

MESB BERHAD
(Incorporated in Malaysia)

Company No: 337554 - D

FINANCIAL REPORT
for the financial year ended 31 March 2015

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MESB BERHAD

(Incorporated in Malaysia)

Company No: 337554 - D

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

RESULTS

	The Group RM'000	The Company RM'000
Profit/(Loss) after taxation for the financial year	991	(566)
Attributable to:-		
Owners of the Company	1,250	(566)
Non-controlling interest	(259)	-
	991	(566)

DIVIDENDS

No dividend was declared or 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 are disclosed in the financial statements.

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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.

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 no allowance for impairment losses on receivables is required.

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 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 value 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.

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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 of the Company is disclosed in Note 37 to the financial statements. At the date of this report, there does not exist:-

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

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

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.

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.

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DIRECTORS' REPORT

DIRECTORS

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

Teoh Hwa Peng
Saffie Bin Bakar
Ng Chee Leong
Tan Yew Kim
Tan Sok Gim
Yam Sing Lam @ Yam Seng Lam

DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares Of RM1 Each			
	At 1.4.2014	Bought	Sold	At 31.3.2015
The Company				
Direct Interests				
Teoh Hwa Peng	19,071,899	-	-	19,071,899
Tan Sok Gim	2,125,000	-	-	2,125,000
Deemed Interests				
Teoh Hwa Peng *	2,125,000	-	-	2,125,000
Tan Sok Gim*	19,071,899	-	-	19,071,899

* *Deemed interest through spouse's shareholding by virtue of Section 134(12)(c) of the Companies Act 1965 in Malaysia.*

By virtue of their shareholdings in the Company, Teoh Hwa Peng and Tan Sok Gim are deemed to have interests in shares in the subsidiaries during the financial year to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965 in Malaysia.

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

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DIRECTORS' REPORT

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 amount 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34 to the financial statements.

Neither during nor at the end of the financial year, was the Group or the Company a party to any arrangements whose object is 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 END OF THE REPORTING PERIOD

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

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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 28 July 2015.

Teoh Hwa Peng

Ng Chee Leong

MESB BERHAD

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STATEMENT BY DIRECTORS

We, Teoh Hwa Peng and Ng Chee Leong, being two of the directors of MESB Berhad, state that, in the opinion of the directors, the financial statements set out on pages 11 to 88 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, 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 28 July 2015.

Teoh Hwa Peng

Ng Chee Leong

STATUTORY DECLARATION

I, Teoh Hwa Peng, I/C No. 670407-09-5017, being the director primarily responsible for the financial management of MESB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 11 to 88 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
Teoh Hwa Peng, I/C No. 670407-09-5017,
at Kuala Lumpur in the Federal Territory
on this 28 July 2015

Teoh Hwa Peng

Before me

Lai Din
No. W-668
Commissioner for Oaths

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MESB BERHAD**

(Incorporated in Malaysia)
Company No: 337554 - D

Report on the Financial Statements

We have audited the financial statements of MESB 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 11 to 88.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MESB BERHAD (CONT'D)**

(Incorporated in Malaysia)

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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.

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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MESB BERHAD (CONT'D)**
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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

28 July 2015

Kuala Lumpur

Lee Kok Wai
Approval No: 2760/06/16 (J)
Chartered Accountant

MESB BERHAD

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STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000 (Restated)
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	38,382	37,974
Investment in an associate	6	8,929	7,730	660	660
Property and equipment	7	9,166	8,298	125	244
Other assets	8	540	540	40	40
Goodwill on consolidation	9	24,668	24,668	-	-
		<u>43,303</u>	<u>41,236</u>	<u>39,207</u>	<u>38,918</u>
CURRENT ASSETS					
Inventories	10	17,323	15,731	-	-
Trade receivables	11	14,956	12,813	-	-
Other receivables, deposits and prepayments	12	1,123	2,191	4	7
Amount owing by subsidiaries	13	-	-	317	18
Tax recoverable		-	156	-	153
Fixed deposits with licensed banks	14	17,461	16,730	8,042	7,741
Cash and bank balances		13,010	13,952	1,504	2,786
		<u>63,873</u>	<u>61,573</u>	<u>9,867</u>	<u>10,705</u>
TOTAL ASSETS		<u>107,176</u>	<u>102,809</u>	<u>49,074</u>	<u>49,623</u>

MESB BERHAD(Incorporated in Malaysia)
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	Note	The Group		The Company	
		2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000 (Restated)
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	42,000	42,000	42,000	42,000
Reserves	16	40,620	39,370	6,434	7,000
TOTAL EQUITY		82,620	81,370	48,434	49,000
NON-CONTROLLING INTEREST					
		133	-	-	-
		82,753	81,370	48,434	49,000
NON-CURRENT LIABILITIES					
Long-term borrowings	17	763	1,237	103	210
Deferred tax liabilities	18	43	43	-	-
		806	1,280	103	210
CURRENT LIABILITIES					
Trade payables	19	1,237	929	-	-
Other payables, deposits and accruals	20	3,286	2,621	430	306
Amount owing to related parties	21	4,005	-	-	-
Provision for taxation		304	269	-	-
Short-term borrowings	22	14,785	16,340	107	107
		23,617	20,159	537	413
TOTAL LIABILITIES		24,423	21,439	640	623
TOTAL EQUITY AND LIABILITIES		107,176	102,809	49,074	49,623

MESB BERHAD

(Incorporated in Malaysia)
Company No : 337554 - D

**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 (Restated)	2015 RM'000	2014 RM'000
CONTINUING OPERATIONS					
REVENUE	25	86,685	91,231	-	2,917
COST OF SALES		(31,097)	(33,728)	-	-
GROSS PROFIT		55,588	57,503	-	2,917
OTHER INCOME		708	14,199	372	316
		56,296	71,702	372	3,233
SELLING AND DISTRIBUTION EXPENSES		(24,283)	(25,800)	-	-
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(30,685)	(29,761)	(1,106)	(1,302)
FINANCE COSTS		(597)	(925)	(17)	(17)
SHARE OF PROFIT IN AN ASSOCIATE		1,199	900	-	-
PROFIT/(LOSS) BEFORE TAXATION	26	1,930	16,116	(751)	1,914
INCOME TAX EXPENSE	27	(939)	(845)	185	(167)
PROFIT/(LOSS) AFTER TAXATION FROM CONTINUING OPERATIONS		991	15,271	(566)	1,747
DISCONTINUED OPERATIONS					
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	28	-	(75)	-	-
PROFIT/(LOSS) AFTER TAXATION		991	15,196	(566)	1,747
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		991	15,196	(566)	1,747

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**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)**

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
PROFIT/(LOSS) AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		1,250	15,196	(566)	1,747
Non-controlling interest		(259)	-	-	-
		<u>991</u>	<u>15,196</u>	<u>(566)</u>	<u>1,747</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSES)					
ATTRIBUTABLE TO:-					
Owners of the Company		1,250	15,196	(566)	1,747
Non-controlling interest		(259)	-	-	-
		<u>991</u>	<u>15,196</u>	<u>(566)</u>	<u>1,747</u>
EARNINGS/(LOSS) PER SHARE (SEN)					
Basic:					
- continuing operations	29	2.98 sen	36.36 sen		
- discontinued operations	29	-	(0.18) sen		
		<u>2.98 sen</u>	<u>36.18 sen</u>		
Diluted:					
- continuing operations	29	Not applicable	Not applicable		
- discontinued operations	29	Not applicable	Not applicable		

MESB BERHAD

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

	← Attributable To Owners Of The Company →						
	Share Capital	Share Premium (Note 16.1)	Capital Reserve (Note 16.2)	Retained Profits (Note 16.3)	Total	Non- Control- ling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group							
Balance at 1.4.2013	42,000	5	37	24,132	66,174	-	66,174
Profit after taxation/ Total comprehensive income for the financial year	-	-	-	15,196	15,196	-	15,196
Balance at 31.3.2014/1.4.2014	42,000	5	37	39,328	81,370	-	81,370
Profit/(Loss) after taxation/Total comprehensive income/(expenses) for the financial year	-	-	-	1,250	1,250	(259)	991
Subscription of shares in a subsidiary by non-controlling interest	-	-	-	-	-	392	392
Balance at 31.3.2015	42,000	5	37	40,578	82,620	133	82,753
The Company							
Balance at 1.4.2013	42,000	5	37	5,211	47,253	-	47,253
Profit after taxation/ Total comprehensive income for the financial year	-	-	-	1,747	1,747	-	1,747
Balance at 31.03.2014/1.4.2014	42,000	5	37	6,958	49,000	-	49,000
Loss after taxation/ Total comprehensive expenses for the financial year	-	-	-	(566)	(566)	-	(566)
Balance at 31.3.2015	42,000	5	37	6,392	48,434	-	48,434

MESB BERHAD

(Incorporated in Malaysia)
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**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 FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation:					
- continuing operations		1,930	16,116	(751)	1,914
- discontinued operations	28	-	(75)	-	-
		<u>1,930</u>	<u>16,041</u>	<u>(751)</u>	<u>1,914</u>
Adjustments for:-					
Allowance for impairment losses on receivables		-	15	-	-
Allowance for impairment losses on receivables written back		(107)	(45)	-	-
Bad debts written off		738	56	-	79
Depreciation of property and equipment		1,734	1,852	125	124
Equipment written off		200	236	-	-
Impairment loss on investment in a subsidiary		-	-	-	275
Interest expenses		597	925	17	17
Inventories written down		147	132	-	-
Dividends from subsidiaries		-	-	-	(2,917)
Gain on disposal of a subsidiary		-	(107)	-	(56)
Gain on disposal of property and equipment		(7)	(10,308)	-	-
Gain on disposal of non-current asset held for sale		-	(3,217)	-	-
Interest income		(583)	(326)	(368)	(260)
Share of profit in an associate		(1,199)	(900)	-	-
		<u>3,450</u>	<u>4,354</u>	<u>(977)</u>	<u>(824)</u>
Operating profit/(loss) before working capital changes		3,450	4,354	(977)	(824)
(Increase)/Decrease in inventories		(1,739)	2,844	-	-
(Increase)/Decrease in trade and other receivables		(1,706)	(138)	3	(1)
Increase/(Decrease) in trade and other payables		913	(5,685)	124	113
Increase in amount owing to related parties		4,005	-	-	-
		<u>4,923</u>	<u>1,375</u>	<u>(850)</u>	<u>(712)</u>
CASH FROM/(FOR) OPERATIONS		4,923	1,375	(850)	(712)
BALANCE CARRIED FORWARD		4,923	1,375	(850)	(712)

MESB BERHAD

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Company No : 337554 - D

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)**

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
BALANCE BROUGHT FORWARD		4,923	1,375	(850)	(712)
Income tax (paid)/refunded		(748)	(1,288)	338	-
Interest paid		(597)	(925)	(17)	(17)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		3,578	(838)	(529)	(729)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Proceeds from disposal of a subsidiary	30	-	52	-	56
Purchase of equipment	31	(2,657)	(1,408)	(6)	-
Investment in a subsidiary		-	-	(408)	(2,666)
Proceeds from disposal of property and equipment		14	14,165	-	-
Net proceeds from disposal of non-current asset held for sale		-	4,829	-	-
(Advances to)/Repayment to subsidiaries		-	-	(299)	4,254
Placement of fixed deposits pledged		(430)	(5,515)	-	-
Proceeds from issuance of shares to non-controlling interest		392	-	-	-
Dividends received from subsidiaries		-	-	-	2,750
Interest received		583	326	368	260
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(2,098)	12,449	(345)	4,654
CASH FLOWS FOR FINANCING ACTIVITIES					
Repayment of advances to a director		-	(76)	-	(76)
Net repayment of bankers' acceptances		(1,575)	(119)	-	-
Repayment of hire purchase obligations		(300)	(292)	(107)	(112)
Repayment of term loans		(617)	(3,221)	-	-
NET CASH FOR FINANCING ACTIVITIES		(2,492)	(3,708)	(107)	(188)

MESB BERHAD

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**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONT'D)**

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(1,012)	7,903	(981)	3,737
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<u>21,693</u>	<u>13,790</u>	<u>10,527</u>	<u>6,790</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32	<u>20,681</u>	<u>21,693</u>	<u>9,546</u>	<u>10,527</u>

MESB BERHAD

(Incorporated in Malaysia)
Company No : 337554 - D

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.
Principal place of business	:	No. 63, Jalan Tasik Selatan 8, Bandar Tasik Selatan, Sungai Besi, 57000 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 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 5 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 and the requirements of the Companies Act 1965 in Malaysia.

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

Amendments to MFRSs and a new IC Interpretation (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 amendments to the accounting standards and the interpretation (including the consequential amendments) did not have any material impact on the Group's financial statements.

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3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group has not applied in advance the following accounting standards (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the current financial year:-

MFRSs (Including The Consequential Amendments)	Effective Date
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

The above accounting standards (including the consequential amendments) are not relevant to the Group's operations except as follows:-

- (a) 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. The adoption of this standard is not expected to have any impact on the financial statements of the Group.

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3. BASIS OF PREPARATION (CONT'D)

3.2 The above accounting standards (including the consequential amendments) are not relevant to the Group's operations except as follows (Cont'd):-

- (b) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

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 and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property 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 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 technological development could impact the economic useful lives and the residual values 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 recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

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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) 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.

(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 judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(f) Impairment of Goodwill and Intangible Assets

Goodwill and intangible assets are tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill and the intangible assets are allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the 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.

(a) 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(b) 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.

(c) 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.

(d) 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 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.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates.

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 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, held-to-maturity investments, loans and receivables financial assets, 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(ii) *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 revenue recognised on an effective yield basis.

(iii) *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.

(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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iv) *Available-for-sale Financial Assets (Cont'd)*

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.

(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

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new 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.

(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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition (cont'd)

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.

4.6 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 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. The cost of the investments includes transaction costs.

4.7 INVESTMENT IN ASSOCIATES

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

Investments in associates 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 investment includes transaction costs.

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 of the Group. 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 INVESTMENT IN ASSOCIATES (CONT'D)

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.

4.8 PROPERTY AND EQUIPMENT

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

Freehold land is stated at cost less accumulated impairment losses, if any and is not depreciated.

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 is calculated under 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:-

Leasehold land	Over the lease period
Buildings	2%
Motor vehicles	20% - 30%
Office equipment, furniture and fittings	5% - 20%
Computers	50%
Renovation	10% - 20%

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 and equipment.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY AND EQUIPMENT (CONT'D)

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 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 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 included in the statement of comprehensive income in the year the asset is derecognised.

4.9 INTANGIBLE ASSETS

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite.

The cost of acquiring the rights, interest and benefits to the operations, brands and patents pertaining to the trademarks are capitalised as intangible assets.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate the carrying value may be impaired either individually or at the cash generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 IMPAIRMENT (CONT'D)

(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.

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 INVENTORIES

Inventories comprise goods held for trading and are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 INCOME TAXES

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the 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.

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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 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.

4.15 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.

4.16 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 RELATED PARTIES (CONT'D)

- (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.

4.17 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 FAIR VALUE MEASUREMENTS (CONT'D)

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.

4.18 REVENUE AND OTHER INCOME

(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) Rental Income

Rental income is recognised on an accrual basis.

4.19 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition and construction of property and equipment 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.

4.20 DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or held for sale, under deregistration exercise or is a subsidiary acquired exclusively with a view for resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 OPERATING SEGMENTS

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

4.22 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.

4.23 OPERATING LEASES

Leases in which the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line method over the lease period.

4.24 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015****5. INVESTMENTS IN SUBSIDIARIES**

	The Company	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost		
At 1 April 2014/2013	38,249	35,583
Additional investment in a subsidiary during the financial year	-	2,666
Subscribed for investment in the issued and paid-up share capital of a newly incorporated subsidiary	408	-
At 31 March 2015/2014	38,657	38,249
Less: Accumulated impairment losses	(275)	(275)
	<u>38,382</u>	<u>37,974</u>
Accumulated impairment losses:-		
At 1 April 2014/2013	(275)	-
Addition during the financial year	-	(275)
At 31 March 2015/2014	<u>(275)</u>	<u>(275)</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015****5. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

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

Name of Subsidiary	Effective Equity Interest		Principal activities
	2015	2014	
Miroza Leather (M) Sdn. Bhd. ("Miroza")	100%	100%	Trading in leather products.
MESB Capital & Development Sdn Bhd	100%	100%	Investment holding.
Crystal United Sdn. Bhd.	100%	100%	Investment holding.
PC Global Trends Sdn. Bhd. ~	51%	-	Trading and retailing in ladies's shoes and leather products.
MESB Agriculture Sdn. Bhd. ^	-	100%	Dormant.

~ During the financial year, the Company subscribed for 51% equity interest in the issued and paid-up share capital of this subsidiary. Subsequent to the end of the reporting period, on 1 July 2015, the Company disposed of the entire equity interest in this subsidiary to a third party, as disclosed in Note 41 to the financial statements.

^ During the financial year this subsidiary was struck off from the register pursuant to Section 308 of the Companies Act 1965.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015****6. INVESTMENT IN AN ASSOCIATE**

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at cost	660	660	660	660
Share of post acquisition profits	8,269	7,070	-	-
	<u>8,929</u>	<u>7,730</u>	<u>660</u>	<u>660</u>

6.1 Share of profit in an associate is based on the unaudited financial statements of the associate made up to 31 March 2015.

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

Name of Company	Effective Equity Interest		Principal activities
	2015	2014	
PDC Telecommunication Services Sdn. Bhd.	40%	40%	Development, rental and legalisation of the telecommunication base transceiver stations in the State of Penang.

6.3 On 15 July 2015, the Company entered into a Share Sale Agreement with a third party to dispose of its entire shares in PDC Telecommunication Services Sdn. Bhd., as disclosed in Note 41 to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015****6. INVESTMENT IN AN ASSOCIATE (CONT'D)**

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

	2015 RM'000	2014 RM'000
<u>At 31 March</u>		
Non-current assets	4,764	6,004
Current assets	21,846	18,288
Non-current liabilities	(1,021)	(1,294)
Current liabilities	(3,012)	(3,419)
Net assets	<u>22,577</u>	<u>19,579</u>
<u>12 months ended 31 March</u>		
Revenue	8,616	8,728
Profit for the financial year	2,996	2,251
Total comprehensive income	<u>2,996</u>	<u>2,251</u>
Group's share of profit for the financial year	1,199	900
Group's share of other comprehensive income	<u>-</u>	<u>-</u>
<u>Reconciliation of net assets to carrying amount</u>		
Group's share of net assets above	8,929	7,730
Carrying amount of the Group's interests in this associate	<u>8,929</u>	<u>7,730</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015****7. PROPERTY AND EQUIPMENT**

	At 1.4.2014 RM'000	Additions RM'000	Disposal RM'000	Written Off RM'000	Provision Restoration Costs (Note 20) RM'000	Depreciation Charge RM'000	At 31.3.2015 RM'000
The Group							
Net Book Value							
Leasehold land and building	3,088	-	-	-	-	(63)	3,025
Motor vehicles	679	92	(7)	-	-	(333)	431
Office equipment, furniture and fittings	1,447	125	-	-	-	(139)	1,433
Computers	82	190	-	-	-	(127)	145
Renovation	3,002	2,342	-	(200)	60	(1,072)	4,132
Total	8,298	2,749	(7)	(200)	60	(1,734)	9,166

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**NOTES TO THE FINANCIAL STATEMENTS
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	At 1.4.2013 RM'000	Additions RM'000	Disposals RM'000	Written Off RM'000	Depreciation Charge RM'000	At 31.3.2014 RM'000
The Group						
Net Book Value						
Freehold land and building	3,788	-	(3,788)	-	-	-
Leasehold land and building	3,181	-	-	-	(93)	3,088
Motor vehicles	1,020	-	-	-	(341)	679
Office equipment, furniture and fittings	1,646	24	(69)	-	(154)	1,447
Computers	170	54	-	(1)	(141)	82
Renovation	3,030	1,330	-	(235)	(1,123)	3,002
Total	12,835	1,408	(3,857)	(236)	(1,852)	8,298

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**NOTES TO THE FINANCIAL STATEMENTS
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	At Cost RM'000	Accumulated Depreciation RM'000	Total RM'000
The Group			
At 31.3.2015			
Leasehold land and building	3,740	(715)	3,025
Motor vehicles	1,882	(1,451)	431
Office equipment, furniture and fittings	2,248	(815)	1,433
Computers	2,626	(2,481)	145
Renovation	8,134	(4,002)	4,132
	18,630	(9,464)	9,166
At 31.3.2014			
Leasehold land and building	3,740	(652)	3,088
Motor vehicles	1,868	(1,189)	679
Office equipment, furniture and fittings	2,123	(676)	1,447
Computers	2,436	(2,354)	82
Renovation	6,141	(3,139)	3,002
	16,308	(8,010)	8,298