



SANBUMI HOLDINGS BERHAD  
(8386-P)

[www.sanbumi.com.my](http://www.sanbumi.com.my)

Wisma EMC, 972 Jalan Baru, 13700 Prai, Penang, Malaysia.  
Tel: 04-390 3699 Fax: 04-397 9311

# Annual Report 2015





SANBUMI HOLDINGS BERHAD (8386-P)  
Annual Report 2015

# 46<sup>th</sup> Annual General Meeting

**Venue**

Conference Room, Second Floor,  
Wisma EMC, 972 Jalan Baru,  
13700 Prai, Penang

**Time**

Wednesday, 30 September 2015 at 10.00 a.m.



<b>2</b>	Notice of Annual General Meeting	<b>23</b>	Additional Compliance Information
<b>4</b>	Statement Accompanying Notice of Annual General Meeting	<b>25</b>	Audit Committee Report
<b>5</b>	Financial Highlights	<b>30</b>	Directors' Responsibility Statement
<b>6</b>	Corporate Information	<b>31</b>	Statement on Risk Management and Internal Control
<b>7</b>	Corporate Structure	<b>33</b>	Financial Reports
<b>8</b>	Profile of the Board of Directors	<b>105</b>	Shareholding Statistics and Analysis
<b>10</b>	Chairman's Statement	<b>108</b>	Particulars of Properties Held
<b>15</b>	Corporate Governance Statement		• Proxy Form

# Contents '15

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Forty-Sixth Annual General Meeting of Sanbumi Holdings Berhad will be held at the Conference Room, Second Floor, Wisma EMC, 972 Jalan Baru, 13700 Prai, Penang on Wednesday, 30 September 2015 at 10.00 a.m. for the following purposes:-

## AGENDA

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

## AS ORDINARY BUSINESS

2. To re-elect the following Directors retiring in accordance with Article 93 of the Company's Articles of Association:-  
  
Ir Zainurin bin Karman (Resolution 1)  
Lee See Hong (Resolution 2)
3. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to determine their remuneration. (Resolution 3)

## AS SPECIAL BUSINESS

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

### Ordinary Resolutions

4. To approve the payment of Directors' fees of RM216,000 for the financial year ended 31 March 2015. (Resolution 4)
5. **Authority to continue in office as Independent Non-Executive Directors**  
"THAT subject to the passing of Resolution 1, authority be and is hereby given to En Ir Zainurin bin Karman who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2012." (Resolution 5)  
  
"THAT authority be and is hereby given to Datuk Wira Rahadian Mahmud bin Mohammad Khalil who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years with intervals, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2012." (Resolution 6)

# Notice of Annual General Meeting

6. To transact any other business of the Company of which due notice shall have been received.

By Order of the Board

**MOLLY GUNN CHIT GEOK (MAICSA 0673097)**

Company Secretary  
Penang

Date: 26 August 2015

**Note A**

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

**NOTES**

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies (who need not be members of the Company) to attend and vote on his behalf. The provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang not less than forty-eight (48) hours before the time set for the meeting.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 147 of the Companies Act, 1965.
8. Only members registered in the Record of Depositors as at 21 September 2015 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.

# Notice of Annual General Meeting

## EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolution 4 – To approve the payment of Directors’ fees of RM216,000 for the financial year ended 31 March 2015**

The Ordinary Resolution proposed under item 4 of the agenda, if passed, will authorise the payment of the Directors’ fees for the financial year ended 31 March 2015 amounting to RM216,000.

2. **Resolution 5 - Authority to continue in office as an Independent Non-Executive Director**

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of En Ir Zainurin bin Karman who has served as an Independent Non-Executive Director for a cumulative term of more than nine years. En Ir Zainurin bin Karman has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Board considers him to be independent and believes that he should be re-appointed and retained as Independent Non-Executive Director, in particular his experience and contributions to the Board.

3. **Resolution 6 - Authority to continue in office as an Independent Non-Executive Director**

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Datuk Wira Rahadian Mahmud bin Mohammad Khalil who has served as an Independent Non-Executive Director for a cumulative term of more than nine years with intervals. Datuk Wira Rahadian Mahmud bin Mohammad Khalil has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Board considers him to be independent and believes that he should be re-appointed and retained as Independent Non-Executive Director, in particular his experience and contributions to the Board.

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## Statement Accompanying Notice of Annual General Meeting

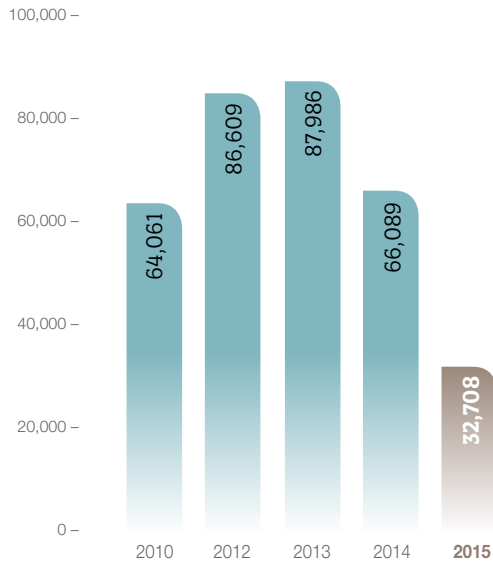
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There are no individuals who are standing for election as Director (excluding Directors standing for re-election) at the forthcoming Annual General Meeting.

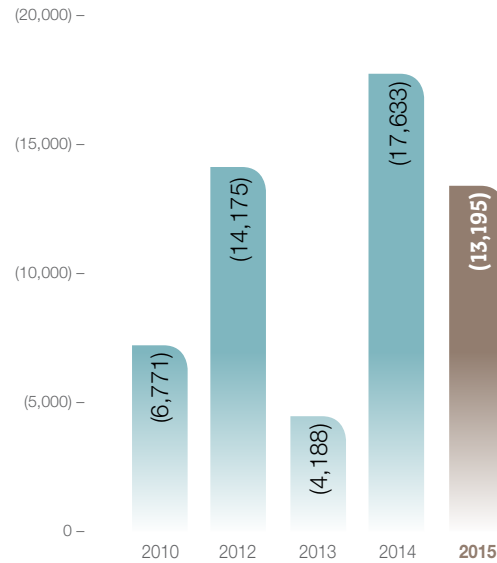
# Financial Highlights

THE GROUP'S FIVE YEAR FINANCIAL HIGHLIGHTS

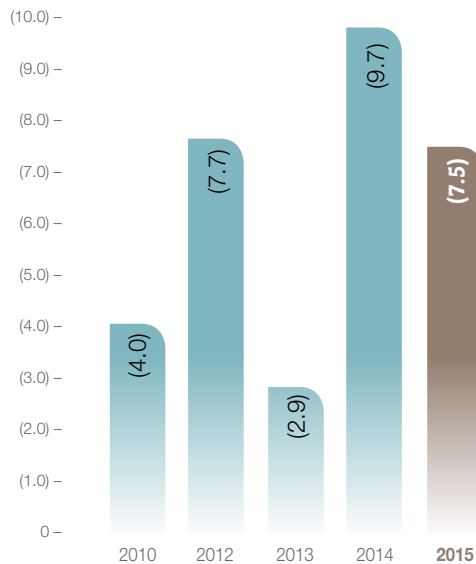
## TURNOVER (RM'000)



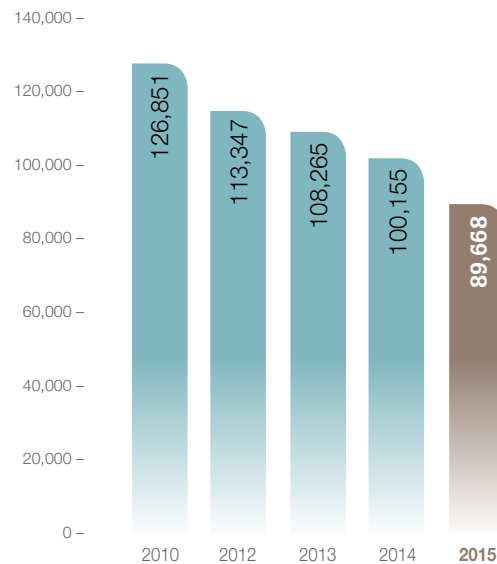
## LOSS BEFORE TAXATION (RM'000)



## LOSS PER SHARE (SEN)



## SHAREHOLDERS' EQUITY (RM'000)



# Corporate Information

## BOARD OF DIRECTORS

CHAIRMAN / INDEPENDENT NON-EXECUTIVE DIRECTOR  
IR. ZAINURIN BIN KARMAN (Appointed 26/08/2005)

MANAGING DIRECTOR  
DATO' CHUA TIONG MOON (Appointed 23/02/2001)

EXECUTIVE DIRECTOR  
TAN SRI DATUK CHAI KIN KONG (Appointed 23/02/2001)

INDEPENDENT NON-EXECUTIVE DIRECTORS  
DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL (Appointed 23/02/2001)  
LIM THIAN LOONG (Appointed 08/12/2010)  
LEE SEE HONG (Ms) (Appointed 22/02/2013)

## AUDIT COMMITTEE

CHAIRMAN  
LIM THIAN LOONG

MEMBERS  
IR. ZAINURIN BIN KARMAN  
LEE SEE HONG (Ms)

## NOMINATION COMMITTEE

CHAIRMAN  
IR. ZAINURIN BIN KARMAN

MEMBERS  
LIM THIAN LOONG  
LEE SEE HONG (Ms)

## REMUNERATION COMMITTEE

CHAIRMAN  
IR. ZAINURIN BIN KARMAN

MEMBERS  
LIM THIAN LOONG  
LEE SEE HONG (Ms)

## COMPANY SECRETARY

MOLLY GUNN CHIT GEOK  
(MAICSA 0673097)

## REGISTERED OFFICE

WISMA EMC  
972, JALAN BARU,  
13700 PRAI,  
PENANG  
TEL : 604 - 390 3699  
FAX : 604 - 397 9311

## SHARE REGISTRAR

TRICOR INVESTOR  
SERVICES SDN BHD  
LEVEL 17, THE GARDENS NORTH  
TOWER, MID VALLEY CITY,  
LINGKARAN SYED PUTRA  
59200 KUALA LUMPUR  
TEL : 603 - 2264 3883  
FAX : 603 - 2282 1886

## AUDITORS

CROWE HORWATH  
Kuala Lumpur Office  
(Chartered Accountants)  
LEVEL 16 TOWER C  
MEGAN AVENUE II,  
12 JALAN YAP KWAN SENG,  
50450 KUALA LUMPUR

## PRINCIPAL BANKERS

HONG LEONG BANK BERHAD  
MALAYAN BANKING BERHAD

## STOCK EXCHANGE LISTING

MAIN MARKET OF BURSA  
MALAYSIA SECURITIES BERHAD  
STOCK NAME : SANBUMI  
STOCK CODE : 9113



# Corporate Structure

AS AT 26 AUGUST 2015



**SANBUMI HOLDINGS BERHAD (8386-P)**

## TOURISM SERVICES

**100%** SANBUMI CAPITAL SDN BHD

PEWTER ART INDUSTRIES (M) SDN BHD **100%**

TOURISM INFORMATION CENTRE SDN BHD **100%**

FINE TASTE PRODUCTS SDN BHD **100%**

FINE TASTE PRODUCTS (KL) SDN BHD **100%**

SANBUMI HOLIDAY SDN BHD **100%**

SANBUMI AIR TRANSPORT SDN BHD **100%**

**100%** NOUVELLE HOTEL (KL) SDN BHD

**100%** NOUVELLE HOTEL (KULAI) SDN BHD

**100%** TROPIKS PRODUCTS SDN BHD

**100%** SINORENO JEWELLERY SDN BHD

**100%** NOUVELLE HOTEL SDN BHD

**100%** FINE PEWTERWARE (KL) SDN BHD

**100%** NOUVELLE RESTAURANT SDN BHD

**100%** SRI DONDANG RESTAURANT SDN BHD

## TIMBER TRADING & PROCESSING SERVICES

**100%** SANBUMI SAWMILL SDN BHD

**100%** AKALAJU SDN BHD

**100%** SANBUMI WOOD PROCESSING SDN BHD

**100%** MIRIM TIMBER SDN BHD

## GENERAL TRADING & OTHER SERVICES

**100%** EMC CRANES SDN BHD

**100%** EMC MARKETING SDN BHD

**100%** EMC CAPITAL SDN BHD

**70%** EMC CONTAINERS SDN BHD

**78.50%** EMC CRANES (KL) SDN BHD

**49%** FERROTRANS SDN BHD

# Profile of the Board of Directors

## **IR. ZAINURIN BIN KARMAN**

**Chairman**

Age : 51      Nationality : Malaysian

Ir. Zainurin bin Karman is a qualified Civil Engineer graduated from Syracuse University of New York, U.S.A. He is registered as a Professional Engineer with the Board of Engineers, Malaysia, a member of the Institution of Engineers Malaysia and also a member of the Malaysian Water Association. He is currently the Managing Director of RE Consultant Sdn Bhd and he also sits on the Board of Zat Global Sdn Bhd.

Ir. Zainurin bin Karman does not hold any directorship in other public companies and has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years other than traffic offences, if any.

## **DATO' CHUA TIONG MOON**

**Managing Director**

Age : 56      Nationality : Malaysian

Dato' Chua Tiong Moon is a businessman and has been involved in the timber industry for over 37 years with extensive experience in timber extraction, sawmilling and plywood operations. Besides the timber industry, he has also vast experience being primarily responsible for the operations and financial management of companies involved in property development, manufacturing, quarry business, hospitality services and tourism services. He has been the Chairman of Sanbumi Sawmill Sdn Bhd and Akalaju Sdn Bhd since 1995 as well as Director in several private limited companies under the Sanbumi Group. He also sits on the Board of several other private limited companies.

Dato' Chua Tiong Moon has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years other than traffic offences, if any. He also sits on the Board of Per maju Industries Berhad as Managing Director.

## **TAN SRI DATUK CHAI KIN KONG**

**Executive Director**

Age : 56      Nationality : Malaysian

Tan Sri Datuk Chai Kin Kong is a businessman and has been involved in the timber industry for over 42 years and has wide experience and knowledge of the industry. Besides the timber industry, he has also vast experience being primarily responsible for the management of companies involved in property development, hospitality services and tourism services. He has been the Executive Director primarily responsible for the operations and financial management of certain subsidiary companies involved in the tourism services segment under the Sanbumi Group as well as Director in several private limited companies under the Sanbumi Group. He also sits on the Board of several other private limited companies.

Tan Sri Datuk Chai Kin Kong has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years other than traffic offences, if any.

### **DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL**

**Director**

Age : 41      Nationality : Malaysian

Datuk Wira Rahadian Mahmud bin Mohammad Khalil is a businessman. He has vast experience being involved in various industries throughout his career with active participation in the construction, property development, timber and manufacturing sectors. He also sits on the Board of several other private limited companies.

Datuk Wira Rahadian Mahmud bin Mohammad Khalil has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years other than traffic offences, if any. He also sits on the Boards of Per maju Industries Berhad as Chairman, KYM Holdings Berhad, Magna Prima Berhad and AppAsia Berhad (formerly known as Extol MSC Berhad).

### **LIM THIAN LOONG**

**Director**

Age : 51      Nationality : Malaysian

Lim Thian Loong is an accountant by profession. He graduated with The Chartered Institute of Management Accountants (CIMA), London. He is a member of the CIMA, Chartered Global Management Accounts (CGMA), Malaysian Institute of Accountants (MIA) and the Chartered Tax Institute of Malaysia (CTIM). He has over 15 years experience in accounting, auditing and taxation and has been practicing as a sole practitioner under his own firm since 2002. He also sits on the Board of several other private limited companies.

Lim Thian Loong has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years other than traffic offences, if any. He also sits on the Board of Grand Central Enterprises Berhad.

### **LEE SEE HONG (MS)**

**Director**

Age : 46      Nationality : Malaysian

Ms Lee See Hong is a businesswoman with extensive professional and entrepreneurial experiences. She graduated with a Bachelor of Commerce from Flinders University, Australia. She started her career as an Export Manager Trainee in the Omega Lubricant Division of Magna Industrial Co. Ltd. in 1994 and subsequently set up her own business distributing specialized lubricants as well as lubricators that help reduce plant operating costs and provide solutions to various types of lubrication-related problems faced by various major industries throughout Malaysia. She has also successfully set up and operate a lubricant business in Vietnam. She also sits on the Board of several other private limited companies.

Ms Lee See Hong does not hold any directorship in other public companies and has no conflict of interest with the Company. She does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years other than traffic offences, if any.

## Chairman's Statement



“

On behalf of the Board of Directors of Sanbumi Holdings Berhad, I present the Annual Report and the Audited Financial Statements of the Group and of the Company for the financial year ended 31 March 2015.

”

### GENERAL OVERVIEW

The global economy was reported to have expanded at a moderate pace at the start of 2014 with high but uneven growth across and within regions. The US economy continued to show signs of improvement with the Euro area and Japan remain subdued and subsequently decelerated as a result of persistent constraints. In Asia, most economies benefitted from higher external demand, particularly from US, but moderated as the year progressed with the re-emergence of downside risks to global growth as a consequence of the geopolitical developments in the Euro area, continued structural reforms in PR China and the significant decline in energy prices particularly in the later periods of 2014. The early expectations of global growth took a turn and looked increasingly uncertain, particularly following the downgrade on the global economic outlook by IMF towards the final quarter of 2014. [Source: BNM Annual Report 2014]

# Chairman's Statement

The Malaysian economy was reported to have recorded a stronger growth of 6.0% in 2014 (2013: 4.7%) driven by the continued strength in domestic demand and supported by improvements in the external trade performance. In addition, the cost-cutting initiatives by the Government to reduce discretionary spending also contributed towards moderation in consumption and help growth. The services sector remained as the largest contributor to growth. [Source: BNM Annual Report 2014]

As for the Malaysian tourism industry, the high expectations of a positive impact on tourist arrivals following the declaration of year 2014 as 'Visit Malaysia Year' experienced a major setback as a result of the unprecedented air disasters that put Malaysia on the map for the wrong reasons. Nonetheless, it was reported that these events did not lead to any decline in overall tourist arrivals but instead may have helped it reach a strong growth possibly due to the wide publicity. Tourist arrivals reportedly grew by 6.7% to 27.4 million arrivals as compared to the 25.7 million arrivals in 2013. However, it was noted that tourist arrivals from China significantly fell 9.9% to 1.6 million arrivals as compared to the 1.8 million arrivals in 2013 and this declining trend continued into the first quarter of 2015 where it dropped by a staggering 27.1% on period to period. [Source: Tourism Malaysia]

## FINANCIAL PERFORMANCE OVERVIEW

The financial year ended 31 March 2015 continued to be an extreme test of resilience for the Sanbumi Group as its core tourism business is almost entirely structured to cater for inbound tourists from China. The significant drop in tourist arrivals from China during the year directly affected the Group's tourism segment and put extreme pressure on the revenue and results as the Group's financial performances almost entirely depended on the performances of its tourism segment.

The Group's revenue for the financial year ended 31 March 2015 stood at approximately RM32.71 million (2014: RM66.09 million) with the 'Tourism' segment contributing 97.25% (2014: 99.20%) to the total revenue and the 'Others' segment providing the remainder. The decline in the Group's tourist volume as a result of lower tourist arrivals from China contributed to the significant drop in the Group revenue. The Group loss before tax for the current financial year stood at RM13.20 million (2014: RM17.63 million) with depreciation and impairment on property, plant and equipment contributing RM4.44 million (2014: RM5.76 million) and RM4.00 million (2014: RM12.00 million) respectively towards expenses during the financial year. The lower loss before tax for the current financial year was mainly attributable to the reduced depreciation charge and impairment losses recognized.



# Chairman's Statement

## OPERATIONS REVIEW

### *Tourism Services Segment*

The Group's Tourism Services segment registered a significantly lower revenue from external sales of approximately RM31.81 million for the current financial year as compared to approximately RM65.56 million registered in the preceding financial year. The impact of lower tourist arrivals from China subsequent to the unprecedented air disasters that took place during the year significantly affected the Group's tourist volume and hence contributing to the significant drop in revenue of approximately 51.48% for the current financial year.

The Tourism Services segment recorded a pre-tax loss of approximately RM12.57 million for the current financial year as opposed to the pre-tax loss of approximately RM16.66 million recorded in the preceding financial year. The lower losses were mainly attributable to the reduced depreciation charges and lower impairment losses made on the property, plant and equipment which collectively accounted for a charge of approximately RM7.81 million (2014: RM17.25 million) to the segments statement of comprehensive income.

### *Others Segment*

This segment comprises of other businesses of the Group, neither of which are of a sufficient size to be reported separately. The Group's Others Segment registered an annual revenue from external sales of approximately RM0.90 million (2014: RM0.53 million) and a pre-tax loss of approximately RM0.62 million (2014: RM0.97 million) for the current financial year.

## CORPORATE DEVELOPMENT

On 13 July 2015, the Company announced its intention to undertake the following proposals:-

- (i) Proposed reduction of the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 involving the cancellation of RM0.90 of the par value of every existing ordinary shares of RM1.00 each in the Company;
- (ii) Proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the proposed reduction in par value;
- (iii) Proposed private placement of up to 52,240,000 new shares representing up to approximately 30% of the issued and paid-up share capital of the Company after the proposed reduction in par value; and
- (iv) Proposed diversification of business of the Group to include property development and investment.

As at the date of this statement, the aforementioned corporate proposals are pending approvals from regulatory authorities and shareholders of the Company.

The Company has no other corporate proposals announced, issued or pending completion as at the date of this statement.

# Chairman's Statement

## CORPORATE RESPONSIBILITY

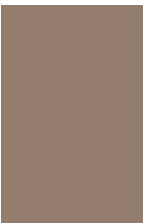
As a responsible corporate citizen, the Group is aware of the possible adverse impact, if any, arising from its operations to the society and is committed to work towards minimising all adversities, if any, without compromising the interests of its shareholders, customers and employees. Through proper corporate governance, the Group works to ensure that its businesses are conducted in compliance with all applicable legal and regulatory requirements. The Group continuously strives towards adding value to investments for its shareholders, fulfilling customer demands and provide for its employee needs within its means. The Group provides fair and equal opportunity to all employees and does not practice discrimination in any form against gender, race, religion or age throughout the organization.

In the spirit of fulfilling its social responsibility to the community, the Group extends financial support by way of sponsorships and donations towards community related activities, education and charity. The Group is also committed to participating in the scholarship award programme called Project CHange administered by Messrs Crowe Horwath with the sponsor of RM10,000 per annum towards the cost of tuition fee to one deserving student undertaking a study course in a local institute of higher learning.

## OUTLOOK

The global economy is expected to continue expanding at a moderate pace in 2015, with increasing divergence in growth momentum among major economies. While the US economy is projected to gradually improve, economic activity in Euro area and Japan will remain weighed down. Growth prospects in most emerging economies are expected to be sustained by the continued expansion in domestic demand and gradual improvement in external demand. Nevertheless, there remain downside risks in the form of prolonged weakness in demand, adverse geopolitical developments and uncertainties over commodity price movements that could have spillovers on global trade activity and affect the global growth outlook. [Source: BNM Annual Report 2014]

The Malaysian economy is expected to remain on a steady growth path of 4.5% - 5.5% (2014: 6.0%) in 2015 supported mainly by a sustained expansion in domestic demand. Despite the existence of downside risks from the external environment, the well-diversified and strong underlying fundamentals of the Malaysian economy is expected to be in a position to buffer and mitigate any adverse impact should these risks materialize. The services sector, with the expected recovery in tourist arrivals and the manufacturing sectors remain as key drivers of overall growth. [Source: BNM Annual Report 2014]



# Chairman's Statement

The Malaysian tourism sector remains a major source of income and for past decade, Malaysia has run elaborate campaigns to market itself as an ideal destination. In this regard, year 2014 was declared as 'Visit Malaysia Year'. Despite the setbacks due to the air disasters in 2014, tourism in Malaysia experienced a healthy growth. In an effort to continue boost the tourism sector the government decided to extend its tourism campaign by designating 2015 as 'Malaysia Year of Festivals' with the theme 'Endless Celebrations'. The government also stepped up its efforts and is working closely with China to regain the confidence of its traveler to return and reposition Malaysia as a destination of choice.

The Sanbumi Group, despite all the challenges, is confident that the recent setbacks and sentiments experienced by tourism industry in Malaysia will gradually fade moving forward and tourist arrivals, particularly from China will eventually improve. The intervention by the government with initiatives such as waiver of visa application fees and implementation of visa on arrival for tourists from China are expected to improve arrivals. The Sanbumi Group hopes that this will provide a window of opportunity for it to improve its business, revenue as well as financial performances for the next financial year. The Sanbumi Group will continue its effort to work towards minimizing adversities and at the same time explore other potential business opportunities to reduce its high dependence on the tourism business segment.

## APRECIATION

On behalf of the Board, I wish to express my sincere gratitude to the management team and all employees of the Company and the Group for their commitment and dedication in performing their duties and responsibilities.

I would also wish to thank our shareholders, bankers, customers and business associates for all the support and cooperation extended and look forward to their continued support.

**Ir. Zainurin bin Karman**

Chairman





# Corporate Governance Statement

The Malaysian Code on Corporate Governance 2012 (“the Code”) sets out the broad principles and specific recommendations on structures and processes which companies should adopt in making good corporate governance an integral part of their business dealings and culture.

The Board of Directors (“the Board”) of Sanbumi Holdings Berhad has always been supportive of the adoption of the principles as set out in the Code. The Board is committed to ensure that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and the performance of the Company.

The Board is pleased to report to shareholders on the manner the Group has applied the principles, and the extent of compliance with the recommendations of the Code throughout the financial year ended 31 March 2015.

## **A. THE BOARD OF DIRECTORS**

### **(i) The Board and Board Committees**

The Board consists of members from different backgrounds and diverse expertise in leading and directing the Group’s business operation. The Board is responsible for the control and proper management of the Company. The Board has delegated specific responsibilities to three main committees namely the Audit, Remuneration and Nomination Committees, which operate within the defined constitution or terms of reference approved by the Board. These Committees have the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however lies with the entire Board.

The Board has formally established a Board Charter that clearly sets out the roles and responsibilities, composition and processes related to key governance activities. The Board will periodically review the Board Charter which is published on the corporate website: [www.sanbumi.com.my](http://www.sanbumi.com.my).

The Board has also formalised a Code of Conduct for its directors which is incorporated in the Board Charter. The Board would periodically review the said Code of Conduct.

### **(ii) Board Composition**

The Board currently consists of two Executive Directors and four Independent Non-Executive Directors. The composition of the Board complies with paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The Group is led and controlled by an experienced Board, many of whom have intimate knowledge of the business. There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The management of the Group’s business and implementation of policies and day-to-day running of the business is delegated to the Executive Directors. The Independent Non-Executive Directors provide unbiased and independent views to safeguard the interests of shareholders.

The Board considers that the current size of the Board is adequate and facilitates effective decision-making. The Nomination Committee has reviewed the present composition of the Board and the three main existing committees and is satisfied that they have adequately carried out their functions within their scope of work.

# Corporate Governance Statement

## A. THE BOARD OF DIRECTORS (CONT'D)

### (iii) Board meetings

The annual calendar of at least four (4) meetings is agreed at the beginning of each year, with additional meetings convened as and when necessary. Besides Board meetings, the Board also exercises control on matters that require Board's approval through Directors' Circular Resolutions. Amongst others, key matters such as approval of annual and quarterly results, financial statements, major acquisitions and disposals, major investments, appointment of Directors are discussed and decided by the Board.

During the financial year ended 31 March 2015, five (5) Board Meetings were held. The attendance record of each Director is as follows:-

Board of Directors' Meeting		May '14	Jul '14	Aug '14	Nov '14	Feb '15		
Directors	Position	Attendance					Total	%
Ir. Zainurin bin Karman	Chairman	.	.	.	.	.	5/5	100
Dato' Chua Tiong Moon	Managing Director	.	.	.	.	.	5/5	100
Tan Sri Datuk Chai Kin Kong	Executive Director	.	.	.	.	.	5/5	100
Lim Thian Loong	Director	.	.	.	.	.	5/5	100
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	Director	x	x	.	.	.	3/5	60
Lee See Hong	Director	.	.	.	.	.	5/5	100

Total number of meetings held: 5

### (iv) Supply of Information

All Directors are provided with an agenda and a set of board papers issued in sufficient time prior to the Board meetings to ensure that the Directors can appreciate the issues to be deliberated and to obtain further explanations, where necessary.

In addition, there is a schedule of matters reserved specifically for the Board's decision, including amongst others, the approval of corporate policies and procedures, Group operational plan and budget, acquisitions and disposals of undertakings and properties that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

In exercising their duties, the Directors have access to all information within the Company. All Directors have access to the advice and services of the Company Secretary and are updated on new statutory regulations or requirements concerning their duties and responsibilities. They may obtain independent professional advice at the Company's expense in furtherance of their duties.

# Corporate Governance Statement

## A. THE BOARD OF DIRECTORS (CONT'D)

### (v) Nomination Committee

The Nomination Committee shall consist of not less than three (3) members and all members are to be Non-Executive with the majority being independent. The present members of the Nomination Committee are Ir Zainurin bin Karman (Independent Non-Executive Director) who is the Chairman, Mr Lim Thian Loong (Independent Non-Executive Director) and Ms Lee See Hong (Independent Non-Executive Director).

The Nomination Committee assists the Board on the following functions:

- (1) to review regularly, and at least not less than once a year, the structure, size and composition of the Board and make recommendation to the Board as regards any changes that may, in their view, be beneficial to the company as well as review on its compositions;
- (2) to review the required mix of skills, experience and core competencies which Non-Executive Directors bring to the Board;
- (3) to implement a process, to be carried out annually, to assess the effectiveness of the Board as a whole, committees of the Board and the contribution of individual directors;
- (4) to be responsible for identifying and recommending to the Board candidates to fill Board vacancies;
- (5) to recommend to the Board directors who are retiring by rotation to be put forward for re-election;
- (6) to recommend to the Board the continuation or not in service of any director who has reached the age of 70;
- (7) to do annual assessment of independence of its Independent directors and also ensure that the tenure of the Independent Directors do not exceed a cumulative term of nine years and to recommend to the Board to seek shareholders' approval at the forthcoming AGM for a Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years to continue to be an Independent Non-Executive Director; and
- (8) to conduct annual review on the Board members and Managing Director on the required mix of skills, character, experience, integrity, competence and time to effectively discharge their roles.

During the financial year, the Nomination Committee had assisted the Board on the following functions:

- (1) reviewed the structure, size and composition of the Board and made recommendation to the Board as regards to any changes that may, in their view, be beneficial to the company;
- (2) reviewed the required mix of skills, experience and core competencies which Non-Executive Directors bring to the Board;
- (3) implemented a process, assessed the effectiveness of the Board as a whole, committees of the Board and the contribution of individual directors;
- (4) recommended to the Board directors who are retiring by rotation to be put forward for re-election;
- (5) reviewed and recommended to the Board for re-appointment of Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years and to seek shareholders' approval at the forthcoming AGM by giving strong justification on the re-appointment;
- (6) assessed the independence of each of the existing Independent Directors with each director abstaining from deliberation on his own assessment; and
- (7) assessed and recommended to the Board on the re-designation of a Director from Non-Independent Non-Executive to Independent Non-Executive Director.

# Corporate Governance Statement

## A. THE BOARD OF DIRECTORS (CONT'D)

### (v) Nomination Committee (Cont'd)

During the financial year ended 31 March 2015, the Nomination Committee had two (2) meetings:

Nomination Committee's Meeting		May '14	Nov '14		
Directors	Position	Attendance		Total	%
Ir. Zainurin bin Karman	Chairman	•	•	2/2	100
Lim Thian Loong	Member	•	•	2/2	100
Lee See Hong	Member	•	•	2/2	100

Total number of meetings held: 2

### (vi) Appointments to the Board

The Board appoints its members through a formal and transparent selection process, which is consistent with the Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee after taking into consideration the candidates' skills, knowledge, expertise, experience, professionalism and integrity and women candidates shall be sought as part of its recruitment exercise. For the position of independent non-executive directors, the Nomination Committee will evaluate the candidates' ability to discharge such responsibilities as expected from independent non-executive directors. The Nomination Committee shall also consider candidates for directorships proposed by the Managing Director and within the bounds of practicality, by any other senior management or any director or shareholder. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure all appointments are properly made and that legal and regulatory requirements are met.

#### Gender diversity policy

The Company currently does not have any gender, ethnicity and age policy or target. The evaluation of the suitability of candidates as the new Board member is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company. Nevertheless, the Board is supportive of gender diversity in the boardroom as recommended by the Code to promote the representation of women in the composition of the Board. The Board will endeavor to ensure that gender, ethnicity and age diversity will be taken into account in nominating and selecting new Directors to be appointed to the Board. The Board currently has one female director.

### (vii) Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to one-third (1/3) shall retire from office and an election of Directors shall take place. The Articles further provide that each Director shall retire once in every three (3) years but shall be eligible for re-election.

Newly appointed directors shall hold office only until the next annual general meeting and shall be eligible for re-election.

# Corporate Governance Statement

## A. THE BOARD OF DIRECTORS (CONT'D)

### (viii) Directors' Training

As required under the Main Market Listing Requirements of Bursa Securities, all the Directors have attended the Directors' Mandatory Accreditation Programme. The Directors will continue to attend various professional programmes necessary to enhance their professionalism in the discharge of their duties.

During the financial year ended 31 March 2015, the Directors have evaluated their own training needs on a continuous basis and attended the following:-

#### **Dato' Chua Tiong Moon**

- Managing risk management challenges to deliver sustainable performance 29 May 2014

#### **Tan Sri Datuk Chai Kin Kong**

- Managing risk management challenges to deliver sustainable performance 29 May 2014

#### **Datuk Wira Rahadian Mahmud bin Mohammad Khalil**

- Managing risk management challenges to deliver sustainable performance 29 May 2014

#### **Ir Zainurin bin Karman**

- Managing risk management challenges to deliver sustainable performance 29 May 2014

#### **Lim Thian Loong**

- Managing risk management challenges to deliver sustainable performance 29 May 2014

#### **Lee See Hong**

- Managing risk management challenges to deliver sustainable performance 29 May 2014

## B. DIRECTORS' REMUNERATION

### (i) Remuneration Committee

The Remuneration Committee comprises Ir Zainurin bin Karman (Independent Non-Executive Director) who is the Chairman, Mr Lim Thian Loong (Independent Non-Executive Director) and Ms Lee See Hong (Independent Non-Executive Director).

During the financial year ended 31 March 2015, the Remuneration Committee had one (1) meeting:-

Remuneration Committee's Meeting		Feb'15		
Directors	Position	Attendance	Total	%
Ir Zainurin bin Karman	Chairman	•	1/1	100
Lim Thian Loong	Member	•	1/1	100
Lee See Hong	Member	•	1/1	100

Total number of meetings held: 1

# Corporate Governance Statement

## B. DIRECTORS' REMUNERATION (CONT'D)

### (ii) Remuneration Policy

The Remuneration Committee recommends to the Board for approval the remuneration package of Executive Directors. The remuneration system takes into account individual performance and experience, comparison of the Company's actual performance relative to other companies in the same sector and additional responsibilities of the Directors. The fees of the Directors are subject to shareholders' approval at the Annual General Meeting.

### (iii) Details of the Directors' remuneration

The details of the remuneration of the Directors on Group basis for the financial year ended 31 March 2015 are as follows:-

(All figures in RM)	Executive Director	Non-Executive Director
Salary	702,000	-
Fees	72,000	144,000
Bonus	-	-
Benefits-in-kind	-	-
<b>Total</b>	<b>774,000</b>	<b>144,000</b>

The number of Directors whose remuneration falls into the following bands of RM50,000 is shown below :-

	Executive Directors	Non-Executive Directors
Below RM50,000	-	4
RM50,000 – RM100,000	-	-
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	2	-
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	-	-
<b>Total</b>	<b>2</b>	<b>4</b>

The Board is of the opinion that the disclosure of Directors' remuneration through the "band disclosure" is sufficient to meet the objectives of the Code. They feel that it is inappropriate to disclose the remuneration of individual Directors and has opted not to do so.

# Corporate Governance Statement

## C. RELATIONS WITH SHAREHOLDERS

The Company recognises the importance of timely and thorough dissemination of information on all material business and corporate developments to shareholders and investors.

The Company keeps shareholders informed by announcements and timely release of quarterly financial results through Bursa Link, press releases, annual report and circular to shareholders.

Any queries and concerns regarding the Group may be conveyed to the following person:-

Ir Zainurin bin Karman : Senior Independent Non-Executive Director  
Telephone number : 04-390 3699  
Facsimile number : 04-397 9311

Shareholders and members of the public are invited to access the Company's website at [www.sanbumi.com.my](http://www.sanbumi.com.my) and Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) to obtain the latest information on the Group.

The Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with individual shareholders and investors where they may seek clarifications on the Group's businesses. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report 21 days before the meeting. All Directors are available to provide responses to questions from shareholders during this meeting. External Auditors are also present to provide their professional and independent clarification on issues and concerns raised by shareholders. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder.

## D. ACCOUNTABILITY AND AUDIT

### (i) Financial Reporting

The Directors have a responsibility to present a balanced, true and fair assessment of the Group's financial position and prospects primarily through the annual report to shareholders and quarterly financial statements to the Bursa Securities.

The Audit Committee assists the Board in reviewing the information disclosed to ensure accuracy, adequacy and completeness of all annual and quarterly reports, audited or unaudited, and approved by the Board of Directors before releasing to the Bursa Securities.

A statement by the Directors of their responsibilities in preparing the financial statements is set out on page 30 of this Annual Report.

# Corporate Governance Statement

## **D. ACCOUNTABILITY AND AUDIT (CONT'D)**

### **(ii) Internal Control**

The Board acknowledges its responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity. The system of internal control covers risk management and financial, organisational, operational and compliance controls. The internal control system helps to safeguard shareholders' investment and the Group's assets. However, in view of the inherent limitations in any system, such internal control systems are designed to manage rather than to eliminate risks that may impede the achievements of the Group's objectives. The systems can therefore only provide reasonable and not absolute assurance against material misstatements, frauds or losses. Internal control monitoring will be carried out all year round by the Company's Internal Auditor which is outsourced to IBDC (Malaysia) Sdn Bhd.

The information on the Group's internal control is presented in the Statement on Risk Management and Internal Control set out on page 31 of this Annual Report.

### **(iii) Relationship with the External Auditors**

The Audit Committee's terms of reference formalises the relationship with the External Auditors to report to the members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the External Auditors to meet their professional requirements and seeking professional advice and ensuring compliance with accounting standards. In the course of audit of the Group's operation, the External Auditors have highlighted to the Audit Committee and the Board on matters that require the Board's attention. The role of the Audit Committee in relation to the External Auditors is described on page 27 of this Annual Report.



# Additional Compliance Information

## a) Variations in actual results from those previously announced or released

There were no material differences in the actual results of the Group for the financial year ended 31 March 2015 reported herein as compared to the unaudited results for the same period announced previously.

The Company did not announce any corporate exercise or issue any profit estimate, forecast or projection during the financial year ended 31 March 2015.

## b) Share buybacks

- (i) The Company did not purchase any of its own shares during the financial year ended 31 March 2015.
- (ii) All shares previously repurchased are retained as treasury shares and none of these shares were resold or cancelled during the financial year.
- (iii) Details of shares retained as treasury shares during the financial year ended 31 March 2015 are as follows:

	<b>No. of shares retained as Treasury Shares</b>
As at 1 April 2014	15,104,500
Movements during the year	-
As at 31 March 2015	15,104,500

## c) Options, warrants or convertible securities exercised

The Company did not issue any options, warrants or convertible securities during the financial year ended 31 March 2015.

## d) Depository Receipts Programme sponsored

The Company did not sponsor any Depository Receipts Programme during the financial year ended 31 March 2015.

## e) Material contracts

Save as disclosed below, there were no contracts of the Company and its subsidiary companies involving Directors' and major shareholders' interest, which are or may be material still subsisting as at the end of the financial year ended 31 March 2015:

- (i) Service Agreement dated 1 November 2012 between Sanbumi Holdings Berhad ("the Company") and Tan Sri Datuk Chai Kin Kong whereby the Company agrees to employ Tan Sri Datuk Chai Kin Kong as Executive Director of the Company for a term of 5 years with effect from 1 November 2012. The remuneration of the Executive Director shall be a fixed salary of RM25,000.00 per month (or such higher rate as the Company may, in its discretion from time to time decide or award) inclusive of any director's fees payable to him under the Articles of Association of the Company, payable in arrears.

# Additional Compliance Information

## e) Material contracts (Cont'd)

- (ii) Service Agreement dated 20 August 2013 between Sanbumi Holdings Berhad (“the Company”) and Dato’ Chua Tiong Moon whereby the Company agrees to employ Dato’ Chua Tiong Moon as the Managing Director of the Company for a term of 3 years with effect from 1 July 2013. The remuneration of the Managing Director shall be a fixed salary of RM25,000.00 per month (or such higher rate as the Company may, in its discretion from time to time decide or award) inclusive of any director’s fees payable to him under the Articles of Association of the Company, payable in arrears.

## f) Sanctions and/or penalties imposed

There were no sanctions and/or penalties imposed on the Company or its subsidiary companies, directors or management by the relevant regulatory authorities during the financial year ended 31 March 2015, which have material impact on the operations or financial position of the Group.

## g) Comparison of profit achieved with the profit guarantee

The Company did not issue any profit guarantee for the financial year ended 31 March 2015.

## h) Utilisation of proceeds from corporate proposals

There were no corporate proposals or fund raising exercise announced but not completed during the financial year ended 31 March 2015.

## i) Conviction for offences

None of the Directors have been convicted for offences within the past ten (10) years other than traffic offences, if any.

## j) Non-audit fee

The amount of non-audit fee payable to the external auditors for the financial year ended 31 March 2015 amounting to RM3,000.

## k) Recurrent related party transactions

There were no material recurrent transactions entered into by the Company or its subsidiary companies with related parties during the financial year ended 31 March 2015.

# Audit Committee Report

## Chairman

Lim Thian Loong (Independent Non-Executive Director)

## Members

Ir. Zainurin bin Karman (Independent Non-Executive Director)

Lee See Hong (Independent Non-Executive Director)

## TERMS OF REFERENCE

### 1. MEMBERSHIP

- 1.1 The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements:-
- (a) the Committee must be composed of no fewer than 3 members, a majority of whom must be independent directors;
  - (b) all members of the Audit Committee shall be non-executive directors and should be financially literate; and
  - (c) at least one member of the Committee:
    - (i) must be a member of the Malaysian Institute of Accountants; or
    - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
      - (aa) he must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
      - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act 1967.
    - (iii) fulfils such other requirements as prescribed or approved by the Exchange.
- 1.2 The members of the Committee shall elect a Chairman from among themselves who shall be an independent director.
- 1.3 No alternate director should be appointed as a member of the Committee.
- 1.4 In the event of any vacancy in the Committee resulting in the non-compliance of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad pertaining to the composition of the Audit Committee, the Board of Directors shall within three months of that event fill the vacancy.
- 1.5 The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

# Audit Committee Report

## 2. MEETINGS

### 2.1 Frequency

2.1.1 Meetings shall be held not less than four times a year.

2.1.2 Upon the request of the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

### 2.2 Quorum

2.2.1 To form a quorum the majority of members present must be independent directors.

### 2.3 Secretary

2.3.1 The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.

### 2.4 Attendance

2.4.1 The Head of Finance, the Internal Auditor and a representative of the external auditors shall normally attend meetings.

2.4.2 Other Directors and employees may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

2.4.3 The Committee should meet with the external auditors without any executive Board members present at least twice a year.

### 2.5 Reporting Procedure

2.5.1 The minutes of each meeting shall be circulated to all members of the Audit Committee.

2.5.2 The Audit Committee shall report to the Board on any key issues affecting the Company.

### 2.6 Meeting Procedure

The Committee shall regulate its own procedure, in particular:-

- (a) the calling of meetings;
- (b) the notice to be given of such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

# Audit Committee Report

## 3. RIGHTS

3.1 The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of Company, whenever deemed necessary.

## 4. FUNCTIONS

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

4.1 To review:-

- (a) the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
  - (i) the going concern assumption;
  - (ii) changes in or implementation of major accounting policy changes;
  - (iii) significant and unusual events; and
  - (iv) compliance with accounting standards and other legal requirements.
- (b) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions on management integrity.
- (c) with the external auditors:
  - (i) the audit plan;
  - (ii) his evaluation of the system of internal controls;
  - (iii) his audit report;
  - (iv) his management letter and management's response; and
  - (v) the assistance given by the Company's employees to the external auditors.

4.2 To monitor the management's risk management practices and procedures.

4.3 In respect of the appointment of external auditors:

- (a) to review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment;
- (b) to consider the nomination of a person or persons as external auditors and to determine the audit fee; and
- (c) to consider any questions of resignation or dismissal of external auditors.

# Audit Committee Report

## 4. FUNCTIONS (CONT'D)

4.4 In respect of the internal audit function:

- (a) to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work and that it reports directly to the Audit Committee;
- (b) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (c) to review any appraisal or assessment of the performance of members of the internal audit function;
- (d) to approve any appointment or termination of senior staff members of the internal audit function; and
- (e) to inform itself of any resignation of internal audit staff member and provide the resigning staff member an opportunity to submit his reasons for resigning.

4.5 To promptly report such matter to the Exchange if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

4.6 To carry out such other functions as may be agreed to by the Committee and the Board of Directors.

## DETAILS OF ATTENDANCE OF MEMBERS AT AUDIT COMMITTEE MEETINGS

During the financial year ended 31 March 2015, there were five (5) Audit Committee Meetings held. The details of the attendance of each member are as follows:-

Audit Committee Meeting		May '14	Jul '14	Aug '14	Nov '14	Feb '15		
Committee Members	Position	Attendance					Total	%
Lim Thian Loong	Chairman	.	.	.	.	.	5/5	100
Ir. Zainurin bin Karman	Member	.	.	.	.	.	5/5	100
Lee See Hong	Member	.	.	.	.	.	5/5	100

Total number of meetings held: 5

# Audit Committee Report

## SUMMARY OF ACTIVITIES

In discharging its functions and duties in accordance with its Terms of Reference, the Audit Committee had carried out the following activities during the financial year ended 31 March 2015:-

- (i) reviewed and discussed the audit plan presented by the external auditors and ensured its scope was adequate;
- (ii) met with the external auditors without Executive Board Members being present twice during the financial year under review;
- (iii) discussed the audit findings and recommendations made by the internal and external auditors on systems of internal control, reviewed the management letter, and follow up with corrective action taken by the Management;
- (iv) reviewed and discussed the Group's unaudited quarterly results together with the relevant reports and make recommendations to the Board of Directors for approval;
- (v) reviewed the annual financial statements of the Company and its subsidiaries together with the external auditors' reports and discussed various audit and accounting issues;
- (vi) reviewed the effectiveness of the Group's risk management and internal control system;
- (vii) reviewed the Group's compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements, Financial Reporting Standards issued by the Malaysian Accounting Standards Board and other relevant legal and regulatory requirements;
- (viii) reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report; and
- (ix) considered and recommended the re-appointment and remuneration of the external auditors.

## INTERNAL AUDIT FUNCTION

The Group has been outsourcing the Internal Audit function to Messrs IBDC (Malaysia) Sdn. Bhd. for the financial year ended 31 March 2015. The responsibility of the Internal Auditors is to review the Group's system of internal control and report its adequacy, effectiveness and efficiency to the Audit Committee. The Internal Auditors adopt a risk based audit approach in auditing objectively to provide the assurance that risks were mitigated to acceptable levels. This approach would draw the Internal Auditors' attention towards gaining an understanding of the Group's interaction with external forces, changes in the strength of the relationships during the period under audit, and the risk of potential future changes presented by the external forces. Their approach would entail understanding on how the business risks translate to audit risks, and communicating value added input to the management through the audit process. Whenever required, the Internal Auditors would make reference to the Group's policies and procedures, established practices, listing requirements and recommended industry practices.

During the financial year, the Internal Auditors had undertaken a review of the internal control systems of the Legal, Licensing, Insurance and Safety and Security as well as the Property, Plant and Equipment of the Company and its subsidiaries which are involved in tourism and tourism-related businesses, timber trading and processing services and general trading and other services.

The findings arising from the audit field work were highlighted together with suitable recommendations for improvement to the management for review and further action where necessary. These findings were not limited to matters relating to the financial and accounting controls but also cover certain key operational and management control areas.

Internal Audit Reports highlighting the findings, the recommendations for improvement and management response on these matters were presented to the Audit Committee on a quarterly basis.

# Directors' Responsibility Statement

(Pursuant to paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Directors are required to prepare financial statements for each financial year to give a true and fair view of the state of affairs of the Group and the Company in accordance with the Financial Reporting Standards and the requirement of the Companies Act 1965. In preparing the financial statements, the Directors have:-

- adopted new accounting policies where appropriate and used accounting policies consistently in dealing with items which are considered material in relation thereto;
- made accounting estimates where applicable that are prudent, just and reasonable; and
- ensured that the Company and the Group have taken reasonable steps to prevent and detect fraud and other irregularities.



# Statement on Risk Management and Internal Control

(Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

## 1. Regulatory Framework

Sanbumi Group is committed to embrace the Malaysian Code on Corporate Governance 2012 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This Statement describes the risk management and internal control system practised throughout the business operations of the Group in general, and the processes that made up the framework in particular.

## 2. Accountability of the Board

The Board has overall responsibility for the Group’s system of risk management and internal control and for reviewing its adequacy and integrity.

In establishing the Group’s system of risk management and internal control, the following criteria are taken into consideration:-

- systems can only be designed to manage rather than eliminate the risk of failure to achieve business objectives. This system, by its nature, can only provide reasonable but not absolute assurance against material misstatement or loss.
- the system is a continuous process for identifying, evaluating and managing the significant risks faced by the Group.

The Board delegates to the senior management, the implementation of the systems of risk management and internal control within an established framework throughout the Group. The Management together with the internal auditors review and update the Group’s Enterprise Risk Management framework periodically.

## 3. An Integrated Risk Management and Internal Control Framework

The main features of the Group’s risk management and internal control system are as follows:-

- 3.1 Comprehensive financial reports are presented to the Audit Committee and the Board on a quarterly basis for review and if necessary corrective action to be taken.
- 3.2 Budgets for all active operating units are prepared annually and periodic review is carried out together with the Management. The results are communicated to the Board on a timely basis.
- 3.3 A defined organisational and hierarchical structure outlining the line of reporting and job responsibilities at the operational level.
- 3.4 In ensuring that each operating unit is functioning efficiently, emphasis is placed on personnel employed where the integrity and competence of personnel are ensured through recruitment evaluation process.
- 3.5 The Board, Audit Committee and Management regularly review the internal audit reports and monitor the status of the implementation of recommendations to address any internal control weaknesses identified.
- 3.6 Regular reporting made to the Board at its meetings on corporate, legal and accounting developments, in turn facilitates the prioritisation of risk related issues for the Sanbumi Group to plan its resources and address the risk accordingly.

# Statement on Risk Management and Internal Control

(Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

## 4. Internal Audit

The Internal Audit function highlights issues to executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The extent of compliance is reported to the Audit Committee on a regular basis. The Audit Committee in turn reviews the adequacy and effectiveness of the system of risk management and internal control in operation and reports the results thereon to the Board.

The Internal Audit function of the Group is outsourced to IBDC (Malaysia) Sdn. Bhd for the financial year ended 31 March 2015. Internal audits were conducted on the internal control system of management control, legal, licensing, insurance, safety and security and property, plant and equipment of the Group's tourism business operations for the financial year ended 31 March 2015.

The cost incurred for the internal audit function in respect of the financial year ended 31 March 2015 was RM28,295.

## 5. Effectiveness Of The System Of Risk Management And Internal Control

The Board is of the view that the existing system of risk management and internal control is sound and adequate to safeguard the Group's assets at the existing level of operations. Consequently, there were no material internal control aspects of any significance that had arisen during the financial year and up to the date of this report.

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

## 6. Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the review was performed in accordance with Recommended Practice Guide 5 ("RPG 5") issued by the Malaysian Institute of Accountants.

Based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.



34	Directors' Report	44	Statements of Profit or Loss and Other Comprehensive Income
39	Statement by Directors	46	Statements of Changes in Equity
39	Statutory Declaration	49	Statements of Cash Flows
40	Independent Auditors' Report	51	Notes to the Financial Statements
42	Statements of Financial Position		

# Financial Reports '15

# Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2015.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Loss after taxation for the financial year	(13,116)	(22,979)
Attributable to:		
Owners of the Company	(13,121)	(22,979)
Non-controlling interests	5	-
	<u>(13,116)</u>	<u>(22,979)</u>

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

## DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

## RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

# Directors' Report

## ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## TREASURY SHARES

As at 31 March 2015, the Company held as treasury shares a total of 15,104,500 of its 189,238,348 issued ordinary shares. The treasury shares are held at a total carrying amount of RM11,369,814. Relevant details on the treasury shares are disclosed in Note 18 to the financial statements.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

## CURRENT ASSETS

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

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

# Directors' Report

## 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 methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 38 to the financial statements. At the date of this report, there does not exist:-

- (i) any charge which has arisen on the assets of the Group and of the Company which secures the liabilities of any other person; or
- (ii) any contingent liability which has arisen in the Group and in the Company.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations 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 which would render any amount stated in the financial statements misleading.

## ITEMS OF AN UNUSUAL NATURE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

## DIRECTORS

The directors in office since the date of the last report are as follows:-

Ir. Zainurin Bin Karman  
Dato' Chua Tiong Moon  
Tan Sri Datuk Chai Kin Kong  
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil  
Lim Thian Loong  
Lee See Hong (Ms)

# Directors' Report

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company during the financial year are as follows:-

	Number Of Ordinary Shares Of RM1 Each			At 31.3.2015
	At 1.4.2014	Bought	Sold	
<b>THE COMPANY</b>				
<i>DIRECT INTERESTS IN THE COMPANY</i>				
Tan Sri Datuk Chai Kin Kong	8,694,070	-	-	8,694,070
Dato' Chua Tiong Moon	11,250,362	-	-	11,250,362
<i>INDIRECT INTERESTS IN THE COMPANY</i>				
Tan Sri Datuk Chai Kin Kong	2,198,113	-	-	2,198,113
Dato' Chua Tiong Moon	2,198,113	-	-	2,198,113

The other directors holding office at the end of the financial year had no interests in shares in the Company or its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amounts of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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 year was the Company or its subsidiaries a party to any arrangements 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 OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 41 to the financial statements.

# Directors' Report

## **AUDITORS**

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 29 July 2015

**Ir. Zainurin Bin Karman**

**Dato' Chua Tiong Moon**



# Statement by Directors

We, Ir. Zainurin Bin Karman and Dato' Chua Tiong Moon, being two of the directors of Sanbumi Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 42 to 103 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 March 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 43 on page 104, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 29 July 2015

**Ir. Zainurin Bin Karman**

**Dato' Chua Tiong Moon**

## Statutory Declaration

I, Dato' Chua Tiong Moon, being the director primarily responsible for the financial management of Sanbumi Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 42 to 103 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
Dato' Chua Tiong Moon,  
at Kuala Lumpur in the Federal Territory  
on this 29 July 2015

**Dato' Chua Tiong Moon**

Before me

**Datin Hajah Raihela Wanchik (No. W-275)**  
Commissioner for Oaths

Kuala Lumpur

# Independent Auditors' Report

To the Members of Sanbumi Holdings Berhad  
(Incorporated in Malaysia)  
Company No : 8386-P

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Sanbumi Holdings 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 42 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

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

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

### *Opinion*

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

# Independent Auditors' Report

To the Members of Sanbumi Holdings Berhad  
(Incorporated in Malaysia)  
Company No : 8386-P

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the 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.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 43 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 Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## OTHER MATTERS

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

**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

**Onn Kien Hoe**  
Approval No: 1772/11/16 (J/PH)  
Chartered Accountant

Kuala Lumpur

# Statements of Financial Position

At 31 March 2015

	Note	The Group			The Company	
		31.3.2015 RM'000	31.3.2014 RM'000 (Restated)	1.4.2013 RM'000 (Restated)	31.3.2015 RM'000	31.3.2014 RM'000
<b>ASSETS</b>						
NON-CURRENT ASSETS						
Property, plant and equipment	5	<b>70,639</b>	75,991	71,093	<b>12,062</b>	9,789
Prepaid lease payments	6	<b>1,206</b>	1,439	1,672	-	-
Investment properties	7	<b>5,535</b>	4,551	4,251	<b>5,535</b>	4,551
Investments in subsidiaries	8	-	-	-	<b>35,330</b>	47,880
Investment in an associate	9	-	-	-	-	-
Amount owing by subsidiaries	13	-	-	-	-	7,800
		<b>77,380</b>	81,981	77,016	<b>52,927</b>	70,020
CURRENT ASSETS						
Inventories	10	<b>2,031</b>	2,488	2,638	-	-
Trade receivables	11	<b>3,902</b>	2,557	2,499	<b>8</b>	21
Other receivables, deposits and prepayments	12	<b>2,929</b>	4,382	10,310	<b>414</b>	627
Amount owing by subsidiaries	13	-	-	-	<b>20,639</b>	23,928
Amount owing by an associate	14	-	5	3	-	5
Tax refundable		<b>458</b>	597	527	-	-
Fixed deposits with licensed banks	15	<b>15,179</b>	19,213	20,950	<b>13,500</b>	17,043
Cash and bank balances		<b>2,994</b>	4,847	9,662	<b>435</b>	410
		<b>27,493</b>	34,089	46,589	<b>34,996</b>	42,034
Non-current assets held for sale		-	-	900	-	-
<b>TOTAL ASSETS</b>		<b>104,873</b>	116,070	124,505	<b>87,923</b>	112,054

The annexed notes from an integral part of these financial statements.

# Statements of Financial Position

At 31 March 2015

Note	The Group			The Company	
	31.3.2015 RM'000	31.3.2014 RM'000 (Restated)	1.4.2013 RM'000 (Restated)	31.3.2015 RM'000	31.3.2014 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	16	189,238	189,238	189,238	189,238
Accumulated losses	17	(118,957)	(105,836)	(113,447)	(90,468)
Treasury shares	18	(11,370)	(11,370)	(11,370)	(11,370)
Other reserves	19	30,757	28,123	22,149	19,962
Equity attributable to owners of the Company		89,668	100,155	108,265	86,570
Non-controlling interests		85	80	77	-
<b>TOTAL EQUITY</b>		<b>89,753</b>	100,235	108,342	<b>86,570</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term borrowings	21	4,263	4,782	4,771	-
Deferred tax liabilities	22	2,889	2,856	561	680
		<b>7,152</b>	7,638	5,332	680
<b>CURRENT LIABILITIES</b>					
Trade payables	25	1,692	1,499	2,399	-
Other payables and accruals		5,470	5,742	6,515	565
Amount owing to subsidiaries	13	-	-	-	61
Provision for taxation		228	251	1,624	35
Short-term borrowings	26	578	705	293	12
		<b>7,968</b>	8,197	10,831	<b>673</b>
<b>TOTAL LIABILITIES</b>		<b>15,120</b>	15,835	16,163	<b>1,353</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>104,873</b>	116,070	124,505	<b>87,923</b>

The annexed notes from an integral part of these financial statements.

# Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 March 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
REVENUE	27	<b>32,708</b>	66,089	<b>494</b>	489
COST OF SALES		<b>(28,692)</b>	(54,623)	-	-
GROSS PROFIT		<b>4,016</b>	11,466	<b>494</b>	489
OTHER INCOME	28	<b>2,458</b>	3,689	<b>5,473</b>	2,179
		<b>6,474</b>	15,155	<b>5,967</b>	2,668
DISTRIBUTION COSTS		-	(35)	-	(35)
ADMINISTRATIVE EXPENSES		<b>(10,392)</b>	(13,849)	<b>(2,064)</b>	(1,935)
OTHER EXPENSES		<b>(8,854)</b>	(18,471)	<b>(26,880)</b>	(8,842)
FINANCE COSTS		<b>(423)</b>	(433)	<b>(2)</b>	(2)
LOSS BEFORE TAXATION	29	<b>(13,195)</b>	(17,633)	<b>(22,979)</b>	(8,146)
INCOME TAX EXPENSE	30	<b>79</b>	792	-	-
LOSS AFTER TAXATION		<b>(13,116)</b>	(16,841)	<b>(22,979)</b>	(8,146)
OTHER COMPREHENSIVE INCOME					
<u>Items that will not be reclassified subsequently to profit or loss</u>					
Revaluation of properties		<b>2,801</b>	11,088	<b>2,331</b>	2,691
Remeasurement of deferred tax on revalued properties		<b>(167)</b>	(2,354)	<b>(144)</b>	(536)
		<b>2,634</b>	8,734	<b>2,187</b>	2,155
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		<b>(10,482)</b>	(8,107)	<b>(20,792)</b>	(5,991)

The annexed notes from an integral part of these financial statements.

# Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 March 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>LOSS AFTER TAXATION</b>					
<b>ATTRIBUTABLE TO:-</b>					
Owners of the Company		<b>(13,121)</b>	(16,844)	<b>(22,979)</b>	(8,146)
Non-controlling interests		<b>5</b>	3	-	-
		<b>(13,116)</b>	(16,841)	<b>(22,979)</b>	(8,146)
<b>TOTAL COMPREHENSIVE EXPENSES</b>					
<b>ATTRIBUTABLE TO:-</b>					
Owners of the Company		<b>(10,487)</b>	(8,110)	<b>(20,792)</b>	(5,991)
Non-controlling interests		<b>5</b>	3	-	-
		<b>(10,482)</b>	(8,107)	<b>(20,792)</b>	(5,991)
<b>LOSS PER SHARE (SEN)</b>					
- Basic	31	<b>(7.53)</b>	(9.67)		
- Diluted	31	<b>Not applicable</b>	Not applicable		

The annexed notes from an integral part of these financial statements.

# Statements of Changes in Equity

For the financial year ended 31 March 2015

The Group	Non – Distributable				Distributable			Total Equity RM'000		
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Retained Profits/ (Accumulated Losses) RM'000		Attributable To Owners Of the Company RM'000	Non-controlling Interests RM'000
At 1.4.2013:	189,238	14,788	(11,370)	1,582	5,038	(109,628)	18,617	108,265	77	108,342
- As previously reported	-	-	-	-	-	109,628	(109,628)	-	-	-
- Effects of change in an accounting policy (Note 42)	-	-	-	-	-	-	-	-	-	-
- As restated	189,238	14,788	(11,370)	1,582	5,038	-	(91,011)	108,265	77	108,342
Loss after taxation for the financial year	-	-	-	-	-	-	(16,844)	(16,844)	3	(16,841)
Other comprehensive income for the financial year:	-	-	-	-	11,088	-	-	11,088	-	11,088
- Revaluation of property	-	-	-	-	11,088	-	-	11,088	-	11,088
- Remeasurement of deferred tax on revalued property	-	-	-	-	(2,354)	-	-	(2,354)	-	(2,354)
Total comprehensive income/(expenses) for the financial year	-	-	-	-	8,734	-	(16,844)	(8,110)	3	(8,107)
Realisation of revaluation reserve	-	-	-	-	(2,019)	-	2,019	-	-	-
At 31.3.2014	189,238	14,788	(11,370)	1,582	11,753	-	(105,836)	100,155	80	100,235

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



# Statements of Changes in Equity

For the financial year ended 31 March 2015

The Group	Non – Distributable				Distributable			Total Equity RM'000		
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Retained Profits/ (Accumulated Losses) RM'000		Attributable To Owners Of the Company RM'000	Non-controlling Interests RM'000
At 31.3.2014/1.4.2014:	189,238	14,788	(11,370)	1,582	11,753	(109,628)	3,792	100,155	80	100,235
- As previously reported	-	-	-	-	-	109,628	(109,628)	-	-	-
- Effects of change in an accounting policy (Note 42)	-	-	-	-	-	-	-	-	-	-
- As restated	189,238	14,788	(11,370)	1,582	11,753	-	(105,836)	100,155	80	100,235
Loss after taxation for the financial year	-	-	-	-	-	-	(13,121)	(13,121)	5	(13,116)
Other comprehensive income for the financial year:	-	-	-	-	2,801	-	-	2,801	-	2,801
- Revaluation of property	-	-	-	-	(167)	-	-	(167)	-	(167)
- Remeasurement of deferred tax on revalued property	-	-	-	-	2,634	-	(13,121)	(10,487)	5	(10,482)
Total comprehensive income/(expenses) for the financial year	-	-	-	-	2,634	-	(13,121)	(10,487)	5	(10,482)
At 31.3.2015	189,238	14,788	(11,370)	1,582	14,387	-	(118,957)	89,668	85	89,753

The annexed notes from an integral part of these financial statements.

# Statements of Changes in Equity

For the financial year ended 31 March 2015

The Company	← Non – Distributable →				Accumulated Losses RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000		
Balance at 1.4.2013	189,238	14,788	(11,370)	5,038	(84,341)	113,353
Loss after taxation for the financial year	-	-	-	-	(8,146)	(8,146)
Other comprehensive income for the financial year:						
- Revaluation of property	-	-	-	2,691	-	2,691
- Remeasurement of deferred tax on revalued property	-	-	-	(536)	-	(536)
Total comprehensive income/ (expenses) for the financial year	-	-	-	2,155	(8,146)	(5,991)
Realisation of revaluation reserve	-	-	-	(2,019)	2,019	-
Balance at 31.3.2014/1.4.2014	189,238	14,788	(11,370)	5,174	(90,468)	107,362
Loss after taxation for the financial year	-	-	-	-	(22,979)	(22,979)
Other comprehensive income for the financial year:						
- Revaluation of property	-	-	-	2,331	-	2,331
- Remeasurement of deferred tax on revalued property	-	-	-	(144)	-	(144)
Total comprehensive income/ (expenses) for the financial year	-	-	-	2,187	(22,979)	(20,792)
Balance at 31.3.2015	189,238	14,788	(11,370)	7,361	(113,447)	86,570

The annexed notes from an integral part of these financial statements.

# Statements of Cash Flows

For the financial year ended 31 March 2015

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>				
Loss before taxation	<b>(13,195)</b>	(17,633)	<b>(22,979)</b>	(8,146)
Adjustments for:-				
Allowance for impairment losses on receivables	<b>4</b>	184	-	-
Allowance for slow-moving inventories	<b>283</b>	50	-	-
Amortisation of prepaid lease payments	<b>233</b>	233	-	-
Bad debts written off on:				
- amount owing by subsidiaries	-	-	<b>33</b>	-
- amount owing by an associate	<b>9</b>	-	<b>9</b>	-
Depreciation of property, plant and equipment	<b>4,437</b>	5,758	<b>67</b>	67
Impairment loss on:				
- property, plant and equipment	<b>4,000</b>	12,000	-	-
- investments in subsidiaries	-	-	<b>12,550</b>	4,652
- amount owing by subsidiaries	-	-	<b>14,220</b>	4,122
Interest expense	<b>423</b>	422	<b>2</b>	2
Property, plant and equipment written off	<b>3</b>	303	-	-
Dividend income	-	-	<b>(4,000)</b>	-
Fair value gain on investment properties	<b>(984)</b>	(300)	<b>(984)</b>	(300)
Gain on disposal of equipment	-	(180)	-	-
Gain on disposal of a subsidiary	-	-	-	(200)
Interest income	<b>(569)</b>	(708)	<b>(487)</b>	(601)
Reversal of impairment losses on trade receivables	<b>(19)</b>	(84)	-	(60)
Reversal of impairment losses on property	-	(1,408)	-	(1,018)
Writeback of allowance for slow-moving inventories	<b>(40)</b>	(223)	-	-
Operating loss before working capital changes	<b>(5,415)</b>	(1,586)	<b>(1,569)</b>	(1,482)
Decrease in inventories	<b>214</b>	323	-	-
Decrease in trade and other receivables	<b>123</b>	5,770	<b>177</b>	643
(Decrease)/Increase in trade and other payables	<b>(79)</b>	(1,673)	<b>68</b>	5
<b>CASH (FOR)/FROM OPERATIONS/CARRIED FORWARD</b>	<b>(5,157)</b>	2,834	<b>(1,324)</b>	(834)

The annexed notes from an integral part of these financial statements.

# Statements of Cash Flows

For the financial year ended 31 March 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH (FOR)/FROM OPERATIONS/ BROUGHT FORWARD		<b>(5,157)</b>	2,834	<b>(1,324)</b>	(834)
Income tax paid		<b>(494)</b>	(710)	<b>(44)</b>	-
Income tax refunded		<b>555</b>	-	<b>97</b>	-
Interest paid		<b>(423)</b>	(422)	<b>(2)</b>	(2)
Interest received		<b>569</b>	708	<b>487</b>	601
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>		<b>(4,950)</b>	2,410	<b>(786)</b>	(235)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Advances to subsidiaries			-	<b>(3,164)</b>	(3,869)
Advances to associate		<b>(4)</b>	(2)	<b>(4)</b>	(2)
Dividend received		-	-	<b>4,000</b>	-
Purchase of property, plant and equipment	32	<b>(287)</b>	(9,564)	<b>(9)</b>	-
Proceeds from disposal of assets held for sale		-	900	-	-
Proceeds from disposal of equipment		-	180	-	-
Proceeds from disposal of subsidiaries		-	-	-	1,000
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>		<b>(291)</b>	(8,486)	<b>823</b>	(2,871)
CASH FLOWS FOR FINANCING ACTIVITIES					
Repayment to subsidiaries		-	-	<b>(3,535)</b>	(482)
Repayment of hire purchase obligations		<b>(309)</b>	(306)	<b>(20)</b>	(20)
Repayment of term loan		<b>(337)</b>	(170)	-	-
<b>NET CASH FOR FINANCING ACTIVITIES</b>		<b>(646)</b>	(476)	<b>(3,555)</b>	(502)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(5,887)</b>	(6,552)	<b>(3,518)</b>	(3,608)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<b>24,060</b>	30,612	<b>17,453</b>	21,061
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33	<b>18,173</b>	24,060	<b>13,935</b>	17,453

The annexed notes from an integral part of these financial statements.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business is at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang.

The financial statements are expressed in Ringgit Malaysia ("RM").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 July 2015.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

The adoption of the above accounting standards and/or interpretation (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

### 3. BASIS OF PREPARATION (CONT'D)

- 3.2 In addition, the Group had changed its accounting policy on merger deficit during the current financial year. In the previous financial years, when the merger method was used for a business combination the cost of investment in the Company's books was recorded at the nominal value of shares issued and any difference between the carrying value of the investment recorded and the nominal value of the shares of the subsidiaries acquired was treated as a merger deficit or merger reserve (as applicable), and was presented as a permanent item in total equity. The accounting treatment on the merger reserve has now been changed by adjusting against suitable reserves of the subsidiaries acquired to the extent that laws or statutes do not prohibit the use of such reserves. Accordingly, the accounting policy in Note 4.4(a) was amended. The Board of Directors is of the opinion that this voluntary change in accounting policy provides a more relevant and fairer presentation of the financial position of the Group. The change in the accounting policy had been applied retrospectively and its financial effects to the financial statements of the Group are disclosed in Notes 20 and 42 to the financial statements.
- 3.3 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2017
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 3. BASIS OF PREPARATION (CONT'D)

3.3 The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

#### (a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and related commercial factors may impact the economic useful lives of these assets, therefore future depreciation charges could be revised.

#### (b) Income Taxes

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

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### (c) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

#### (d) Classification between Investment Properties and Owner-occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

#### (e) Impairment of Trade and Other Receivables

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

#### (f) Write-down of 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 could result in revisions to the valuation of inventories



# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### (g) Fair Value Estimates for Certain Financial Assets and Liabilities

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

#### (h) Revaluation of Properties

Certain properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

### 4.2 FUNCTIONAL AND FOREIGN CURRENCIES

#### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in currency of the primary economic environment in which the entity operates, which is the functional currency.

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

#### (b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.3 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

#### (a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables financial assets, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

##### (i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.3 FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Assets (Cont'd)

##### (ii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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

##### (iii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

##### (iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.3 FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### (c) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

##### (i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

##### (ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.3 FINANCIAL INSTRUMENTS (CONT'D)

#### (d) Derecognition

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

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

### 4.4 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The acquisitions resulted in a business combination involving common control entities is outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combination.

#### (a) Merger Accounting for common control business combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.4 BASIS OF CONSOLIDATION (CONT'D)

#### (a) Merger Accounting for common control business combinations (Cont'd)

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The merger deficit is adjusted against suitable reserves of the subsidiaries acquired to the extent that laws or statutes do not prohibit the use of such reserves. The results of the subsidiaries being merged are included for the full financial year.

#### (b) Acquisition method of accounting for non-common control business combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

#### (c) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.4 BASIS OF CONSOLIDATION (CONT'D)

#### (d) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

#### (e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

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

### 4.5 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

### 4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to the end of the reporting period. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.



# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, other than freehold land, are stated at cost or valuation less accumulated depreciation and impairment losses, if any.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold land is not depreciated. Freehold buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Freehold land and buildings are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2% - 10%
Short-term leasehold land	Over the lease period of 99 years
Mobile cranes and heavy vehicles	5% - 10%
Plant, machinery, tools and equipment	8% - 20%
Motor vehicles and forklifts	10% - 20%
Office equipment, renovation, furniture and fittings	10% - 33%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.9 IMPAIRMENT

#### (a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets 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 financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

#### (b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.10 PREPAID LEASE PAYMENTS

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the profit or loss on a straight-line basis over the remaining lease terms.

### 4.11 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.8 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

### 4.12 INVESTMENT PROPERTIES

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Initially investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the policy set out in Note 4.8 above.

### 4.13 REVALUATION RESERVE

Surpluses arising from the revaluation of properties are credited to the revaluation reserve account. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are charged to the profit or loss.

In the year of disposal of the revalued asset, the attributable remaining revaluation surplus is transferred from the revaluation reserve account to retained profits.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.14 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. In arriving at the net realisable value, due allowance is made for obsolete, slow-moving and defective inventories.

The cost of consumable stores and trading goods are determined on the first-in, first-out basis and comprises the purchase price and incidentals incurred in bringing such items to their present location and condition.

### 4.15 INCOME TAXES

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

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

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

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

Where investment properties are carried at their fair value, the amount of deferred tax recognized is measured using the tax rates that would apply on sale of those assets.

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

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

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.16 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

### 4.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and 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 with original maturity periods of three months or less.

### 4.18 PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

### 4.19 REVENUE RECOGNITION

#### (a) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

#### (b) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

#### (c) Interest Income

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

#### (d) Rental and Management Fees

Rental and management fees are recognised on an accrual basis.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.20 EMPLOYEE BENEFITS

#### (a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

#### (b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

#### (c) Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

### 4.21 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:-
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.22 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 board of directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### 4.23 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

### 4.24 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction 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's 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 5. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land And Buildings RM'000	Short-Term Leasehold Land RM'000	Motor Vehicles And Forklifts RM'000	Office Equipment, Renovation, Furniture And Fittings RM'000	Total RM'000
<b>The Group</b>					
Net book value as at 1.4.2014	48,263	6,600	4,605	16,523	75,991
Additions	-	-	2	285	287
Surplus on revaluation	2,801	-	-	-	2,801
Written off	-	-	-	(3)	(3)
Impairment loss	-	-	-	(4,000)	(4,000)
Depreciation charge	(606)	-	(1,018)	(2,813)	(4,437)
Net book value as at 31.3.2015	<b>50,458</b>	<b>6,600</b>	<b>3,589</b>	<b>9,992</b>	<b>70,639</b>
Net book value as at 1.4.2013	36,871	-	3,639	30,583	71,093
Additions	-	6,000	1,903	2,561	10,464
Surplus on revaluation	11,895	600	-	-	12,495
Written off	-	-	-	(303)	(303)
Impairment loss	-	-	-	(12,000)	(12,000)
Depreciation charge	(503)	-	(937)	(4,318)	(5,758)
Net book value as at 31.3.2014	48,263	6,600	4,605	16,523	75,991



## Notes to the Financial Statements

For the financial year ended 31 March 2015

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Freehold Land And Buildings RM'000	Short-Term Leasehold Land RM'000	Mobile Crane And Heavy Vehicles RM'000	Plant, Machinery, Tools And Equipment RM'000	Motor Vehicles And Forklifts RM'000	Office Equipment, Renovation, Furniture And Fittings RM'000	Total RM'000
As at 31.3.2015							
At cost	-	-	208	18	9,681	48,427	58,334
At valuation	51,866	6,600	-	-	-	-	58,466
Accumulated impairment losses	-	-	(90)	-	(8)	(19,845)	(19,943)
Accumulated depreciation	(1,408)	-	(118)	(18)	(6,084)	(18,590)	(26,218)
Net book value	50,458	6,600	-	-	3,589	9,992	70,639
As at 31.3.2014							
At cost	-	-	208	18	9,679	48,419	58,324
At valuation	49,065	6,600	-	-	-	-	55,665
Accumulated impairment losses	-	-	(90)	-	(8)	(15,845)	(15,943)
Accumulated depreciation	(802)	-	(118)	(18)	(5,066)	(16,051)	(22,055)
Net book value	48,263	6,600	-	-	4,605	16,523	75,991
Carrying value, had the assets been carried at cost less accumulated depreciation and impairment losses, at							
- 31.3.2015	20,709	-	-	-	-	-	20,709
- 31.3.2014	21,050	-	-	-	-	-	21,050

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold Land And Buildings RM'000	Motor Vehicle RM'000	Office Equipment, Furniture And Fittings RM'000	Total RM'000
<b>The Company</b>				
Net book value as at 1.4.2014	9,694	87	8	9,789
Additions	-	-	9	9
Revaluation surplus	2,331	-	-	2,331
Depreciation charge	(39)	(25)	(3)	(67)
Net book value as at 31.3.2015	<b>11,986</b>	<b>62</b>	<b>14</b>	<b>12,062</b>
Net book value as at 1.4.2013	6,024	112	11	6,147
Revaluation surplus	3,709	-	-	3,709
Depreciation charge	(39)	(25)	(3)	(67)
Net book value as at 31.3.2014	9,694	87	8	9,789
As at 31.3.2015				
At cost	-	<b>125</b>	<b>776</b>	<b>901</b>
At valuation	<b>12,827</b>	-	-	<b>12,827</b>
Accumulated depreciation	<b>(841)</b>	<b>(63)</b>	<b>(762)</b>	<b>(1,666)</b>
Net book value	<b>11,986</b>	<b>62</b>	<b>14</b>	<b>12,062</b>
As at 31.3.2014				
At cost	-	125	995	1,120
At valuation	10,496	-	-	10,496
Accumulated depreciation	(802)	(38)	(987)	(1,827)
Net book value	9,694	87	8	9,789
Carrying value, had the assets been carried at cost less accumulated depreciation and impairment losses, at				
- 31.3.2015	<b>3,045</b>	-	-	<b>3,045</b>
- 31.3.2014	3,063	-	-	3,063

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Included in the assets of the Group at the end of the reporting period were motor vehicles with a total net book value of RM1,793,521 (2014 – RM2,107,727), which were acquired under hire purchase terms.
- (b) During the financial year, the Group's freehold and leasehold land and buildings have been revalued by an independent professional valuer. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income and accumulated in equity under the revaluation reserve.

The fair values of the freehold land and buildings are analysed as follows:-

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>The Group</b>				
2015				
Freehold land and buildings	-	51,866	-	51,866
Short-term leasehold land	-	6,600	-	6,600
	-	58,466	-	58,466

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between the fair value hierarchy during the financial year.

In estimating the fair value, the highest and best use of the freehold land and buildings is their current use.

## 6. PREPAID LEASE PAYMENTS

	<b>The Group</b>	
	2015 RM'000	2014 RM'000
At cost	2,100	2,100
Accumulated amortisation	(894)	(661)
Net book value	1,206	1,439
Accumulated amortisation:-		
At 1 April	(661)	(428)
Amortisation for the financial year	(233)	(233)
At 31 March	(894)	(661)

The prepaid lease payments of the Group represent lease payments to a third party to carry out trading business in the premises of the third party.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 7. INVESTMENT PROPERTIES

	<b>The Group/The Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
At fair value:-		
At 1 April	4,551	4,251
Fair value gain	984	300
At 31 March	<u>5,535</u>	<u>4,551</u>

- (a) Investment properties represent commercial properties leased to third parties.

Included in the statements of comprehensive income relating to investment properties during the financial year are the following items:

	<b>The Group/The Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Rental income	342	318
Direct operating expenses	<u>64</u>	<u>59</u>

- (b) The fair values of investment properties are analysed as follows:-

<b>The Group/The Company</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2015</b>				
Freehold land and buildings	-	5,535	-	<u>5,535</u>

The level 2 fair values of the freehold land and buildings have been derived using the market comparison approach performed by independent valuers. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between the fair value hierarchy during the financial year.

In estimating the fair value, the highest and best use of the investment properties is their current use.

## Notes to the Financial Statements

For the financial year ended 31 March 2015

## 8. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost:-		
At 1 April	136,190	137,190
Disposal of subsidiaries	-	(1,000)
At 31 March	136,190	136,190
Accumulated impairment losses:-		
At 1 April	(88,310)	(83,858)
Addition during the financial year	(12,550)	(4,652)
Reversal during the financial year	-	200
At 31 March	(100,860)	(88,310)
	<b>35,330</b>	<b>47,880</b>

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Company	Interest in equity held by				Principal Activities
	The Company		Subsidiary		
	2015 %	2014 %	2015 %	2014 %	
Sanbumi Sawmill Sdn. Bhd.	100	100	-	-	Timber log traders.
Akalaju Sdn. Bhd.	100	100	-	-	Dormant.
EMC Cranes Sdn. Bhd.	100	100	-	-	Dormant.
EMC Cranes (K.L) Sdn. Bhd.	78.50	78.50	-	-	Dormant.
EMC Capital Sdn. Bhd.	100	100	-	-	Insurance agent.
EMC Containers Sdn. Bhd.	70	70	-	-	Dormant.
Sanbumi Capital Sdn. Bhd.	100	100	-	-	Investment holding.
EMC Marketing Sdn. Bhd.	100	100	-	-	Trading in industrial supplies and lubricants.

The Company assessed the recoverable amount of the investment in subsidiaries and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying value. The recoverable amount of the cash-generating unit is determined using the fair value less cost to sell approach and this is derived from the net assets position of the respective subsidiaries as at end of the reporting period.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Company	Interest in equity held by				Principal Activities
	The Company		Subsidiary		
	2015 %	2014 %	2015 %	2014 %	
<b>Subsidiaries of Sanbumi Sawmill Sdn. Bhd.</b>					
- Sanbumi Wood Processing Sdn. Bhd.	-	-	100	100	Dormant.
- Mirim Timber Sdn. Bhd.	-	-	100	100	Dormant.
<b>Subsidiaries of Sanbumi Capital Sdn. Bhd.</b>					
- Sanbumi Holiday Sdn. Bhd.	-	-	100	100	Travel agent.
- Sanbumi Air Transport Sdn. Bhd.	-	-	100	100	Carrier, transport provider, and travel agent.
- Pewter Art Industries (M) Sdn. Bhd.	-	-	100	100	Trading in pewterware and souvenirs.
- Tourism Information Centre Sdn. Bhd.	-	-	100	100	Trading in local products, operating restaurant and engaged in business relating to tourism industry.
- Sri Dondang Restaurant Sdn. Bhd.	-	-	100	100	Dormant.
- Fine Taste Products (KL) Sdn. Bhd.	-	-	100	100	Trading in local cottage industry products relating to tourism industry.
- Nouvelle Hotel Sdn. Bhd.	-	-	100	100	Hotelier.
- Fine Taste Products Sdn. Bhd.	-	-	100	100	Trading in local cottage industry products relating to tourism industry.

## Notes to the Financial Statements

For the financial year ended 31 March 2015

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Company	Interest in equity held by				Principal Activities
	The Company		Subsidiary		
	2015 %	2014 %	2015 %	2014 %	
<b>Subsidiaries of Sanbumi Capital Sdn. Bhd. (Cont'd)</b>					
- Sinoreno Jewellery Sdn. Bhd.	-	-	100	100	Trading in costume jewellery primarily relating to tourism industry.
- Tropiks Products Sdn. Bhd.	-	-	100	100	Trading in local cottage industry products relating to tourism industry.
- Fine Pewterware (KL) Sdn. Bhd.	-	-	100	100	Trading in pewterware and souvenirs.
- Nouvelle Restaurant Sdn. Bhd.	-	-	100	100	Dormant.
- Nouvelle Hotel (KL) Sdn. Bhd.	-	-	100	100	Hotelier.
- Nouvelle Hotel (Kulai) Sdn. Bhd.	-	-	100	100	Hotelier.

## 9. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at				
Cost	637	637	637	637
Impairment loss	-	-	(637)	(637)
	637	637	-	-
Share of post-acquisition accumulated losses	(637)	(637)	-	-
	-	-	-	-

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 9. INVESTMENT IN AN ASSOCIATE (CONT'D)

The summarised financial information of the associate is as follows:-

	2015 RM'000	2014 RM'000
Assets and Liabilities		
Current assets	58	61
Current liabilities	1,420	1,418
Results		
Loss for the financial year	(5)	(8)

Details of the associate, which is incorporated in Malaysia, are as follows:-

Name Of Company	Effective Equity Interest		Principal Activity
	2015 %	2014 %	
Ferrotrans Sdn. Bhd.	49	49	Dormant.

The Group has discontinued the recognition of its share of losses of the associate because the share of losses has exceeded the Group's interest in the associate. The Group's unrecognised cumulative share of losses of the associate amounted to RM49,417 (2014 – RM47,017) at the end of the reporting period.

## 10. INVENTORIES

	The Group	
	2015 RM'000	2014 RM'000
At cost		
Goods held for resale	2,031	2,488
Recognised in profit or loss		
Inventories recognised as cost of sales	3,482	8,575
Allowance for slow-moving inventories	283	50
Writeback of allowance for slow-moving inventories	(40)	(223)



## Notes to the Financial Statements

For the financial year ended 31 March 2015

**11. TRADE RECEIVABLES**

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables	11,858	11,943	148	161
Allowance for impairment losses:-				
At 1 April	(9,386)	(9,763)	(140)	(200)
Addition during the financial year	(4)	(184)	-	-
Writeoff during the financial year	1,415	477	-	-
Reversal during the financial year	19	84	-	60
At 31 March	(7,956)	(9,386)	(140)	(140)
	<b>3,902</b>	<b>2,557</b>	<b>8</b>	<b>21</b>

- (a) The Group's normal trade credit terms range from cash terms to 90 days.
- (b) The allowance for impairment losses is made mainly on those trade receivables in significant financial difficulties and have defaulted on payments.

**12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other receivables, deposits and prepayments	12,156	14,849	1,375	1,588
Allowance for impairment losses:-				
At 1 April	(10,467)	(12,373)	(961)	(961)
Written off during the financial year	1,240	1,906	-	-
At 31 March	(9,227)	(10,467)	(961)	(961)
	<b>2,929</b>	<b>4,382</b>	<b>414</b>	<b>627</b>

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2015 RM'000	2014 RM'000
<b>Amount Owing By Subsidiaries</b>		
<b>Non-current</b>		
Quasi loans	7,800	7,800
Allowance for impairment losses	(7,800)	-
	-	7,800
<b>Current</b>		
Non-trade balances	37,871	35,310
Allowance for impairment losses:-		
At 1 April	(11,382)	(7,260)
Addition during the financial year	(6,420)	(4,122)
Written off during the financial year	570	-
At 31 March	(17,232)	(11,382)
	20,639	23,928
	20,639	31,728

### Amount Owing To Subsidiaries

<b>Current</b>		
Non-trade balances	(61)	(3,596)

- (a) Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.
- (b) The non-trade balances represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.
- (c) During the financial year, the management reviewed the recoverability of the quasi loans. As the recoverable amount is less than the carrying amount, an impairment of RM7.8 million is recognised in profit or loss.

## Notes to the Financial Statements

For the financial year ended 31 March 2015

**14. AMOUNT OWING BY AN ASSOCIATE**

	<b>The Group/ The Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount owing by an associate	<b>1,011</b>	1,016
Allowance for impairment losses	<b>(1,011)</b>	(1,011)
	<b>-</b>	<b>5</b>

The amount owing was non-trade in nature, unsecured and interest-free.

**15. FIXED DEPOSITS WITH LICENSED BANKS**

The fixed deposits bore effective interest rates ranging from 3.05% to 3.50% (2014 – 3.10% to 3.20%) per annum at the end of the reporting period. The fixed deposits have maturity periods ranging from 1 to 12 months (2014 – 1 to 12 months).

**16. SHARE CAPITAL**

	<b>The Company</b>			
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>Number Of Shares ('000)</b>		<b>RM'000</b>	<b>RM'000</b>
Ordinary Shares Of RM1 Each:-				
Authorised	<b>250,000</b>	250,000	<b>250,000</b>	250,000
Issued and Fully Paid-Up	<b>189,238</b>	189,238	<b>189,238</b>	189,238

**17. ACCUMULATED LOSSES**

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

**18. TREASURY SHARES**

Of the total 189,238,348 (2014 – 189,238,348) issued and fully paid-up ordinary shares as at the end of the reporting period, 15,104,500 ordinary shares (2014 – 15,104,500) are held as treasury shares by the Company. None of the treasury shares was resold or cancelled during the financial year.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 19. OTHER RESERVES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Share premium	14,788	14,788	14,788	14,788
Revaluation reserve	14,387	11,753	7,361	5,174
Capital reserve	1,582	1,582	-	-
	<b>30,757</b>	28,123	<b>22,149</b>	19,962

The revaluation reserve comprises:-

Surplus on revaluation of property, plant and equipment

At 1 April	11,753	5,038	5,174	5,038
Surplus on revaluation	2,801	11,088	2,331	2,691
Remeasurement of deferred tax on revalued property	(167)	(2,354)	(144)	(536)
Realisation during the financial year	-	(2,019)	-	(2,019)
At 31 March	<b>14,387</b>	11,753	<b>7,361</b>	5,174

The capital reserve represents post-acquisition profits in subsidiaries utilised for the issue of bonus shares by certain subsidiaries.

The other reserves are not distributable by way of dividends.

## 20. MERGER DEFICIT

	The Group	
	2015 RM'000	2014 RM'000 (Restated)
Non-Distributable		
At 1 April:		
- As previously reported	-	(109,628)
- Effect of change in an accounting policy (Note 42)	-	109,628
At 1 April, as restated/At 31 March	-	-

The merger deficit related to the difference between the nominal value of shares issued for the purchase of the subsidiaries, Sanbumi Sawmill Sdn. Bhd. and Akalaju Sdn. Bhd., amounting to RM127,628,623 and their nominal value of the shares acquired amounting to RM18,000,000.

## Notes to the Financial Statements

For the financial year ended 31 March 2015

**21. LONG-TERM BORROWINGS**

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Term loan (Note 23)	4,245	4,440	-	-
Hire purchase payables (Note 24)	18	342	-	12
	<b>4,263</b>	<b>4,782</b>	<b>-</b>	<b>12</b>

**22. DEFERRED TAX LIABILITIES**

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 April	2,856	561	536	-
Recognised in profit or loss (Note 30)	(134)	(59)	-	-
Recognised in other comprehensive income	167	2,354	144	536
At 31 March	<b>2,889</b>	<b>2,856</b>	<b>680</b>	<b>536</b>

The deferred tax liabilities are attributable to the following:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Accelerated capital allowances over depreciation	368	502	-	-
Revaluation of freehold land and buildings	2,521	2,354	680	536
	<b>2,889</b>	<b>2,856</b>	<b>680</b>	<b>536</b>

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 23. TERM LOAN

	The Group	
	2015 RM'000	2014 RM'000
<u>Current</u>		
Not later than one year (Note 26)	201	186
<u>Non-current</u>		
Later than one year and not later than two years	220	203
Later than two years and not later than five years	782	722
Later than five years	3,243	3,515
Total non-current portion (Note 21)	4,245	4,440
	<b>4,446</b>	4,626

The term loan of the Group bore an effective interest rate of 8.60% (2014 – 8.35%) per annum at the end of the reporting period and is secured by:

- (i) a personal guarantee of a director of the Group; and
- (ii) a corporate guarantee of the Company.

The term loan is repayable in 179 instalments of RM47,208 each and a final instalment of RM46,902, commencing from December 2011.

## 24. HIRE PURCHASE PAYABLES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Minimum hire purchase payments:				
- not later than one year	395	556	13	22
- later than one year but not later than five years	18	360	-	13
	413	916	13	35
Future finance charges	(18)	(55)	(1)	(3)
Present value of hire purchase payables	395	861	12	32

## Notes to the Financial Statements

For the financial year ended 31 March 2015

**24. HIRE PURCHASE PAYABLES (CONT'D)**

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Current</u>				
Not later than one year (Note 26)	377	519	12	20
<u>Non-current (Note 21)</u>				
Later than one year and not later than five years	18	342	-	12
	<b>395</b>	<b>861</b>	<b>12</b>	<b>32</b>

The effective interest rates of the hire purchase payables of the Group ranged from 4.55% to 6.31% (2014 – 4.55% to 6.31%) per annum at the end of the reporting period.

**25. TRADE PAYABLES**

The normal trade credit terms granted to the Group range from cash terms to 90 days.

**26. SHORT-TERM BORROWINGS**

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Term loan (Note 23)	201	186	-	-
Hire purchase payables (Note 24)	377	519	12	20
	<b>578</b>	<b>705</b>	<b>12</b>	<b>20</b>

**27. REVENUE**

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods	20,790	53,355	-	-
Services	8,612	8,807	-	-
Rental income	3,306	3,927	494	489
	<b>32,708</b>	<b>66,089</b>	<b>494</b>	<b>489</b>

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 28. OTHER INCOME

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Dividend income	-	-	4,000	-
Fair value gain on investment properties	984	300	984	300
Gain on disposal of a subsidiary	-	-	-	200
Gain on disposal of equipment	-	180	-	-
Gain on foreign exchange:				
- realised	111	437	-	-
- unrealised	2	-	-	-
Reversal of impairment losses on property	-	1,408	-	1,018
Interest income	569	708	487	601
Rental income	21	190	-	-
Reversal of impairment losses on trade receivables	19	84	-	60
Others	752	382	2	-
	<b>2,458</b>	<b>3,689</b>	<b>5,473</b>	<b>2,179</b>

## 29. LOSS BEFORE TAXATION

In addition to Note 28 to the financial statements, the loss before taxation is arrived at after charging/(crediting):-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Allowance for impairment losses on receivables	4	184	-	-
Allowance for slow-moving inventories	283	50	-	-
Amortisation of prepaid lease payments	233	233	-	-
Audit fee:				
- for the financial year	161	157	40	36
- overprovision in the previous financial year	(6)	(37)	-	-
Bad debts written off:				
- amount owing by subsidiaries	-	-	33	-
- amount owing by an associate	9	-	9	-
Depreciation of property, plant and equipment	4,437	5,758	67	67
Directors' fees	216	216	216	216
Directors' other emoluments	848	848	702	702



## Notes to the Financial Statements

For the financial year ended 31 March 2015

## 29. LOSS BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Impairment loss:				
- property, plant and equipment	4,000	12,000	-	-
- investment in subsidiaries	-	-	12,550	4,652
- amount owing by subsidiaries	-	-	14,220	4,122
Interest expense:				
- hire purchase	37	26	2	2
- term loan	386	396	-	-
Rental of equipment	3	4	-	-
Rental of premises	4,141	6,516	86	88
Staff costs:				
- salaries, wages, bonuses, and allowances	5,002	5,443	448	368
- defined contribution plan	504	557	54	45
- other benefits	241	317	24	10
Property, plant and equipment written off	3	303	-	-
Writeback of allowance for slow-moving inventories	(40)	(223)	-	-

## 30. INCOME TAX EXPENSE

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax:				
- for the financial year	27	594	-	-
- under/(over)provision in the previous financial year	28	(1,327)	-	-
	55	(733)	-	-
Deferred tax (Note 22):				
- for the financial year	(131)	(59)	-	-
- overprovision in the previous financial year	(3)	-	-	-
	(134)	(59)	-	-
	(79)	(792)	-	-

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 30. INCOME TAX EXPENSE (CONT'D)

A reconciliation of the income tax expense applicable to the loss before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loss before taxation	<b>(13,195)</b>	(17,633)	<b>(22,979)</b>	(8,146)
Tax at the statutory tax rate of 25%	<b>(3,299)</b>	(4,409)	<b>(5,745)</b>	(2,036)
Tax effects of:-				
Non-deductible expenses	<b>716</b>	1,051	<b>6,741</b>	1,231
Non-taxable gains	<b>(292)</b>	(458)	<b>(1,246)</b>	(379)
Utilisation of deferred tax assets not recognised in the previous financial year	<b>(95)</b>	(45)	-	-
Deferred tax assets not recognised during the financial year	<b>2,866</b>	4,396	<b>250</b>	1,184
Under/(Over)provision in the previous financial year:				
- current tax	<b>28</b>	(1,327)	-	-
- deferred tax	<b>(3)</b>	-	-	-
Income tax expense for the financial year	<b>(79)</b>	(792)	-	-

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

No deferred tax assets are recognised on the following items:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unutilised tax losses	<b>51,781</b>	43,995	<b>3,681</b>	2,749
Unabsorbed capital allowances	<b>36,996</b>	33,965	<b>2,245</b>	2,178
Others	<b>2,625</b>	2,356	<b>140</b>	140
	<b>91,402</b>	80,316	<b>6,066</b>	5,067

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 31. LOSS PER SHARE

The basic loss per share is calculated by dividing the loss after tax of the Group attributable to shareholders of RM13,120,981 (2014 – RM16,843,444) by the weighted average number of ordinary shares (excluding treasury shares) in issue during the financial year of 174,133,848 (2014 – 174,133,848) ordinary shares in issue.

The diluted earnings per share is not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

## 32. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cost of property, plant and equipment purchased	287	10,464	9	-
Amount financed through hire purchase	-	(900)	-	-
Cash disbursed for purchase of property, plant and equipment	287	9,564	9	-

## 33. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed deposits with licensed banks (Note 15)	15,179	19,213	13,500	17,043
Cash and bank balances	2,994	4,847	435	410
	18,173	24,060	13,935	17,453

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 34. DIRECTORS' REMUNERATION

- (a) The aggregate amounts of remuneration received and receivable by the directors of the Group and the Company during the financial year are as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Directors Of The Company</b>				
Executive directors:				
- fee	72	72	72	72
- non-fee emoluments	702	702	702	702
Non-Executive directors:				
- fee	144	144	144	144
	<b>918</b>	918	<b>918</b>	918
<b>Directors Of The Subsidiaries</b>				
Executive directors:				
- non-fee emoluments	146	146	-	-
	<b>1,064</b>	1,064	<b>918</b>	918

- (b) The number of the Group's/Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Group		The Company	
	2015 Number Of Directors	2014 Number Of Directors	2015 Number Of Directors	2014 Number Of Directors
Executive directors:				
RM100,001 - RM150,000	1	1	-	-
RM350,001 - RM450,000	2	2	2	2
Non-Executive directors:				
Below RM50,000	4	4	4	4
	<b>7</b>	7	<b>6</b>	6

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 35. RELATED PARTY DISCLOSURES

(a) Identities of related parties:-

(i) the Company has related party relationships with its subsidiaries as disclosed in Note 8 to the financial statements and;

(i) the directors who are the key management personnel.

(b) In addition to the information disclosed elsewhere in the financial statements, the Group and the Company carried out the following transactions with its related parties during the financial year:

### (i) Key Management Personnel

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term employee benefits	1,064	1,064	918	918

Key management personnel comprises executive and non-executive directors of the Group who have authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly.

## 36. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of Directors as its chief operating decision maker 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 is organised into 2 main business segments as follows:-

(i) Tourism segment – Provision of inbound and outbound tours and ticketing services, transportation services, hospitality services and trading of souvenirs, pewterware, local cottage industry products and other tourism related products.

(ii) Others – Comprises investment holding, trading, warehousing, mobile crane services, timber log trading, sawmilling and manufacturing of downstream timber products, neither of which are of a sufficient size to be reported separately.

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 income taxes and related expenses.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 36. OPERATING SEGMENTS (CONT'D)

	Tourism Services		Others		Group	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>REVENUE</b>						
Total revenue	<b>32,485</b>	66,998	<b>898</b>	531	<b>33,383</b>	67,529
Inter-segment revenue	<b>(675)</b>	(1,440)	-	-	<b>(675)</b>	(1,440)
Total external revenue	<b>31,810</b>	65,558	<b>898</b>	531	<b>32,708</b>	66,089
<b>RESULTS</b>						
Segment results (external)	<b>(12,234)</b>	(16,335)	<b>(1,107)</b>	(1,573)	<b>(13,341)</b>	(17,908)
Finance costs					<b>(423)</b>	(433)
Interest income					<b>569</b>	708
Loss from ordinary activities before taxation					<b>(13,195)</b>	(17,633)
Income tax expense					<b>79</b>	792
Loss from ordinary activities after taxation					<b>(13,116)</b>	(16,841)
Non-controlling interests					<b>(5)</b>	(3)
Loss attributable to owners of the Company					<b>(13,121)</b>	(16,844)
<b>OTHER SEGMENT ITEMS</b>						
Segment assets	<b>47,624</b>	57,586	<b>56,791</b>	57,887	<b>104,415</b>	115,473
Unallocated assets					<b>458</b>	597
					<b>104,873</b>	116,070
Segment liabilities	<b>11,077</b>	11,693	<b>926</b>	1,035	<b>12,003</b>	12,728
Unallocated liabilities					<b>3,117</b>	3,107
					<b>15,120</b>	15,835
Capital expenditure	<b>278</b>	8,972	<b>9</b>	1,492	<b>287</b>	10,464
Depreciation and amortisation	<b>4,041</b>	5,480	<b>629</b>	511	<b>4,670</b>	5,991
Impairment loss on property, plant and equipment	<b>4,000</b>	12,000	-	-	<b>4,000</b>	12,000

## Notes to the Financial Statements

For the financial year ended 31 March 2015

**36. OPERATING SEGMENTS (CONT'D)**

	Tourism Services		Others		Group	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Allowance for slow-moving inventories	283	50	-	-	283	50
Property, plant and equipment written off	3	303	-	-	3	303
Write back of allowance for slow-moving inventories	(40)	(223)	-	-	(40)	(223)

No geographical analysis has been prepared as the Group operates wholly in Malaysia.

There are no major customers with revenue equal to or more than 10% of the Group revenue.

**37. NON-CANCELLABLE OPERATING LEASES**

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group	
	2015 RM'000	2014 RM'000
Not later than one year	3,300	3,300
Later than one year and not later than five years	10,175	13,475
	<b>13,475</b>	<b>16,775</b>

**38. CONTINGENT LIABILITY – UNSECURED**

	The Company	
	2015 RM'000	2014 RM'000
Corporate guarantee given to licensed banks for banking facilities utilised by subsidiaries	4,446	4,626

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 39. FOREIGN EXCHANGE RATES

The principal closing exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period are:-

	<b>The Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Chinese Renminbi	<b>0.51</b>	0.50
Hong Kong Dollar	<b>0.50</b>	0.30
United States Dollar	<b>3.20</b>	3.00
Singapore Dollar	<b>2.30</b>	2.20

## 40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### 40.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

#### (a) Market Risk

##### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk are primarily Chinese Renminbi, Hong Kong Dollar, United States Dollar and Singapore Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

##### *Foreign currency risk sensitivity analysis*

A 10% strengthening/weakening of the RM against the Chinese Renminbi, Hong Kong Dollar, United States Dollar and Singapore Dollar as at the end of the reporting period would have no material impact on loss after taxation and/or equity. This assumes that all other variables remain constant.



# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 40.1(c) to the financial statements.

##### *Interest rate risk sensitivity analysis*

A change of 100 basis points (bp) strengthening/weakening in the interest rate as at the end of the reporting period would have no material impact on loss after taxation and/or equity. This assumes that all other variables remain constant.

##### (iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

#### (b) Credit Risk

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

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

##### (i) Credit risk concentration profile

The Group does not has any major concentration of credit risk related to any individual customers or counterparty.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk (Cont'd)

##### (ii) Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

##### (iii) Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

	<b>Gross Amount RM'000</b>	<b>Individual Impairment RM'000</b>	<b>Carrying Value RM'000</b>
<b>The Group</b>			
<b>2015</b>			
Not past due	1,110	-	1,110
Past due:			
- less than 2 months	309	-	309
- 2 to 5 months	430	-	430
- over 5 months	10,009	(7,956)	2,053
	<b>11,858</b>	<b>(7,956)</b>	<b>3,902</b>
<b>2014</b>			
Not past due	464	-	464
Past due:			
- less than 2 months	1,241	-	1,241
- 2 to 5 months	353	-	353
- over 5 months	9,885	(9,386)	499
	<b>11,943</b>	<b>(9,386)</b>	<b>2,557</b>

## Notes to the Financial Statements

For the financial year ended 31 March 2015

**40. FINANCIAL INSTRUMENTS (CONT'D)**

## 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

## (iii) Ageing analysis (Cont'd)

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

*Trade receivables that are past due but not impaired*

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are due from companies with good collection track record and no recent history of default.

*Trade receivables that are neither past due nor impaired*

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analyses to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

**(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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

	<b>Weighted Average Effective Rate %</b>	<b>Carrying Amount RM'000</b>	<b>Contractual Undiscounted Cash Flows RM'000</b>	<b>Within 1 Year RM'000</b>	<b>1 – 5 Years RM'000</b>	<b>Over 5 Years RM'000</b>
<b>The Group</b>						
<b>2015</b>						
Term loan	8.60	4,446	7,258	566	2,266	4,426
Hire purchase payables	4.55 - 6.31	395	413	395	18	-
Trade payables	-	1,692	1,692	1,692	-	-
Other payables and accruals	-	5,470	5,470	5,470	-	-
		<b>12,003</b>	<b>14,833</b>	<b>8,123</b>	<b>2,284</b>	<b>4,426</b>

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (Cont'd)

	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
<b>The Group</b>						
<b>2014</b>						
Term loan	8.35	4,626	7,802	556	2,266	4,980
Hire purchase payables	4.55 - 5.02	861	916	556	360	-
Trade payables	-	1,499	1,499	1,499	-	-
Other payables and accruals	-	5,742	5,742	5,742	-	-
		12,728	15,959	8,353	2,626	4,980

	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
<b>The Company</b>						
<b>2015</b>						
Hire purchase payables	5.02	12	13	13	-	-
Other payables and accruals	-	565	565	565	-	-
Amount owing to subsidiaries	-	61	61	61	-	-
		638	639	639	-	-

## Notes to the Financial Statements

For the financial year ended 31 March 2015

## 40. FINANCIAL INSTRUMENTS (CONT'D)

## 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (c) Liquidity Risk (Cont'd)

	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
<b>The Company</b>						
<b>2014</b>						
Hire purchase payables	5.02	32	35	22	13	-
Other payables and accruals	-	497	497	497	-	-
Amount owing to subsidiaries	-	3,596	3,596	3,596	-	-
		4,125	4,128	4,115	13	-

## 40.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total borrowings from financial institutions less cash and cash equivalents divided by total equity.

There was no change in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Group as at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total borrowings from financial institutions.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### 40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Financial assets</b>				
<u>Loans and receivables financial assets</u>				
Trade receivables	3,902	2,557	8	21
Other receivables and deposits	2,409	3,586	182	345
Amount owing by subsidiaries	-	-	20,639	23,928
Amount owing by an associate	-	5	-	5
Fixed deposits with licensed banks	15,179	19,213	13,500	17,043
Cash and bank balances	2,994	4,847	435	410
	<b>24,484</b>	<b>30,208</b>	<b>34,764</b>	<b>41,752</b>
<b>Financial liabilities</b>				
<u>Other financial liabilities</u>				
Term loan	4,446	4,626	-	-
Hire purchase payables	395	861	12	32
Trade payables	1,692	1,499	-	-
Other payables and accruals	5,470	5,742	565	497
Amount owing to subsidiaries	-	-	61	3,596
	<b>12,003</b>	<b>12,728</b>	<b>638</b>	<b>4,125</b>

## Notes to the Financial Statements

For the financial year ended 31 March 2015

**40. FINANCIAL INSTRUMENTS (CONT'D)**

## 40.4 FAIR VALUE INFORMATION

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>The Group</b>								
<b>2015</b>								
<u>Financial Liabilities</u>								
Term loan	-	-	-	-	6,692	-	6,692	4,245
Hire purchase payables	-	-	-	-	18	-	18	18
<b>2014</b>								
<u>Financial Liabilities</u>								
Term loan	-	-	-	-	7,246	-	7,246	4,440
Hire purchase payables	-	-	-	-	360	-	360	342

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### 40.4 FAIR VALUE INFORMATION (CONT'D)

The fair values of hire purchase payable and term loans are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group		The Company	
	2015 %	2014 %	2015 %	2014 %
<u>Financial Liability</u>				
Hire purchase payables	<b>4.55 - 6.31</b>	4.55 - 6.31	<b>5.02</b>	5.02
Term loan	<b>8.60</b>	8.35	-	-

## 41. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 13 July 2015, the Company announced to undertake the following proposals:-

- proposed reduction of the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965, involving the cancellation of RM0.90 of the par value of every existing ordinary share of RM1.00 each in the Company ("Proposed Par Value Reduction");
- proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed Par Value Reduction;
- proposed private placement of up to 52,240,000 new ordinary shares of RM0.10 each in the Company, representing up to approximately 30% of the issued and paid-up share capital of the Company after the Proposed Par Value Reduction; and
- proposed diversification of the business of the Company and its subsidiaries to include property development and investment.

The above corporate exercise is pending approval by the shareholders and authorities.



# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 42. EFFECTS OF CHANGE IN AN ACCOUNTING POLICY

The financial effects on the voluntary change in accounting policy as disclosed in Note 3.2 to the financial statements are summarised below:-

	<b>As Previously Reported RM'000</b>	<b>As Restated RM'000</b>
Consolidated Statement of Financial Position (Extract):-		
(a) At 1 April 2013:		
- Retained profits/(Accumulated losses)	18,617	(91,011)
- Merger deficit	(109,628)	-
(b) At 31 March 2014:		
- Retained profits/(Accumulated losses)	3,792	(105,836)
- Merger deficit	(109,628)	-

During the current financial year, the above prior year adjustment was made in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, certain comparatives have been restated as set out above.

The prior year adjustments relate to the change in accounting policy where the merger deficit to be adjusted against suitable reserves of the subsidiaries acquired to the extent that laws or statutes do not prohibit the use of such reserves.

# Notes to the Financial Statements

For the financial year ended 31 March 2015

## 43. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the (accumulated losses)/retained profits of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
Total accumulated losses of Sanbumi Holdings Berhad and its subsidiaries				
- realised	<b>(149,990)</b>	(220,490)	<b>(112,767)</b>	(89,932)
- unrealised	<b>(2,889)</b>	(2,856)	<b>(680)</b>	(536)
	<b>(152,879)</b>	(223,346)	<b>(113,447)</b>	(90,468)
Total accumulated losses from associated company				
- realised	<b>(637)</b>	(637)	-	-
Less: Consolidation adjustments	<b>34,559</b>	118,147	-	-
At 31 March	<b>(118,957)</b>	(105,836)	<b>(113,447)</b>	(90,468)

# Shareholdings Statistics and Analysis

As at 16 July 2015

## SHARE CAPITAL

Authorised Share Capital	:	RM250,000,000
Issued and Paid-up Capital	:	RM189,238,348 (Inclusive of 15,104,500 Treasury Shares)
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One vote per ordinary share

## SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 16 July 2015 are as follows:-

Name of Substantial Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Tan Sri Datuk Chai Kin Kong	8,694,070	4.99	2,198,113*	1.26
Dato' Chua Tiong Moon	11,250,362	6.46	2,198,113*	1.26

\* Deemed interest by virtue of Tan Sri Datuk Chai Kin Kong and Dato' Chua Tiong Moon having not less than fifteen percent of the voting shares in Equal Accord Sdn Bhd which has a direct interest in the Company.

## DIRECTORS' SHAREHOLDINGS

In accordance with the Register of Directors' Shareholdings, the Directors and their shareholdings as at 16 July 2015 are as follows:-

Name of Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
Tan Sri Datuk Chai Kin Kong	8,694,070	4.99	2,198,113*	1.26
Dato' Chua Tiong Moon	11,250,362	6.46	2,198,113*	1.26
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	-	-	-	-
Ir. Zainurin bin Karman	-	-	-	-
Lim Thian Loong	-	-	-	-
Lee See Hong (Ms)	-	-	-	-

\* Deemed interest by virtue of Tan Sri Datuk Chai Kin Kong and Dato' Chua Tiong Moon having not less than fifteen percent of the voting shares in Equal Accord Sdn Bhd which has a direct interest in the Company.

# Shareholdings Statistics and Analysis

As at 16 July 2015

## ANALYSIS OF SHAREHOLDINGS BY RANGE GROUPS

	No. of shares	% of Issued Capital	No. of Holders	% Over Total Shareholders
1 – 99	433	-	17	0.343
100 – 1,000	829,340	0.476	868	17.528
1,001 – 10,000	13,920,131	7.994	2,722	54.968
10,001 – 100,000	38,768,844	22.264	1,159	23.405
100,001 – 8,706,691	120,615,100	69.266	186	3.756
8,706,692 and Above	-	-	-	-
	174,133,848	100.000	4,952	100.000

## LIST OF THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors)

No.	Name of Shareholders	No. of Shares	%
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA TIONG MOON	6,591,900	3.786
2.	RHB NOMINEES (ASING) SDN BHD OSK ASIA SECURITIES LTD FOR BIOVENTURE LIMITED	5,000,000	2.871
3.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KIN KONG	4,822,300	2.769
4.	EVERGREEN CITY HOLDINGS SDN BHD	4,779,200	2.745
5.	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA TIONG MOON	4,658,400	2.675
6.	FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN BHD	4,326,000	2.484
7.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN BHD	4,261,900	2.447
8.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KOK AUN	4,044,100	2.322
9.	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JULUNG PRESTASI SDN BHD (M0015)	3,939,700	2.263
10.	GOLDMATRIX RESOURCES SDN BHD	3,460,400	1.987
11.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KIN KONG (021)	3,366,700	1.933
12.	KEAN MOONG YIN	2,850,000	1.637

## Shareholdings Statistics and Analysis

As at 16 July 2015

**LIST OF THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors) (Cont'd)**

No.	Name of Shareholders	No. of Shares	%
13.	EVERGREEN 2000 SDN BHD	2,828,000	1.624
14.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHU YOKE HUA	2,333,400	1.340
15.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EQUAL ACCORD SDN BHD	2,198,100	1.262
16.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG YEOW WAH (MG0231-019)	2,138,100	1.228
17.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAI KIEW @ TAI CHOON CHYE	2,120,900	1.218
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAN SINGH A/L SHAM SINGH	2,050,000	1.177
19.	CHAO KOON WAN	1,990,000	1.143
20.	GOH KHENG HOCK	1,950,000	1.120
21.	RHB NOMINEES (ASING) SDN BHD RHB SECURITIES SINGAPORE PTE LTD FOR SHINING VICTORY GLOBAL LTD (93819)	1,910,000	1.097
22.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NUMINA GEM SDN BHD	1,572,200	0.903
23.	CHU YOKE FONG	1,412,300	0.811
24.	TEOH HOOI BIN	1,334,600	0.767
25.	CHEW POO	1,121,500	0.644
26.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG CHEE CHOON @ WONG SEE CHOON	973,000	0.559
27.	DELTA CYCLE SDN BHD	894,100	0.514
28.	LEE KIM SOON	870,500	0.500
29.	LIM KWEE SENG	800,000	0.459
30.	NOORAZMAN BIN ADNAN	755,000	0.433
	<b>TOTAL</b>	<b>81,352,300</b>	<b>46.718</b>

# Particulars of Properties Held

Summary of landed properties owned as at 31 March 2015.

Owner	Location	Tenure	Existing Use	Land area Sq.ft.	Approx. age of building (Years)	Fair Value as at 31.3.15 RM'000	Last Revaluation
Sanbumi Holdings Berhad ("SHB")	Lot 2071 Mukim 6 Seberang Prai Tengah, Pulau Pinang	Freehold	a) 4 storey office building	84,419	36	8,165	2015
			b) 1 storey workshop		36	735	2015
SHB	Part of Lot 3423 Mukim 6 Seberang Prai Tengah, Pulau Pinang	Freehold	Storage yard	55,626	N.A.	2,500	2015
SHB	Lot 1590, 1595 & 1598 Mukim 17 Sg. Lembu Seberang Prai Tengah, Pulau Pinang	Freehold	Vacant land	441,263	N.A.	3,820	2015
SHB	Lot 739 Section 16 Georgetown, Daerah Timur-laut Pulau Pinang	Freehold	2 storey shophouse	2,292	>50	2,300	2015
EMC Cranes Sdn Bhd	Lot 451 Mukim 17 Sg Lembu Seberang Prai Tengah, Pulau Pinang	Freehold	Vacant land	795,231	N.A.	3,250	2015
Nouvelle Hotel (Kulai) Sdn Bhd	H.S.(D) 51225-51238 & 51264-51276 Mukim Kulai, Daerah Kulaijaya, Johor	Freehold	14 lots of vacant land and 13 units of 3 storey shop offices	44,784	4	13,346	2014

# Particulars of Properties Held

Owner	Location	Tenure	Existing Use	Land area Sq.ft.	Approx. age of building (Years)	Fair Value as at 31.3.15 RM'000	Last Revaluation
Nouvelle Hotel Sdn Bhd	Lot 6057 to Lot 6080 Mukim Pasir Panjang Port Dickson, Negeri Sembilan	Freehold	Vacant land	51,817	N.A.	3,000	2014
Nouvelle Restaurant Sdn Bhd	H.S.(D) 19190-19192, Lot P.T. 7501-7503 Mukim Durian Tunggal, Daerah Alor Gajah, Melaka	Leasehold (to expire in 2094)	Vacant land	731,133	N.A.	6,600	2014
Sanbumi Sawmill Sdn Bhd	Lot 12089 Mukim 15 Seberang Prai Tengah, Pulau Pinang	Freehold	A partially completed commercial building and land	70,988	N.A.	18,877	2014

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# Proxy Form



SANBUMI HOLDINGS BERHAD  
(Company No. 8386-P)

#CDS account no. of authorised nominee

I/We \_\_\_\_\_ (name of shareholder as per NRIC, in capital letters)  
 NRIC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)/ID No./Company No. \_\_\_\_\_ of  
 \_\_\_\_\_ (full address)

being a member(s) of the abovenamed Company, hereby appoint \_\_\_\_\_  
 (name of proxy as per NRIC, in capital letters) NRIC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)  
 or failing him/her \_\_\_\_\_ (name of proxy as per NRIC, in capital letters)  
 NRIC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old) or failing him/her the CHAIRMAN OF  
 THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Forty-Sixth Annual General Meeting of the Company to be held  
 at the Conference Room, Second Floor, Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang on Wednesday, 30 September 2015 at 10.00 a.m.  
 and at any adjournment thereof.

My/our proxy is to vote as indicated below:-

Resolutions	For	Against
Re-election of Directors:		
Resolution 1 - Ir Zainurin bin Karman		
Resolution 2 - Lee See Hong		
Resolution 3 - Re-appointment of Messrs Crowe Horwath as Auditors and to authorise the Directors to determine their remuneration		
Resolution 4 - Approval of Directors' fees of RM216,000		
Resolution 5 - Continuing in office for En Ir Zainurin bin Karman		
Resolution 6 - Continuing in office for Datuk Wira Rahadian Mahmud bin Mohammad Khalil		

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Number of shares held	_____
-----------------------	-------

For appointment of two proxies, number of shares and percentage of shareholdings to be represented by the proxies:-		
	No. of shares	Percentage
Proxy 1	_____	_____ %
Proxy 2	_____	_____ %

Signature/Common Seal of Appointor \_\_\_\_\_

Contact No. Of Shareholder/Proxy: \_\_\_\_\_

**NOTES:**

- A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies (who need not be members of the Company) to attend and vote on his behalf. The provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company.
  - Where a member appoints two (2) proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
  - Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
  - Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
  - The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
  - The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang not less than forty-eight (48) hours before the time set for the meeting.
  - A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 147 of the Companies Act, 1965.
  - If the space provided in the proxy form is not sufficient, an appendix attached to the proxy form duly signed by the appointor is acceptable.
  - Those proxy forms which are indicated with "v" in the spaces provided to show how the votes are to be cast will also be accepted.
  - Only members registered in the Record of Depositors as at 21 September 2015 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.
- # Applicable to shares held through a nominee account.

AFFIX  
STAMP

The Secretary  
**SANBUMI HOLDINGS BERHAD (8386-P)**

Wisma EMC  
972, Jalan Baru  
13700 Prai  
Penang