to the financial statements, the Company had:-

- (i) On 16 April 2015, the Company and the Purchaser had via a letter mutually agreed to extend the unconditional date of the SSA for a further one (1) month, thereby amending the last day of the unconditional date from 16 April 2015 to 16 May 2015.
- (ii) On 15 May 2015, the Company and the Purchaser had via a letter mutually agreed to extend the unconditional date of the SSA for a further one (1) month, thereby amending the last day of the unconditional date from 16 May 2015 to 16 June 2015.
- (iii) On 16 June 2015, the Company and the Purchaser had via a letter mutually agreed to extend the unconditional date of the SSA for a further one (1) month, thereby amending the last day of the unconditional date from 16 June 2015 to 16 July 2015.
- (iv) On 15 July 2015, the Company and the Purchaser had via a letter mutually agreed to extend the unconditional date of the SSA for a further one (1) month, thereby amending the last day of the unconditional date from 16 July 2015 to 16 August 2015.

**(b) Debt Financing Facility Agreements for the West Coast Expressway Project (“WCE Project”)**

On 30 June 2015, a subsidiary of the Company, West Coast Expressway Sdn. Bhd. (“WCESB”) has entered into Debt Financing Facility Agreements of RM4.74 billion for the funding requirement of WCE Project as follows:-

- (i) Government Support Loan Facility Agreement between WCESB and the Government of Malaysia for a term loan facility of RM2.24 billion;
- (ii) Facility Agreement between WCESB, RHB Investment Bank Berhad, RHB Bank Berhad and Malayan Banking Berhad for a syndicated team loan facility of RM1.5 billion; and
- (iii) Guaranteed Sukuk Murabahah Programme Agreement between WCESB, Bank Pembangunan Malaysia Berhad and RHB Investment Bank Berhad for an Islamic medium term notes programme of RM1.0 billion to be guaranteed by Bank Pembangunan Malaysia Berhad and Danajamin Nasional Berhad pursuant to Kafalah facility.



**35. COMPARATIVE FIGURES**

In the previous financial period, the Group and the Company changed their financial year end from 31 January to 31 March to be coterminous with the financial year end of the Company's corporate shareholders.

Accordingly, the comparative figures of the preceding financial year covered a period of 15 months from 1 February 2013 to 31 March 2014 whilst the figures of the current financial year's financial statements covered a period of 12 months. Accordingly, the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and their related notes are not in respect of comparable periods.

**KUMPULAN EUROPLUS BERHAD**

(Incorporated in Malaysia)

**SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES**

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the accumulated losses of the Group and of the Company as at the reporting date are as follows:-

|  | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | <b>2015</b>      | <b>2014</b>      | <b>2015</b>      | <b>2014</b>      |
|  | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    |
| Total accumulated losses of the Company and its subsidiaries:          |                  |                  |                  |                  |
| - realised   | (751,082)        | (721,902)        | (516,160)        | (495,637)        |
| - unrealised   | (232)            | (56)             | -                | -                |
|  | <u>(751,314)</u> | <u>(721,958)</u> | <u>(516,160)</u> | <u>(495,637)</u> |
| Total share of retained earnings/ (accumulated losses) from associates |                  |                  |                  |                  |
| - realised   | 39,441           | 13,576           | -                | -                |
| - unrealised   | 10,352           | (6)              | -                | -                |
|  | <u>49,793</u>    | <u>13,570</u>    | <u>-</u>         | <u>-</u>         |
| Add: Consolidation adjustments   | 228,481          | 218,879          | -                | -                |
| Total accumulated losses   | <u>(473,040)</u> | <u>(489,509)</u> | <u>(516,160)</u> | <u>(495,637)</u> |

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

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

**KUMPULAN EUROPLUS BERHAD**

(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

We, **DATO' ABDUL HAMID BIN MUSTAPHA** and **DATUK OH CHONG PENG** being two of the directors of Kumpulan Europlus Berhad, do hereby state that in the opinion of the directors, the financial statements as set out on pages 7 to 103 are properly drawn up so as to give a true and fair view of the financial position of Group and of the Company as at 31 March 2015 and of their financial performance and cash flows for the financial year then ended on that date in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The supplementary information set out on page 104 has been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants.

On behalf of the Board,

.....  
**DATO' ABDUL HAMID BIN MUSTAPHA**  
Director

.....  
**DATUK OH CHONG PENG**  
Director

Kuala Lumpur

Date: 28 July 2015

**KUMPULAN EUROPLUS BERHAD**

(Incorporated in Malaysia)

**STATUTORY DECLARATION**

I, **LYNDON ALFRED FELIX**, being the officer primarily responsible for the financial management of Kumpulan Europlus Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 7 to 103 and the supplementary information set out on page 104 are 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.

.....  
LYNDON ALFRED FELIX

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 28 July 2015.

Before me,

.....  
TAN KIM CHOOI (W 661)  
Commissioner for Oaths

*Company No. 534368 – A*

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
KUMPULAN EUROPLUS BERHAD**  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of Kumpulan Europlus Berhad, which comprise the statements of financial position as at 31 March 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 103.

*Directors' Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the 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 Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia;.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes; and
- (c) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

**Other Reporting Responsibilities**

The supplementary information set out on page 104 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

*Company No. 534368 – A*

**Other Matters**

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

Baker Tilly Monteiro Heng  
No. AF 0117  
Chartered Accountants

Lee Kong Weng  
No. 2967/07/17(J)  
Chartered Accountant

Kuala Lumpur

Date: 28 July 2015