STONE MASTER CORPORATION BERHAD
(498639 – X)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
30TH SEPTEMBER 2015

Company No. 498639-X

STONE MASTER CORPORATION BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2015

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STONE MASTER CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby present their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 30th September 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

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

RESULTS

	Group RM'000	**Company** RM'000
Loss for the financial year	(8,548)	(19,686)
Other comprehensive income	64	-
Total comprehensive loss for the financial year	(8,484)	(19,686)
Loss attributable to:		
Owners of the Company	(8,548)	(19,686)
Total comprehensive loss attributable to:		
Owners of the Company	(8,484)	(19,686)

DIVIDENDS

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

RESERVES AND PROVISIONS

There are no material transfers to and from reserves and provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors of the Company are not aware of any circumstances that would render it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company.

CURRENT ASSETS

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

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

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

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.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not in the opinion of 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 in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company has:

(i) completed its share capital reduction exercise via the cancellation of RM0.25 of the par value of every existing ordinary share of RM0.50 each pursuant to Section 64(1) of the Companies Act, 1965 in Malaysia;

(ii) increased its authorised share capital from RM25,000,000/- comprising 50,000,000 ordinary shares of RM0.50/- each to RM2,000,000,000/- comprising of 8,000,000,000 ordinary shares of RM0.25/- each by creation of additional 7,950,000,000 ordinary share of RM0.25/- each;

(iii) increased its issued and paid up share capital by issuance of 43,705,177 ordinary shares of RM0.25/- each from right issue at an issue price of RM0.30 per ordinary shares for a total cash consideration of RM13,111,553/- for repayment of a term loan of the Group and working capital purposes.

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

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

WARRANTS

On 22nd June 2015, the Company issued 21,852,588 warrants pursuant to the Company's Right Issue.

The terms of the warrants are as follows:

(a) Exercise rights
Each warrant entitles the registered holder, at any time during the exercise period (as defined below), to subscribe for one new ordinary shares at the exercise price (as defined below), subject to adjustments in accordance with the provisions of the Deed Poll

(b) Exercise period
The warrants may be exercised at any time within five years commencing from and including the date of issue of the warrants and ending at 5.00pm on the expiry date.

(c) Exercise price
The exercise price of the warrants is fixed at RM0.30/-, after taking into consideration the theoretical ex-rights price, subject to the exercise price not being less than par value.

(d) Expiry date
The day falling immediately before the fifth anniversary of the date of issuance of the warrants or 21st June 2020 and if such date is not market day, then on the preceding market day. Any of the warrants which have not been exercised and delivered to the Company registrar by the expiry date will lapse and cease thereafter to be valid for any purpose.

(e) Transferability
The warrants are transferrable in the manner and according to the provisions of the Deed Poll, Securities industry (Central Depositories) Act 1991 and the rules of Bursa Depository.

(f) Ranking
The 21,852,588 new ordinary shares to be issued pursuant to the exercise of the warrants, shall upon allotment and issue, rank pari passu in all respects with the existing ordinary shares, save and except that they will not be entitled to any dividend, right, allotment, and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the relevant allotment and issuance date of the new ordinary shares.

As at the end of the current financial year, no exercise of warrants had taken place and the outstanding warrants in the Company remains at 21,852,588.

DIRECTORS

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

Dato' Eii Ching Siew @ Yii Ching Siew	
Dato' Lee Fong Yin @ Lee Vun Ya	
Koh Mui Tee	
Datin Chan Chui Mei	
Datuk Lee Hwa Cheng	
Ching Pong Hua	
Md. Noor Bin Abd Rahim	
Lam Man Kai	
Julius Kong Yik Liang (Alternate director to Lam Man Kai)	Appointed on 16.2.2015
Prof. Dr. Wong Kong Yew @ Leong Kong Yew	Resigned on 30.9.2015

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 30th September 2015 are as follows:-

	Number of ordinary shares of RM0.25 each			
	At 1.10.2014	**Rights Issue**	**Sold**	**At 30.9.2015**
The Company				
Direct Interest				
Stone Master Corporation Berhad				
Dato' Eii Ching Siew @ Yii Ching Siew	8,500,000	-	-	8,500,000
Dato' Lee Fong Yin @ Lee Vun Ya	7,539,600	12,500,000	-	20,039,600
Indirect Interest				
Datin Chan Chui Mei*	4,856,200	-	-	4,856,200

	Number of warrants			
	At 1.10.2014	**Rights Issue**	**Sold**	**At 30.9.2015**
The Company				
Direct Interest				
Stone Master Corporation Berhad				
Dato' Lee Fong Yin @ Lee Vun Ya	-	6,250,000	-	6,250,000

* Deemed interested by virtue of section 6A of the Companies Act, 1965 in Malaysia.

By Virtue of their interest in the Company, Dato' Eii Ching Siew @ Yii Ching Siew, Dato' Lee Fong Yin @ Lee Vun Ya (F) and Datin Chan Chui Mei (F) are also deemed to be interested in the shares of all the subsidiaries to the extent of the shares held by the Company.

Other than as stated above, none of the other directors in office at the end of the financial year have any interest in the shares of the Company and its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

SIGNIFICANT EVENT DURING AND AFTER THE FINANCIAL YEAR END

Details of the significant events during and after the financial year end are disclosed in Note 31 to the financial statements.

AUDITORS

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

On behalf of the Board,

………………………………...
KOH MUI TEE
Director

………………………………...
DATIN CHAN CHUI MEI
Director

Kuala Lumpur

Date: 28 January 2016

Company No. 498639-X

STONE MASTER CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	21,488	22,789	125	51
Investment properties	5	4,135	3,975	-	-
Investment in subsidiaries	6	-	-	4,886	9,858
Other investments	7	28	28	-	-
		25,651	26,792	5,011	9,909
Current assets					
Inventories	8	5,243	7,002	-	-
Trade receivables	9	21,329	23,590	-	-
Other receivables, deposits and prepayments	10	481	710	263	862
Deposits placed with licensed banks	11	13,460	-	13,010	-
Cash and bank balances		1,491	1,240	6	536
		42,004	32,542	13,279	1,398
TOTAL ASSETS		67,655	59,334	18,290	11,307
EQUITY AND LIABILITIES					
Equity attributable to Owners of the Company					
Share capital	12(a)	22,476	23,100	22,476	23,100
Share premium	12(b)	2,048	611	2,048	611
Reserves	13	6,859	4,173	2,622	-
Accumulated losses		(14,175)	(14,726)	(23,709)	(12,951)
Total Equity		17,208	13,158	3,437	10,760
Non-current liabilities					
Bank borrowings - secured	14	5,096	11,845	-	-
Deferred tax liabilities	15	2,052	1,966	-	-
Total non-current liabilities		7,148	13,811	-	-
Current liabilities					
Trade payables	16	13,186	13,846	-	-
Other payables, deposit and accruals	17	5,264	3,275	2,895	547
Bank borrowings - secured	14	24,256	14,334	11,958	-
Tax payables		593	910	-	-
		43,299	32,365	14,853	547
Total liabilities		50,447	46,176	14,853	547
TOTAL EQUITY AND LIABILITIES		67,655	59,334	18,290	11,307

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

Company No. 498639-X

STONE MASTER CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	18	76,330	80,898	300	200
Cost of sales		(66,891)	(72,627)	-	-
GROSS PROFIT		9,439	8,271	300	200
Other operating income		387	259	1	13
Distribution costs		(3,492)	(3,825)	-	-
Administrative expenses		(12,041)	(5,441)	(4,620)	(527)
Other operating expenses:					
- Impairment loss on investment in subsidiaries		-	-	(4,972)	-
- Impairment loss on amount due from subsidiaries		-	-	(10,253)	-
OPERATING LOSS	19	(5,707)	(736)	(19,544)	(314)
Finance costs	20	(2,012)	(1,800)	(142)	-
LOSS BEFORE TAXATION		(7,719)	(2,536)	(19,686)	(314)
Taxation	21	(829)	(727)	-	-
LOSS FOR THE FINANCIAL YEAR		(8,548)	(3,263)	(19,686)	(314)
Other Comprehensive Income, net of tax:					
Items that are or may be reclassified subsequently to profit or loss:					
- amortisation of revaluation reserve		(171)	(151)	-	-
- revaluation surplus		235	-	-	-
		64	(151)	-	-
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(8,484)	(3,414)	(19,686)	(314)
Loss attributable to:					
Owners of the Company		(8,548)	(3,263)	(19,686)	(314)
Total comprehensive loss attributable to:					
Owners of the Company		(8,484)	(3,414)	(19,686)	(314)
Earnings per share attributable to Owners of the Company (sen)					
Basic loss per ordinary share	22(a)	(14.88)	(7.28)		
Diluted loss per ordinary share	22(b)	(14.88)	(7.28)		

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

STONE MASTER CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2015

	Attributable to Owners of the Company						
	Non-Distributable					Distributable	
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Warrant Reserve RM'000	Fair Value Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
Group							
At 1st October 2013	21,000	-	4,311	-	13	(11,614)	13,710
Issuance of shares via private placement	2,100	611	-	-	-	-	2,711
Amortisation of revaluation reserve	-	-	(151)	-	-	151	-
Loss for the financial year	-	-	-	-	-	(3,263)	(3,263)
At 30th September 2014	23,100	611	4,160		13	(14,726)	13,158
Share capital reduction	(11,550)	-	-	-	-	11,550	-
Issuance of shares via right issues	10,926	2,185	-	2,622	-	(2,622)	13,111
Rights Issue costs charged to share premium	-	(748)	-	-	-	-	(748)
Revaluation surplus	-	-	235	-	-	-	235
Amortisation of revaluation reserve	-	-	(171)	-	-	171	-
Loss for the financial year	-	-	-	-	-	(8,548)	(8,548)
At 30th September 2015	22,476	2,048	4,224	2,622	13	(14,175)	17,208

STONE MASTER CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2015 (Continued)

	← Non-Distributable		→	Distributable	
	Share Capital	**Share Premium**	**Warrant Reserve**	**Accumulated Losses**	**Total Equity**
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
At 1st October 2013	21,000	-	-	(12,637)	8,363
Issuance of shares via private placement	2,100	611	-	-	2,711
Loss for the financial year	-	-	-	(314)	(314)
At 30th September 2014	23,100	611	-	(12,951)	10,760
Share capital reduction	(11,550)	-	-	11,550	-
Issuance of shares via right issues	10,926	2,185	2,622	(2,622)	13,111
Rights Issue costs charged to share premium	-	(748)	-	-	(748)
Loss for the financial year	-	-	-	(19,686)	(19,686)
At 30th September 2015	22,476	2,048	2,622	(23,709)	3,437

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

STONE MASTER CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2015

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Loss before taxation	(7,719)	(2,536)	(19,686)	(314)
Adjustments for:				
Depreciation of property, plant and equipment	1,320	1,394	22	3
Inventories written down	136	972	-	-
Loss on disposal of property plant and equipment	208	-	-	-
Property, plant and equipment written off	40	-	40	-
Allowance for impairment of trade and other receivables	2,504	-	-	-
Allowance for impairment of amount owing from subsidiaries	-	-	10,253	-
Impairment of investment in subsidiaries	-	-	4,972	-
Bad debts written off	30	57	-	-
Deposit written off	6	-	6	-
Gain on disposal of property, plant and equipment	-	(4)	-	-
Reversal of impairment loss for inventories	(231)	-	-	-
Gain on fair value change in investment properties	(160)	-	-	-
Unrealised gain on foreign exchange	(7)	-	-	-
Dividend income	(1)	(2)	-	-
Interest expense	2,012	1,800	142	-
Interest income	(3)	(77)	(1)	(13)
Operating Cash Flows Before Working Capital Changes	(1,865)	1,604	(4,252)	(324)
Changes In Working Capital:				
Inventories	1,854	(400)	-	-
Payables	1,336	2,752	(9,660)	(949)
Receivables	(50)	(2,816)	2,348	(862)
	1,275	1,140	(11,564)	(2,135)
Tax paid	(1,127)	(1,104)	-	-
Tax refund	-	16	-	-
Interest paid	(314)	(171)	(142)	-
Interest received	3	77	1	13
Net Operating Cash Flows	(163)	(42)	(11,705)	(2,122)

STONE MASTER CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2015 (Continued)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment	(315)	(1,451)	(136)	(54)
Proceeds from disposal of property, plant and equipment	350	24	-	-
Dividend income	1	2	-	-
Net Investing Cash Flows	36	(1,425)	(136)	(54)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Issuance of ordinary share	12,363	2,711	12,363	2,711
Drawdown of term loan	-	923	-	-
Deposits placed as security	(13,010)	-	(13,010)	-
Repayment of term loan	(8,737)	(295)	-	-
Repayment of hire purchase payables	(128)	(166)	-	-
Drawdown/(Repayment) of other borrowings	785	(229)	-	-
Interest paid	(1,698)	(1,629)	-	-
Net Financing Cash Flows	(10,425)	1,315	(647)	2,711
NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,552)	(152)	(12,488)	535
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	(1,538)	(1,386)	536	1
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	(12,090)	(1,538)	(11,952)	536
ANALYSIS OF CASH AND CASH EQUIVALENTS:				
Cash and bank balances	1,491	1,240	6	536
Deposits placed with licensed banks	13,460	-	13,010	-
Bank overdrafts	(14,031)	(2,778)	(11,958)	-
	920	(1,538)	1,058	536
Less: Deposits held as security	(13,010)	-	(13,010)	-
	(12,090)	(1,538)	(11,952)	536

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

STONE MASTER CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

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

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

The registered office and principal place of business of the Company are located at Unit 02-03, Medan Klang Lama 28, No. 419, Jalan Klang Lama, 58100 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 January 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 (a) Fundamental accounting concept

The financial statements of the Group and the Company have been prepared on the assumption that the Group and the Company will continue as a going concern. The application of the going concern basis is based on the assumption that the Group and the Company will be able to realise its assets and liquidate its liabilities in the normal course of business.

During the financial year, the Group and the Company incurred a net loss of RM8,548,000/- and RM19,686,000/- for the financial year ended 30th September 2015 respectively which was mainly due to the provision of impairment loss on investment in subsidiaries and amount owing by subsidiaries of RM4,972,000/- and RM10,253,000/- respectively. During the financial year, the Group and the Company have recorded negative operating cash flow of RM163,000/- and RM11,705,000/- respectively. As at 30th September 2015, the current liabilities of the Group and of the Company exceeded its current assets by RM1,295,000/- and RM1,574,000/- respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as a going concern.

As stated in Note 31.1, on 29th June 2015, the Company announced that the rights issue was completed following the listing of and quotation for the 43,705,177 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad as well as the admission and the listing of and quotation for the 21,852,588 Warrants on the Main Market of Bursa Securities.

As stated in Note 31.2, the Group has entered into Heads of Agreement for exclusive agencies distribution rights with vendors. The Group has also entered into Framework Agreement as stated in Note 31.3 with property developers in Malaysia for supply of products or services with interest free vendor financing services. If these transactions do not materialise, the Group and the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors are confident that the business plans can be successfully implemented to enable the Group and the Company to achieve profitable operation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 (b) Basis of Preparation

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

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

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

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

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")

(a) Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 138	Intangible Assets
MFRS 140	Investment Property

New IC Int	
IC Int 21	Levies

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(a) Adoption of amendments/improvements to MFRSs (Continued)

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

Amendments to MFRS 1 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 clarify the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

Amendments to MFRS 3 Business Combinations

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

In addition, Amendments to MFRS 3 clarify that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11) in the financial statements of the joint arrangement itself.

Amendments to MFRS 8 Operating Segments

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

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)**

(a) **Adoption of amendments/improvements to MFRSs (Continued)**

Amendments to MFRS 13 Fair Value Measurement

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

The amendments also clarify that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 or MFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarify the accounting treatment for the accumulated depreciation when an asset is revalued. They clarify that:

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

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 provide a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

Amendments to MFRS 124 Related Party Disclosures

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(a) Adoption of amendments/improvements to MFRSs (Continued)

Amendments to MFRS 132 Financial Instruments: Presentation

Amendments to MFRS 132 does not change the current offsetting model in MFRS 132. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria. This Amendments only impacts the presentation in the financial statements but has no impact on the financial results and positions of the Group and of the Company.

Amendments to MFRS 136 Impairment of Assets

Amendments to MFRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 clarify the accounting treatment for the accumulated amortisation when an asset is revalued. They clarify that:

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

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(b) New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments/Improvements to MFRSs		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interest in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

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

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(b) New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

MFRS 9 Financial Instruments (Continued)

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

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

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:
(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

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

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (Continued)

(b) New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

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

Amendments to MFRS 7 Financial Instruments: Disclosures

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

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

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/ liabilities and recognition of acquisition-related costs as expenses. The amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improve the effectiveness of disclosures. The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 116 Property, Plant and Equipment

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

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (Continued)

(b) New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

Amendments to MFRS 127 Separate Financial Statements

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

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:

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

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

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

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (Continued)**

(b) **New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)**

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

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

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

2.3 **Significant Accounting Policies**

The accounting policies set out below are applied consistently to the periods presented in these financial statements of the Group and of the Company, unless otherwise stated.

(a) **Basis of Consolidation**

(i) **Subsidiaries**

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

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those return through its power over the entity. In the previous financial years, controls exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(i) Subsidiaries (Continued)

- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

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

(ii) Business combination

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

<u>Acquisitions on or after 1st January 2011</u>

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(ii) Business combination (Continued)

Acquisitions on or after 1st January 2011 (Continued)

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

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

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

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

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

Acquisitions before 1st January 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1st January 2011. Goodwill arising from acquisitions before 1st January 2011 has been carried forward from the previous FRS framework as at the date of transition.

Acquisitions between 1st January 2006 to 1st January 2011

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(ii) Business combination (Continued)

Acquisitions between 1st January 2006 to 1st January 2011 (Continued)

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

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

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

Acquisitions prior to 1st January 2006

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

(iii) Acquisition of non-controlling interests

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

(iv) Loss of control

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(v) Non-controlling interest

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

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

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Property, Plant and Equipment and Depreciation

Property, plant and equipment were initially stated at cost. Property, plant and equipment which have been subsequently revalued, are stated at valuation less accumulated depreciation and impairment loss, if any. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss as incurred.

No depreciation is provided on the freehold land as it has infinite useful life. Assets under construction are not depreciated as these assets are not available for use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(b) Property, Plant and Equipment and Depreciation (Continued)

Depreciation of other property, plant and equipment is provided on a straight line basis to write off the costs of the assets to their residual values over their estimated useful lives at the following rates:-

Leasehold land	Over remaining lease term, 43 to 70 years
Buildings	2% - 15%
Plant and machinery	5% - 33.3%
Motor vehicles	10% - 25%
Furniture, fitting & equipment	5% - 33.3%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

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

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

(c) Revaluation of Assets

Land and buildings at valuation are revalued at a regular interval of a least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market values.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any surplus or deficit arising from the revaluations will be dealt with in the Revaluation Reserve Account. Any deficit is set-off against the Revaluation Reserve Account only to the extent of the surplus credited from the previous revaluation of the land and buildings and the excess of the deficit is charged to the profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(d) Investment properties

Investment properties are properties which are held either to earn rental income o for capital appreciation or for both of the Group.

Properties which are occupied by the companies in the Group are accounted for using fair value model.

Investment properties are derecognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfer 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 vice-versa, the property shall be accounted for in accordance with the accounting policy for property, plant and equipment both up to the date of change in use to subsequent accounting.

(e) Inventories

Inventories are measured at lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a first-in first-out basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(f) Leases

(i) <u>Finance lease</u>

Finance leases, which transfer to the Group and to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainly that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) <u>Operating lease</u>

Operating lease, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating lease and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight - line basis.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(g) Income Tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

(h) Financial Instruments

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

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(h) Financial Instruments (Continued)

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

(i) *Financial Assets*

Financial assets at fair value through profit or loss

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

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

Loans and Receivables

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

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

Held-to-maturity Investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group and the Company have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(h) Financial Instruments (Continued)

(i) *Financial Assets (Continued)*

Available-for-sale financial assets

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

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

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

(ii) *Financial Liabilities*

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(h) Financial Instruments (Continued)

(iii) *Financial Guarantee Contracts*

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

(iv) *Derecognition*

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

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

(i) Impairment of Assets

(i) *Impairment of Financial Assets*

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

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.3 **Significant Accounting Policies (Continued)**

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

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

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

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

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

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

(ii) *Impairment of Non-financial Assets*

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

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(i) Impairment of Assets (Continued)

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

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

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

(j) Contingencies

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

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

(k) Income Recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Income is measured at the fair value of consideration received or receivable.

(i) *Sales of goods*

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and provisions, trade discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be reliably estimated, and there is no continuing measurement involvement with the goods.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(k) Income Recognition (Continued)

(ii) *Construction Contracts*

Revenue from construction contracts is accounted for by the stage of completion method.

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract works to the extent that It is probable that they will result in revenue and they are capable it being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(iii) *Dividend income*

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

(iv) *Interest income*

Interest income is recognised on an accrual basis, based on effective yield on the investment.

(v) *Management fee*

Management fee is recognised when services are rendered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(k) Income Recognition (Continued)

(vi) *Rental income*

Rental income is accounted for on a straight-line basis over the lease terms.

(l) Borrowing Costs

Borrowing costs are stated at cost with a difference between cost and redemption value being recognised in the profit or loss over the period of the loans and borrowings using the effective interest method.

Borrowing costs incurred in connection with financing the construction and installation of property, plant and equipment is capitalised until the property, plant and equipment are ready for their intended use. All other borrowing costs are charged to the profit or loss.

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

(m) Employee Benefits

(i) *Short term employee benefits*

Wages, salaries, allowances, social security contribution, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) *Post-employment benefits*

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.3 **Significant Accounting Policies (Continued)**

(n) **Equity instrument**

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

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

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

(o) **Cash and Cash Equivalents**

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

(p) **Fair value measurements**

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(p) Fair value measurements (Continued)

When measuring the fair value of an asset or a liability, the Group uses observable market data as for as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

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

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustments to the carrying amount of the asset or liability affected in the future.

Key Sources of Estimation Uncertainty

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(i) *Useful lives of property, plant and equipment*

The Group estimate the useful lives of property, plant and equipment based on period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectation differs from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Key Sources of Estimation Uncertainty (Continued)

(i) *Useful lives of property, plant and equipment (Continued)*

In addition, the estimation of useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above.

The amount and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

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

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates, calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

As at the reporting date, the directors of the Group are of the opinion that there is no impact resulting from the impairment review by the management.

(iii) *Impairment of investment in subsidiaries*

The Company carried out the impairment test based on a variety of estimation, including the value-in-use of the cash generating unit. Estimating a value-in-use amount requires the Company to make an estimation of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The management determined the recoverable amount of the investment in subsidiaries based on the individual assets' value in use and the probability of the realisation of the assets. The present value of the future cash flows to be generated by the asset is the asset's value in use, and it is assumed to be the same as the net worth of the asset as at reporting date. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

In view of the above, the management are in the opinion that all necessary impairment has been made for the investment in subsidiaries has been provided for as at the reporting date.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Key Sources of Estimation Uncertainty (Continued)

(iv) *Allowance for impairment*

The Group makes allowances for impairment based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(v) *Allowance for inventories*

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

4. PROPERTY, PLANT AND EQUIPMENT

Group 2015	**Freehold Land** RM'000	**Leasehold Land** RM'000	**Buildings** RM'000	**Buildings on Rented Properties** RM'000	**Plant and Machinery** RM'000	**Motor Vehicles** RM'000	**Furniture Fittings and Equipment** RM'000	**Total** RM'000
Cost/Valuation								
At 1st October 2014	715	3,088	13,119	1,313	17,990	3,446	2,533	42,204
Revaluation	115	260	(104)	-	-	-	-	271
Additions	-	-	40	-	2	-	273	315
Disposals/written off	-	-	-	(1,313)	-	-	(101)	(1,414)
At 30th September 2015	830	3,348	13,055	-	17,992	3,446	2,705	41,376
Accumulated Depreciation								
At 1st October 2014	-	102	478	713	13,245	3,194	1,630	19,362
Revaluation	-	(31)	-	-	-	-	-	(31)
Depreciation for the financial year	-	73	272	49	585	145	196	1,320
Disposals/written off	-	-	-	(762)	-	-	(54)	(816)
At 30th September 2015	-	144	750	-	13,830	3,339	1,772	19,835
Accumulated Impairment Loss								
At 1st October 2014	-	-	53	-	-	-	-	53
Additions	-	-	-	-	-	-	-	-
At 30th September 2015	-	-	53	-	-	-	-	53
Carrying Value								
At 30th September 2015	830	3,204	12,252	-	4,162	107	933	21,488
Representing:								
At cost	-	-	3,193	-	4,162	107	933	8,395
At valuation	830	3,204	9,059	-	-	-	-	13,093
	830	3,204	12,252	-	4,162	107	933	21,488

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2014	**Freehold Land** RM'000	**Leasehold Land** RM'000	**Buildings** RM'000	**Buildings on Rented Properties** RM'000	**Plant and Machinery** RM'000	**Motor Vehicles** RM'000	**Furniture Fittings and Equipment** RM'000	**Total** RM'000
Cost/Valuation								
At 1st October 2013	715	3,088	11,874	1,313	18,511	3,508	2,719	41,728
Additions	-	-	1,245	-	34	-	172	1,451
Disposals/written off	-	-	-	-	(555)	(62)	(358)	(975)
At 30th September 2014	715	3,088	13,119	1,313	17,990	3,446	2,533	42,204
Accumulated Depreciation								
At 1st October 2013	-	29	201	647	13,155	3,098	1,793	18,923
Depreciation for the financial year	-	73	277	66	629	158	191	1,394
Disposals/written off	-	-	-	-	(539)	(62)	(354)	(955)
At 30th September 2014	-	102	478	713	13,245	3,194	1,630	19,362
Accumulated Impairment Loss								
At 1st October 2013	-	-	53	-	-	-	-	53
Additions	-	-	-	-	-	-	-	-
At 30th September 2014	-	-	53	-	-	-	-	53
Carrying Value								
At 30th September 2014	715	2,986	12,588	600	4,745	252	903	22,789
Representing:								
At cost	-	-	3,153	600	4,745	252	903	9,653
At valuation	715	2,986	9,435	-	-	-	-	13,136
	715	2,986	12,588	600	4,745	252	903	22,789

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

Company	**Furniture Fittings and Equipment**
Cost	RM'000
At 1st October 2013	-
Additions	54
At 30th September 2014	54
Additions	136
Written off	(54)
At 30th September 2015	136
Accumulated Depreciation	
At 1st October 2013	-
Depreciation for the financial year	3
At 30th September 2014	3
Additions	22
Written off	(14)
At 30th September 2015	11
Carrying Value	
At 30th September 2014	51
At 30th September 2015	125

Included under property, plant and equipment of the Group are:-

(i) assets with carrying value of RM82,250/- (2014: RM226,973/-) acquired under hire purchase arrangements;

(ii) assets with carrying value of RM16,287,201/- (2014: RM16,290,033/-) pledged to financial institution for banking facilities granted to the Group as disclosed in Note 14 to the financial statements;

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

(iii). fully depreciated assets which are still in use, with costs as follows:-

	Group	
	2015	2014
	RM'000	RM'000
Motor vehicle	2,870	2,649
Furniture and fittings	106	817
Plant & machinery	1,957	1,182
	4,933	4,648

(iv) buildings under construction with an aggregate cost totalling to RM3,192,717/- (2014: RM3,152,916/-);

(v) **Lease period for leasehold land**

	Group	
	2015	2014
	RM'000	RM'000
Leasehold land with unexpired lease period of:		
- More than 50 years	1,340	1,065
- Less than 50 years	1,864	1,921
Total	3,204	2,986

(vi) **Revaluation of land and buildings**

In year 2015, the Group's freehold land, leasehold land and buildings have been revalued based on valuations performed by an independent professional qualified valuer using comparison method; and

(vii) **Fair value information**

Fair value of the freehold land, leasehold land and buildings are categorised under level 2 of fair value. Level 2 fair value is determined by using the sales comparison approach. Sales price of comparable properties is close proximity are adjusted for differences in key attributes such as property size.

5. INVESTMENT PROPERTIES

Group	Leasehold Land RM'000	Freehold Land RM'000	Buildings RM'000	Total RM'000
At fair value				
At 1st October 2014	125	2,550	1,300	3,975
Gain/(loss) on fair value changes	-	(245)	405	160
At 30th September 2015	125	2,305	1,705	4,135
At 1st October 2013 and 30th September 2014	125	2,550	1,300	3,975

(i) Investment properties comprise a number of commercial properties that are leased to third parties. Each of leases contains an initial non-cancellable period 1 to 3 years, with annual rents indexed to customer price. Subsequent renewals are negotiated with the lessee and on average renewal periods of 1 to 3 years. No contingent rents are charged.

(ii) All of the investment properties had pledged as collateral for banking facilities granted to the Group is disclosed as Note 14 to the financial statements. Approval of the lender is required for any disposal of the investment property. The proceeds from disposal can only be remitted to the Group after full repayment of the banking facilities.

(iii) The following are recognised in profit or loss in respect of investment properties:

	Group 2015 RM'000	Group 2014 RM'000
Rental income	171	158

(iv) **Fair value information**

Fair value of the land and buildings are categorised under level 2 of fair value. Level 2 fair value is determined by using the sales comparison approach. Sales price of comparable properties is close proximity are adjusted for differences in key attributes such as property size.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2015	2014
	RM'000	RM'000
Unquoted shares - at cost	38,958	38,958
Less : Impairment loss	(34,072)	(29,100)
Carrying amount	4,886	9,858

The Company's equity interest in the subsidiaries, which are incorporated in Malaysia and its principal activities are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2015	2014	
	%	%	
Direct subsidiaries			
S.P. Granite Sdn. Bhd.	100	100	Manufacturing and trading in marble, granite and ceramic tiles.
Rainbow Marble & Tiling Sdn. Bhd.	100	100	Trading in marble, granite, ceramic tiles and sanitary ware.
Stone Master Marketing Sdn. Bhd.	100	100	Trading in marble, granite, sanitary ware and all other related products.
Stone Design House Sdn. Bhd. #	100	-	Specialise in the designing, creative, artistic, imaginative, inventive, inspired innovative, resourceful architectural, interior designing works, constructions designing and refurbishment works.
Indirect subsidiaries			
Held by S.P. Granite Sdn. Bhd.			
Stone Master (Malaysia) Sdn. Bhd.	100	100	Trading in marble, granite, ceramic tiles and sanitary ware and contract works.
Fastra Sdn. Bhd.	100	100	Dormant.

\# Stone Design House Sdn. Bhd.
On 7th January 2015, the Company acquired 2 ordinary shares of RM1/- each of Stone Design House Sdn. Bhd., representing 100% of the total issued and paid up share capital of the subsidiary for a cash consideration of RM2/-.

7. OTHER INVESTMENTS

	Group 2015 RM'000	Group 2014 RM'000
Quoted shares in Malaysia		
At 1st October/30th September	28	28
Fair value	28	28

8. INVENTORIES

	Group 2015 RM'000	Group 2014 RM'000
At cost:		
Raw materials	53	278
Finished goods and goods for resale	5,190	5,705
	5,243	5,983
At net realisable value:		
Finished goods	-	1,019
	5,243	7,002
Recognised in profit or loss:		
Inventories recognised as costs of sales	63,040	71,297
Inventories written back	(230)	-
Inventories written down	136	972

During the financial year, the Group reversed the previous inventories written down value of RM230,579/- (2014: Nil). The reversal of write-down of inventories was made during the year when the related inventories were sold above their carrying amounts.

9. TRADE RECEIVABLES

	Group 2015 RM'000	Group 2014 RM'000
Trade receivables	24,689	24,446
Less: Allowance for impairment	(3,360)	(856)
	21,329	23,590

The Group's normal trade credit terms range from 30 to 180 days (2014: 30 to 180 days). The credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profiles of trade receivables are as follows:-

	Group 2015 RM'000	Group 2014 RM'000
Ringgit Malaysia	21,329	23,452
United States Dollar	-	138
	21,329	23,590

Ageing analysis of trade receivables

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

	Group 2015 RM'000	Group 2014 RM'000
Neither past due nor impaired	18,163	17,676
1 to 90 days past due but not impaired	2,360	1,193
More than 91 days past due but not impaired	806	4,721
	3,166	5,914
Impaired	3,360	856
	24,689	24,446

(i) Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired at the reporting date are creditworthy receivables.

(ii) Receivables that are past due but not impaired

Trade receivables that are past due but not impaired relates to customers that have good track payment records with the Group. Based on the past experience and no adverse information to date, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances still considered fully recoverable.

9. TRADE RECEIVABLES (Continued)

(iii) Receivables that are impaired

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

	Group	
	2015	2014
	RM'000	RM'000
Collectively impaired		
Trade receivables - nominal amounts	3,360	856
Less: Allowance for impairment	(3,360)	(856)
	-	-

Movement in allowance accounts:

	Group	
	2015	2014
	RM'000	RM'000
At the beginning of the financial year	856	856
Impairment for the financial year	2,504	-
At the end of the financial year	3,360	856

Included in the trade receivables is a gross amount of RM2,865,943/- (2014: RM2,865,943/-) owing by a debtor. The amount was intended to be contra against an amount owing to a former director and other payable amounted to RM890,500/-. However, the proposal has been aborted during the financial year as the said parties are not able to fulfil the condition. During the financial year, the said receivable balance has been fully impaired. Subsequent to the financial year, the Company has commissioned an investigation to review this matter.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Other receivables	106	26	20	-
Deposits	246	225	71	12
Prepayments	129	459	20	401
Amount due from subsidiaries	-	-	10,405	449
	481	710	10,516	862
Less: Allowance for impairment	-	-	(10,253)	-
	481	710	263	862

Company

<u>Amount due from subsidiaries</u>

The amount due from subsidiaries are non-trade in nature, unsecured, interest free and are repayable on demand.

11. DEPOSITS PLACED WITH LICENSED BANKS

Group and Company

The deposits placed with licensed banks amounting of RM13,010,000/- (2014: RM Nil) is pledged for overdraft facility granted to the Company as disclosed in Note 14(a).

The fixed deposit placed with a licensed bank has maturity of 1 year, which bear interest rate range from 3.30% to 3.45% per annum.

12. SHARE CAPITAL AND SHARE PREMIUM

(a) Share capital

	Company					
	2015			2014		
	Number of ordinary shares	**Par Value**		**Number of ordinary shares**	**Par Value**	
	Unit'000	RM	RM'000	Unit'000	RM	RM'000
Authorised						
Ordinary share:						
At 1st October	50,000	0.50	25,000	50,000	0.50	25,000
Share capital reduction	-		(12,500)	-		-
Creation during the financial year	7,950,000	0.25	1,987,500	-		-
At 30th September	8,000,000		2,000,000	50,000		25,000
Issued and fully paid						
Ordinary share:						
At 1st October	46,200	0.50	23,100	42,000	0.50	21,000
Share capital reduction	-		(11,550)	-		-
Issuance of shares	43,705	0.25	10,926	4,200	0.25	2,100
At 30th September	89,905		22,476	46,200		23,100

The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the Company has:

(i) completed its share capital reduction exercise via the cancellation of RM0.25 of the par value of every existing ordinary share of RM0.50 each pursuant to Section 64(1) of the Companies Act, 1965 in Malaysia;

(ii) increased its authorised share capital from RM25,000,000/- comprising 50,000,000 ordinary shares of RM0.50/- each to RM2,000,000,000/- comprising of 8,000,000,000 ordinary shares of RM0.25/- each by creation of additional 7,950,000,000 ordinary share of RM0.25/- each;

(iii) increased its issued and fully paid up share capital of 43,705,177 ordinary shares of RM0.25/- each from right issue at an issue price of RM0.30 per ordinary shares for a total cash consideration of RM13,111,553/- for repayment of a term loan of the Group and working capital purposes.

12. SHARE CAPITAL AND SHARE PREMIUM (Continued)

(b) Share premium

	Group and Company	
	2015	2014
	RM'000	RM'000
At 1st October	611	-
Issuance of share via private placement	-	630
Issuance of share via rights issue	2,185	-
Less: shares issues expenses	(748)	(19)
At 30th September	2,048	611

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Company Act, 1965 in Malaysia.

(c) Warrants

On 22nd June 2015, the Company issued 21,852,588 warrants pursuant to the Company's Right Issue. The terms of the warrants are as follows:

(i) Exercise rights
Each warrant entitles the registered holder, at any time during the exercise period (as defined below), to subscribe for one new ordinary shares at the exercise price (as defined below), subject to adjustments in accordance with the provisions of the Deed Poll

(ii) Exercise period
The warrants may be exercised at any time within five years commencing from and including the date of issue of the warrants and ending at 5.00pm on the expiry date.

(iii) Exercise price
The exercise price of the warrants is fixed at RM0.30/-, after taking into consideration the theoretical ex-rights price, subject to the exercise price not being less than par value.

(iv) Expiry date
The day falling immediately before the fifth anniversary of the date of issuance of the warrants or 21st June 2020 and if such date is not market day, then on the preceding market day. Any of the warrants which have not been exercised and delivered to the Company registrar by the expiry date will lapse and cease thereafter to be valid for any purpose.

(v) Transferability
The warrants are transferrable in the manner and according to the provisions of the Deed Poll, Securities industry (Central Depositories) Act 1991 and the rules of Bursa Depository.

12. **SHARE CAPITAL AND SHARE PREMIUM (Continued)**

(c) Warrants (Continued)

(vi) Ranking
The 21,852,588 new ordinary shares to be issued pursuant to the exercise of the warrants, shall upon allotment and issue, rank pari passu in all respects with the existing ordinary shares, save and except that they will not be entitled to any dividend, right, allotment, and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the relevant allotment and issuance date of the new ordinary shares.

As at the end of the financial year, no exercise of warrants had taken place and the outstanding warrants in the Company remains at 21,852,588.

13. **RESERVES**

	← **Non-distributable**		→	
	Revaluation reserve	**Fair value reserve**	**Warrant reserve**	**Total**
	RM'000	RM'000	RM'000	RM'000
Group				
At 1st October 2013	4,311	13	-	4,324
Amortisation of revaluation reserve	(151)	-	-	(151)
At 30th September 2014	4,160	13	-	4,173
Issuance of shares via right issues	-	-	2,622	2,622
Amortisation of revaluation reserve	(171)	-	-	(171)
Revaluation surplus	235	-	-	235
At 30th September 2015	4,224	13	2,622	6,859

Revaluation reserve

The revaluation reserve represents the surplus arising from the revaluation of land and buildings, net of related tax effects.

Fair value reserve

The fair value reserve arising from the cumulative net change in fair value of available for sale financial assets are derecognised or impaired.

13. **RESERVES (Continued)**

Warrant reserve

The warrant reserve represents the fair value allocated to the 21,852,588 free detachable warrants issued by the Company pursuant to the Rights Issue. The fair value allocated to each of the warrants is RM0.12 by using the Black-Scholes option pricing model.

The warrants carry the entitlement, at any time from the issue date on 29th June 2015 up to the close of business at 5.00 p.m. in Malaysia on the maturity date of 21st June 2020 ("Exercise Period"), to subscribe for one new ordinary share of RM0.25/- each in the Company at the exercise price of RM0.30/- which shall be satisfied in cash. Any warrant not exercised during the Exercise Period will lapse and thereafter cease to be valid for any purpose.

14. **BANK BORROWINGS - SECURED**

		Group		**Company**	
		2015	2014	2015	2014
	Notes	RM'000	RM'000	RM'000	RM'000
Current					
Bank overdraft	(a)	14,031	2,778	11,958	-
Trust receipt	(b)	3,620	3,081	-	-
Banker acceptance	(c)	5,844	5,598	-	-
Term loans	(d)	723	2,750	-	-
Hire purchase liabilities	(e)	38	127	-	-
		24,256	14,334	11,958	-
Non-current					
Term loans	(d)	5,096	11,806	-	-
Hire purchase liabilities	(e)	-	39	-	-
		5,096	11,845	-	-
		29,352	26,179	11,958	-

14. **BANK BORROWINGS – SECURED (Continued)**

The bank borrowings of the Group bear interest rates as follows:-

	Group		Company	
	2015	2014	2015	2014
	%	%	%	%
Bank overdrafts	6.85 - 8.85	8.35 - 8.85	6.85	-
Banker acceptance	5.64 - 5.72	5.54 - 5.69	-	-
Trust receipts	8.60	8.35 - 8.60	-	-
Term loans	5.53 - 8.85	5.33 - 8.85	-	-
Hire purchase liabilities	5.43	5.37	-	-

(a) Bank overdraft

The bank overdraft of the Group and of the Company are secured by way of:

(i) Negative pledge over all assets of the Subsidiaries;
(ii) Corporate guarantee by the Company;
(iii) Personal guarantee by a director of a subsidiary;
(iv) First and second party legal charge over two pieces of vacant industrial land belong to two companies which a former director has interest;
(v) Joint and several guarantees by former directors of the Group;
(vi) First and second party legal charge over the Group's freehold land, leasehold land and buildings; and
(vii) Deposits placed with licensed bank of the Company.

(b) Trust receipt

Trust receipt of the Group are secured by way of:

(i) First party legal charge over a subsidiary's freehold land and building; and
(ii) Corporate guarantee by the Company.

(c) Banker acceptance

Banker acceptance of the Group are secured by way of:

(i) First and second party legal charge over a subsidiary's freehold land, leasehold land and buildings; and
(ii) Corporate guarantee by the Company.

14. BANK BORROWINGS – SECURED (Continued)

(d) Term loans

	2015 RM'000	2014 RM'000
Term loan 1	-	7,974
Term loan 2	3,572	4,000
Term loan 3	75	117
Term loan 4	78	121
Term loan 5	2,094	2,344
	5,819	14,556

The maturity structure of the term loans can be analysed as follows:-

	Group	
	2015 RM'000	2014 RM'000
Repayable within one year	723	2,750
Repayable between one to two years	758	1,742
Repayable between two to five years	2,466	5,965
Repayable after five years	1,872	4,099
	5,096	11,806
	5,819	14,556

Group

Term loan 1

(i) Third party legal charge over a subsidiary's leasehold land and buildings; and
(ii) Corporate guarantee by the Company.

After the completion of rights issue, on 23rd July 2015, the Group has fully settled the above mentioned term loan facility.

Term loan 2

(i) First, second and third party legal charge over the a subsidiary's leasehold land and buildings;
(ii) Corporate guarantee by the Company;
(iii) Negative pledge over all assets of a subsidiary;

Term loan 3 and 4

(i) Personal guarantee by a Director of a subsidiary;
(ii) An assignment over the rights, title and interest to the building under construction of a subsidiary; and
(iii) First fixed legal charge to secure all monies due and payable should be executed where required by the Bank.

14. **BANK BORROWINGS – SECURED (Continued)**

(d) Term loans (Continued)

Group

Term loan 5

(i) Personal guarantee by a Director of a subsidiary;
(ii) An assignment over the rights, title and interest to the building under construction of a subsidiary; and
(iii) First fixed legal charge to secure all monies due and payable should be executed where required by the Bank.

(e) Hire purchase liabilities

	Group	
	2015	2014
	RM'000	RM'000
Minimum hire purchase payments:		
Repayable within one year	39	132
Repayable between one to two years	-	40
	39	172
Less: Future finance charges	(1)	(6)
Present value of hire purchase liabilities	38	166
Present value of hire purcahse liabilities:		
Repayable within one year	38	127
Repayable between one to two years	-	39
	38	166
Representing hire purchase liabilities		
Current	38	127
Non-current	-	39
	38	166

15. DEFERRED TAX LIABILITIES

	Group	
	2015	2014
	RM'000	RM'000
At the beginning of the financial year	1,966	2,041
Transfer (to)/from profit or loss (Note 21)	19	(92)
Transfer from revaluation reserve	67	-
Realisation of deferred tax liabilities	-	17
At the end of the financial year	2,052	1,966

The components and movements of deferred tax liabilities during the financial year are as follows:

	Temporary differences between net book value and coressponding Tax written down value	Revaluation reserve	Others	Total
	RM'000	RM'000	RM'000	RM'000
Deferred tax libilities of the Group				
At 1st October 2013	119	1,922	-	2,041
Recognised in profit or loss	11	(55)	(31)	(75)
At 30th September 2014	130	1,867	(31)	1,966
Revaluation of property, plant and equipment	-	67	-	67
Recognised in profit or loss	75	(56)	-	19
At 30th September 2015	205	1,878	(31)	2,052

16. TRADE PAYABLES

	Group	
	2015	2014
	RM'000	RM'000
Trade payables	12,649	13,309
Amount due to customers for contract work	537	537
	13,186	13,846

Credit terms for trade payables are 30 to 120 days (2014: 30 to 120 days).

17. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Other payables	1,492	1,178	432	170
Deposits	109	436	-	-
Accruals	1,515	1,371	613	314
Amount due to a former director	291	290	63	63
Amount due to directors	1,857	-	1,787	-
	5,264	3,275	2,895	547

Group

Other payables

Included in non-trade payables is an amount of RM607,000 (2014: RM607,000) owing to a company in which a former director have interests.

Company

Amount due to a former director

The amount due to a former director are non-trade in nature, unsecured, interest free and are repayable on demand.

Amount due to directors

The amount due to directors are non-trade in nature, unsecured, interest free and are repayable on demand.

18. REVENUE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Sales of goods	76,330	80,898	-	-
Management fees	-	-	300	200
	76,330	80,898	300	200

19. OPERATING LOSS

Operating loss has been arrived at:-

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
After charging:-				
Audit fees:				
- current year	136	136	48	48
- over accrual in prior year	(2)	(1)	1	-
Allowance for impairment of trade and other receivables	2,504	-	-	-
Allowance of impairment loss of amount owing by subsidiaries	-	-	10,253	-
Impairment loss of investment in subsidiaries	-	-	4,972	-
Bad debts written off	30	57	-	-
Deposits written off	6	-	6	-
Depreciation of property, plant and equipment	1,320	1,394	22	3
Directors' remuneration:				
- fees	-	256	-	256
- salaries and allowances	1,942	626	1,822	20
- Employees' Provident Fund and SOCSO	162	64	162	-
- other emoluments	10	9	-	-
Inventories written down	136	972	-	-
Loss on disposal of property, plant and equipment	208	-	-	-
Property, plant and equipment written off	40	-	40	-
Rental of premises	548	422	145	12
Staff costs:				
- salary, wages, allowances and bonus	4,941	3,860	1,054	38
- Employees' Provident Fund and SOCSO	587	370	120	1
- other staff related expenses	84	6	3	1

19. OPERATING LOSS (Continued)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
and crediting:-				
Bad debts written back	(43)	(12)	-	-
Dividend income	(1)	(2)	-	-
Gain on disposal of property, plant and equipment	-	(4)	-	-
Gain on foreign exchange				
- Realised	(2)	-	-	-
- Unrealised	(7)	-	-	-
Gain on fair value change of investment properties	(160)	-	-	-
Interest income	(3)	(77)	(1)	(13)
Inventories written back	(231)	-	-	-
Rental income	(171)	(158)		-

20. FINANCE COSTS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest expense				
- bank overdrafts	314	171	142	-
- hire purchase	5	13	-	-
- term loans	1,097	1,094	-	-
- other borrowings	596	522	-	-
	2,012	1,800	142	-

21. TAXATION

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Income tax				
- current year	749	683	-	-
- prior year	61	136	-	-
Deferred tax liabilities (Note 15)				
- current year	18	(102)	-	-
- prior year	1	10	-	-
	829	727	-	-

21. TAXATION (Continued)

Income tax is calculated at the Malaysian statutory rate of 25% of the estimated assessable profit for the fiscal year. Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. In the Budget Speech 2014, the Government announced that the domestic corporate tax rate would be reduced to 24% from the current year's tax rate of 25% with effect from the year of assessment 2016.

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Loss before taxation	(7,719)	(2,536)	(19,686)	(314)
Tax at the applicable tax rate of 25%	(1,930)	(634)	(4,922)	(79)
Tax effect arising from				
- non-deductible expenses	540	435	4,105	20
- non-taxable income	(42)	(1)	-	-
- deferred tax liabilities transferred from revaluation of investment properties	40	-	-	-
- deferred tax assets not recognised in the financial statements	1,939	836	817	59
- deferred tax liabilities recognised in different tax rate	275	-	-	-
- crystalisation of deferred tax on revaluation reserves	(55)	(55)	-	-
- under accrual in prior years	62	146	-	-
Tax expense for the financial year	829	727	-	-

21. TAXATION (Continued)

Further, the deferred tax assets have not been recognised for the following items:-

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
(Taxable)/Deductable temporary differences	(1,116)	(1,731)	9	(18)
Unutilised tax losses	34,487	26,279	5,552	2,089
Capital allowances	281	-	-	-
	33,652	24,548	5,561	2,071
Potential deferred tax assets not recognised at 24% (2014: 25%)	8,076	6,137	1,335	518

22. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the Group’s profit/(loss) for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2015	2014
Loss attributable to Owners of the Company (RM'000)	(8,548)	(3,263)
Weighted average number of ordinary shares issued ('000) *	57,456	44,796
Loss per share (sen)	(14.88)	(7.28)

* The weighted average number of shares takes into account the weighted average effect of changes in Rights Issues during the year.

22. EARNINGS/(LOSS) PER SHARE (Continued)

(b) Diluted

Warrants have no dilutive effect as the average market price of ordinary shares during the period is below the exercise price of the warrants.

23. CAPITAL AND OTHER COMMITMENTS

(a) Capital Commitments

	Group	
	2015	2014
	RM'000	RM'000
Capital expenditure approved and contracted for:		
- Building in construction	983	404

(b) Lease Commitments

The Group and the Company has lease number of premises under operating leases for average lease term between one to five years, with option to renew the lease at the end of the lease term.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
- Not later than one year	485	275	282	24
- More than one year and not later than five years	317	513	-	36
- More than five years	101	144	-	-
	903	932	282	60

24. CONTINGENT LIABILITIES

As at reporting date, the Company is contingently liable for the following:-

	Company	
	2015	2014
	RM'000	RM'000
Corporate guarantee given to subsidiaries:		
S.P. Granite Sdn. Bhd.	1,227	14,850
Rainbow Marble & Tiling Sdn. Bhd.	20,934	20,934
Stone Master (Malaysia) Sdn. Bhd.	475	11,100
	22,636	46,884

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identification of related parties

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the Company or that has an interest in the Group and the Company that gives it significant influence over the Group's and the Company's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the Group and the Company resides with, directly or indirectly.

The Group and the Company has related party relationship with its subsidiaries, significant investors, directors and key management personnel.

25. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Significant Related Party Transactions

In the normal course of business, the Group and the Company undertake transactions with some of its related parties listed above.

Set out below are significant related party transactions during the financial year (in addition to disclosures mentioned elsewhere in the financial statements). The related party transactions described below were carried out on terms and conditions mutually agreed between the respective parties.

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Subsidiaries				
S.P. Granite Sdn. Bhd.				
Management fees receivable	-	-	(100)	(100)
Stone Master Marketing Sdn. Bhd.				
Management fees receivable	-	-	(100)	-
Rainbow Marble & Tiling Sdn. Bhd.				
Management fees receivable	-	-	(100)	(100)
Directors				
Rental of premises	141	-	-	-

25. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Key Management Personnel Compensation

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

The remuneration of the key management personnel during the financial year is as follows:-

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Directors				
Fees	-	256	-	256
Salaries and allowances	1,942	626	1,822	20
Employees' Provident Fund and SOCSO	162	64	162	-
Other emoluments	-	9	-	-
	2,104	955	1,984	276
Key management personnel				
Salaries and allowances	383	-	383	-
Employees' Provident Fund and SOCSO	46	-	46	-
	429	-	429	-

26. SEGMENTAL INFORMATION

No segmental analysis is provided as the Group operates principally within one industry wholly in Malaysia.

27. FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The significant accounting policies in Note 2.3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group	**Loans and receivables**	**Available for sale**	**Financial liabilities at amortised cost**	**Total**
2015	RM'000	RM'000	RM'000	RM'000
Financial assets				
Other investments	-	28	-	28
Trade receivables	21,329	-	-	21,329
Other receivables and deposits	352	-	-	352
(exclude non-refundable deposits and prepayments)				
Cash and bank balances	1,491	-	-	1,491
Deposits placed with licensed banks	13,460	-	-	13,460
Financial liabilities				
Bank borrowings - secured	-	-	(29,352)	(29,352)
Trade payables	-	-	(12,649)	(12,649)
Other payables, deposits and accruals	-	-	(3,116)	(3,116)
(exclude non-refundable deposits)				
Amount due to a former director	-	-	(291)	(291)
Amount due to directors	-	-	(1,857)	(1,857)

27. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Classification of Financial Instruments (Continued)**

Group	**Loans and receivables** RM'000	**Available for sale** RM'000	**Financial liabilities at amortised cost** RM'000	**Total** RM'000
2014				
Financial assets				
Other investments	-	28	-	28
Trade receivables	23,590	-	-	23,590
Other receivables and deposits *(exclude non-refundable deposits and prepayments)*	251	-	-	251
Cash and bank balances	1,240	-	-	1,240
Financial liabilities				
Bank borrowings	-	-	(26,179)	(26,179)
Trade payables	-	-	(13,309)	(13,309)
Other payables, deposits and accruals *(exclude non-refundable deposits)*	-	-	(2,985)	(2,985)
Amount due to a former director	-	-	(290)	(290)

Company	**Loans and receivables** RM'000	**Financial liabilities at amortised cost** RM'000	**Total** RM'000
2015			
Financial assets			
Other receivables and deposits *(exclude non-refundable deposits)*	91	-	91
Amount due from subsidiaries	152	-	152
Deposits placed with licensed banks	13,010	-	13,010
Cash and bank balances	6	-	6
Financial liabilities			
Other payables, deposits and accruals *(exclude non-refundable deposits)*	-	(1,045)	(1,045)
Amount due to a former director	-	(63)	(63)
Amount due to directors	-	(1,787)	(1,787)
Bank borrowings - secured	-	(11,958)	(11,958)

27. FINANCIAL INSTRUMENTS (Continued)

(a) Classification of Financial Instruments (Continued)

Company	**Loans and receivables**	**Financial liabilities at amortised cost**	**Total**
2014	RM'000	RM'000	RM'000
Financial assets			
Other receivables and deposits *(exclude non-refundable deposits)*	12	-	12
Amount due from subsidiaries	449	-	449
Cash and bank balances	536	-	536
Financial liabilities			
Other payables, deposits and accruals *(exclude non-refundable deposits)*	-	(484)	(484)
Amount due to a former director	-	(63)	(63)

(b) Fair value of financial instruments

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

There were no unrecognised financial instruments as at 30th September 2015 that are required to be disclosed.

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Carrying amount	Fair value of financial instruments not carried at fair value			
		Fair value			
	Total	Level 1	Level 2	Level 3	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000
30.9.2015					
Financial liabilities					
Term loans	5,819	-	-	5,429	5,429
Hire purchase liabilities	38	-	-	36	36
30.9.2014					
Financial liabilities					
Term loans	14,556	-	-	13,579	13,579
Hire purchase liabilities	166	-	-	157	157

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(i) Credit Risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. The Company's exposure to credit risk arises principally from loan, advances and financial guarantees to subsidiaries.

The management has a credit policy in place to monitor and minimise the exposure of default. Trade and other receivables are monitored on a regular and an ongoing basis. Credit evaluations are performed on all customers requiring credit over certain amount.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables recognised in the statements of financial position.

Information regarding credit enhancements for trade receivables is disclosed in Note 9 to the financial statements.

Credit risk concentration profile

There is no significant concentration of credit risk that may arise from exposure to a single customer or to a group of customers.

Intercompany balances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

At the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Financial guarantee

The Company provides unsecured financial guarantees to financial institution in respect of bank facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. The maximum exposure to credit risks amount to RM11,750,390/- (2014: RM23,430,973/-) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 14. As at the reporting date, there was no indication that the subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

28. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

(ii) **Interest Rate Risk**

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

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its risk.

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

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting date were:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Floating rate instruments				
Financial Liabilities				
Bank overdraft	14,031	2,778	11,958	-
Trust receipt	3,620	3,081	-	-
Banker acceptance	5,844	5,598	-	-
Term loans	5,819	14,556	-	-
Fixed rate instruments				
Financial Liabilities				
Hire purchase liabilities	38	166	-	-

28. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

(ii) **Interest Rate Risk (Continued)**

Sensitivity analysis for interest rate risk

(a) *Fair value sensitivity analysis for fixed rate instruments*

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

(b) *Fair value sensitivity analysis for floating rate instruments*

A change of 1% in interest rates at the end of reporting period would have increased/(decreased) loss before tax by the amounts shown below. This analysis assumes that all other variables remain unchanged.

	Loss before tax			
	Increase 1%		**Decrease 1%**	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Group				
Floating rate instruments				
Financial Liabilities	(293)	(260)	293	260
Company	2015	2014	2015	2014
Floating rate instruments	RM'000	RM'000	RM'000	RM'000
Financial Liabilities	(120)	-	120	-

(iii) **Liquidity Risk**

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

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

28. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

(iii) **Liquidity Risk (Continued)**

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities based on undiscounted contractual repayment at the reporting date are as follows:

		Undiscounted cash flows			
	Carrying Amount RM'000	**Within 1 Year** RM'000	**1 - 5 Years** RM'000	**> 5 Years** RM'000	**Total** RM'000
2015					
Group					
Financial Liabilities					
Bank borrowings - secured	-	-	3,224	1,872	5,096
Hire purchase liabilities	38	39	-	-	39
Trade payables	13,186	13,186	-	-	13,186
Other payables, deposit and accruals	5,264	5,264	-	-	5,264
Company					
Bank borrowings - secured	11,958	11,958	-	-	11,958
Other payables, deposit and accruals	2,895	2,895	-	-	2,895
2014					
Group					
Financial Liabilities					
Bank borrowings - secured	-	-	7,707	4,099	11,806
Hire purchase liabilities	166	132	40	-	172
Trade payables	13,846	13,846	-	-	13,846
Other payables, deposit and accruals	3,275	3,275	-	-	3,275
Company					
Other payables, deposit and accruals	547	547	-	-	547

29. **CAPITAL MANGEMENT**

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

The debt-to-equity ratios at the end of the reporting date were as follows:

	Group		**Company**	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Trade payables	13,186	13,846	-	-
Other payables and accruals	5,264	3,275	2,895	547
Borrowings	29,352	26,179	11,958	-
	47,802	43,300	14,853	547
Less : Cash and cash equivalents	(14,951)	(1,240)	(13,016)	(536)
Capital and net debts	32,851	42,060	1,837	11
Shareholders' funds	17,208	13,158	3,437	10,760
Total capital	50,059	55,218	5,274	10,771
Gearing ratio	65.62%	76.17%	34.83%	0.10%

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

30. **MATERIAL LITIGATION**

On 11th March 2015, the Company filed a lawsuit against a former director Dato' Tan Wei Lian ("Dato Tan") for anticipatory breach and repudiation of his irrevocable and unconditional letter of undertaking dated 28th April 2015. The Company seeks for an order for assessment of damages. The statement of Defence of Dato'Tan Wei Lian was received on 22nd April 2015. On 30th April 2015, the Company served its reply to statement of Defence.

As of to date, the Company's solicitor is in the view that the Company has a reasonable prospect of succeeding the claims against Dato Tan.

At the present moment, the Directors do not have the sufficient information to assess financial impact to the Company. Therefore, the Board of Directors are of the view that no contingent assets or contingent liabilities need to be recognised in the financial statements.

31. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

31.1 Right Issue Exercise

(a) On 28th April 2014 the Company proposed a corporate exercise which comprise:

(i) Proposed share capital reduction via the cancellation of RM0.25 from the par value of every existing ordinary share of RM0.50 each in Stone Master Corporation Berhad pursuant to section 64(1) of the Companies Act, 1965.

(ii) Proposed renounceable rights issue of up to 184,800,000 new ordinary shares of RM0.25 each in Stone Master Corporation Berhad on the basis of four rights shares for every one ordinary shares of RM0.25 each in the Company from the resultant proposed share capital reduction together with up to 92,400,000 free detachable new warrants on the basis of one warrant for every two rights shares subscribed for at an entitlement date to be determine and announced later.

(iii) Proposed increase in the authorised share capital of the Company.

(b) On 13th May 2015 , the Company announced the following:-

(i) the issue price for the rights shares has been fixed at RM0.30 per Rights Share; and

(ii) the exercise price for the warrants has been fixed at RM0.30 for each New Stone Master Share.

(c) On 24th June 2015, the Company announced that one of the major shareholder has not fulfilled his obligations under the irrevocable undertaking to subscribe for 9,950,000 rights shares.

(d) On 29th June 2015, the Company announced that the rights issue was completed following the listing of and quotation for the 43,705,177 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad as well as the admission and the listing of and quotation for the 21,852,588 Warrants on the Main Market of Bursa Securities.

(e) The issued and paid-up share capital of Stone Master upon completion of the Rights Issue is RM22,476,294/- comprising 89,905,177 ordinary shares of RM0.25 each in Stone Master.

31. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)

31.2 Heads of Agreement

31.2.1 Fujian Nan'an Guanhui Stone Ltd

(a) On 27th March 2015, the Company proposed a Heads of Agreement to be executed between the Company and Fujian Nan'an Guanhui Stone Ltd ("Fujian") for the exclusive agency rights to be granted by Fujian to the Company to undertake stone design and installation contracts under the brand name of "GH Premier Stone" in relation to the products and services.

The Company shall pay the sum of RM100,000,000/- as one time initial agency fee, which sum shall be satisfied by the allotment and issuance of 100,000,000 units of shares at the agreed issuance price of RM1/- per ordinary share or any other issuance price agreed by the parties with the approval of the Malaysian Securities Commission and Bursa Malaysia.

All shares issued shall be credited as fully paid-up and ranking pari passu in all respects with the existing issued shares provided that Fujian shall not be entitled to any dividends or other form of distribution which may be declared prior to the date of allotment of the shares.

Fujian shall provide the Company with a one-time initial kick-off package in the form of the products and services for the value of RM85,000,000/- and assured profit guarantee of 30% of the gross contract value.

(b) On 30th March 2015, the Company announced the Heads of Agreement has been executed between the Company and Fujian for the exclusive agent rights to be granted by Fujian to the Company to undertake stone design and installation contracts under the brand name of "GH Premier Stone" in relation to the products and services.

(c) On 30th September 2015, the Company announced that the Company entered into a definitive agreement, that is, an exclusive agency agreement with Fujian for an exclusive agency rights to be granted by Fujian to the Company, as mutually agreed upon by the respective parties concerned following from the duly executed Heads of Agreement.

31. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)

31.2 Heads of Agreement (Continued)

31.2.2 Guangdong Be-Tech Security System Limited

(a) On 5th August 2015, the Company proposed a Heads of Agreement to be entered between the Company and Guangdong Be-Tech Security System Limited ("Guangdong Be-Tech") for the exclusive agency rights to undertake electronic security locks design and installation contracts under the brand name of “Be-Tech” in relation to the products and services supported by Guangdong Be-Tech.

The Company shall pay the sum of RM80,000,000/- as one time initial agency fee, Guangdong Be-Tech shall provide the Company with a one-time initial kick-off package in the form of the products and services for the value of RM65,000,000/-.

Under this exclusive agency, Guangdong Be-Tech shall provide the Company with an assured profit guarantee of 30% of the gross contract value.

(b) On 7th August 2015, the Company announced the Heads of Agreement has been executed between the Company and Guangdong Be-Tech for the exclusive agent rights to be granted by Guangdong Be-Tech to the Company to undertake electronic security locks design and installation contracts under the brand name of “Be-Tech” in relation to the products and services.

31. **SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)**

31.2 **Heads of Agreement (Continued)**

31.2.3 **Lion Legend Holdings Limited**

(a) On 5th August 2015, the Company proposed a Heads of Agreement to be entered between the Company and Lion Legend Holdings Limited ("Lion Legend") for the exclusive agency rights to undertake ceramics sanitary ware and bathroom accessories design and installation contracts under the brand name of “ROY” in relation to the products and services supported by Lion Legend.

The Company shall pay the sum of RM150,000,000/- as one time initial agency fee, Lion Legend shall provide the Company with a one-time initial kick-off package in the form of the products and services for the value of RM130,000,000/-.

Under this exclusive agency, Lion Legend shall provide the Company with an assured profit guarantee of 30% of the gross contract value.

(b) On 7th August 2015, the Company announced the Heads of Agreement has been executed between the Company and Lion Legend for the exclusive agent rights to be granted by Lion Legend to the Company to undertake ceramics sanitary ware and bathroom accessories design and installation contracts under the brand name of “ROY” in relation to the products and services.

31. **SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)**

31.2 **Heads of Agreement (Continued)**

31.2.4 **Guangdong Shunde Masdar Door Co. Ltd.**

(a) On 10th September 2015, the Company proposed a Heads of Agreement to be executed between the Company and Guangdong Shunde Masdar Door Co., Ltd ("Guangdong Shunde Masdar Door") for the exclusive agency rights to be granted by Guangdong Shunde Masdar Door to the Company to undertake wooden solid door design and installation contracts under the brand name of "Masdar" in relation to the products and services.

The Company shall pay the sum of RM100,000,000/- as one time initial agency fee, which sum shall be satisfied by the allotment and issuance of shares at the agreed issuance price agreed by the parties with the approval of the Malaysian Securities Commission and Bursa Malaysia.

All shares issued shall be credited as fully paid-up and ranking pari passu in all respects with the existing issued shares provided that Guangdong Shunde Masdar Door shall not be entitled to any dividends or other form of distribution which may be declared prior to the date of allotment of the shares.

Guangdong Shunde Masdar Door shall provide the Company with a one-time initial kick-off package in the form of the products and services for the value of RM85,000,000/- and assured profit guarantee of 30% of the gross contract value.

(b) On 14th September 2015, the Company announced the Heads of Agreement has been executed between the Company and Guangdong Shunde Masdar Door for the exclusive agent rights to be granted by Guangdong Shunde Masdar Door to the Company to undertake wooden solid door design and installation contracts under the brand name of "Masdar" in relation to the products and services.

31.2.5 **Foshan Lagerung Technology Co. Ltd.**

(a) On 10th September 2015, the Company proposed a Heads of Agreement to be executed between the Company and Foshan Lagerung Technology Co., Ltd ("Foshan Lagerung Technology") for the exclusive agency rights to be granted by Foshan Lagerung Technology to the Company to undertake environmental friendly custom made furniture design and installation contracts under the brand name of "Lagerung" in relation to the products and services.

The Company shall pay the sum of RM100,000,000/- as one time initial agency fee, which sum shall be satisfied by the allotment and issuance of shares at the agreed issuance price agreed by the parties with the approval of the Malaysian Securities Commission and Bursa Malaysia.

31. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)

31.2 Heads of Agreement (Continued)

31.2.5 Foshan Lagerung Technology Co. Ltd. (Continued)

(a) All shares issued shall be credited as fully paid-up and ranking pari passu in all respects with the existing issued shares provided that Foshan Lagerung Technology shall not be entitled to any dividends or other form of distribution which may be declared prior to the date of allotment of the shares.

Foshan Lagerung Technology shall provide the Company with a one-time initial kick-off package in the form of the products and services for the value of RM85,000,000/- and assured profit guarantee of 30% of the gross contract value.

(b) On 14th September 2015, the Company announced the Heads of Agreement has been executed between the Company and Foshan Lagerung Technology for the exclusive agent rights to be granted by Foshan Lagerung Technology to the Company to undertake environmental friendly custom made furniture design and installation contracts under the brand name of "Langerung" in relation to the products and services.

31.2.6 Guangdong Golden Aluminum Co., Ltd

(a) On 10th September 2015, the Company proposed a Heads of Agreement to be executed between the Company and Guangdong Golden Aluminum Co., Ltd ("Guangdong Golden Aluminum") for the exclusive agency rights to be granted by Guangdong Golden Aluminum to the Company to undertake architectural aluminum doors and windows design and installation contracts under the brand name of "Golden" in relation to the products and services.

The Company shall pay the sum of RM150,000,000/- as one time initial agency fee, which sum shall be satisfied by the allotment and issuance of shares at the agreed issuance price agreed by the parties with the approval of the Malaysian Securities Commission and Bursa Malaysia.

All shares issued shall be credited as fully paid-up and ranking pari passu in all respects with the existing issued shares provided that Guangdong Golden Aluminum shall not be entitled to any dividends or other form of distribution which may be declared prior to the date of allotment of the shares.

Guangdong Golden Aluminum shall provide the Company with a one-time initial kick-off package in the form of the products and services for the value of RM130,000,000/- and assured profit guarantee of 30% of the gross contract value.

(b) On 14th September 2015, the Company announced the Heads of Agreement has been executed between the Company and Guangdong Golden Aluminum for the exclusive agent rights to be granted by Guangdong Golden Aluminum to the Company to undertake architectural aluminum doors and windows design and installation contracts under the brand name of "Golden" in relation to the products and services.

31. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)

31.2 Heads of Agreement (Continued)

31.2.7 Foshan Shundequ Lixuan Textile Indusrial Co., Ltd

(a) On 10th September 2015, the Company proposed a Heads of Agreement to be executed between the Company and Foshan Shundequ Lixuan Textile Industrial Co., Ltd (“Foshan Shundequ Lixuan Textile”) for the exclusive agency rights to be granted by Foshan Shundequ Lixuan Textile to the Company to undertake hospitality linens, curtains and textiles design and installation contracts under the brand name of “RUI BEI” in relation to the products and services.

The Company shall pay the sum of RM100,000,000/- as one time initial agency fee, which sum shall be satisfied by the allotment and issuance of shares at the agreed issuance price agreed by the parties with the approval of the Malaysian Securities Commission and Bursa Malaysia.

All shares issued shall be credited as fully paid-up and ranking pari passu in all respects with the existing issued shares provided that Foshan Shundequ Lixuan Textile shall not be entitled to any dividends or other form of distribution which may be declared prior to the date of allotment of the shares.

Foshan Shundequ Lixuan Textile shall provide the Company with a one-time initial kick-off package in the form of the products and services for the value of RM85,000,000/- and assured profit guarantee of 30% of the gross contract value.

(b) On 14th September 2015, the Company announced the Heads of Agreement has been executed between the Company and Foshan Shundequ Lixuan Textile for the exclusive agent rights to be granted by Foshan Shundequ Lixuan Textile to the Company to undertake hospitality linens, curtains and textiles design and installation contracts under the brand name of “RUI BEI” in relation to the products and services.

31. **SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)**

31.2 **Heads of Agreement (Continued)**

31.2.8 **Guangdong Hualong Coating Industry Co., Ltd**

(a) On 10th September 2015, the Company proposed a Heads of Agreement to be executed between the Company and Guangdong Hualong Coating Industry Co., Ltd ("Guangdong Hualong Coating") for the exclusive agency rights to be granted by Guangdong Hualong Coating to the Company to undertake paints and costing materials design and installation contracts under the brand name of "HUALONG" in relation to the products and services.

The Company shall pay the sum of RM100,000,000/- as one time initial agency fee, which sum shall be satisfied by the allotment and issuance of shares at the agreed issuance price agreed by the parties with the approval of the Malaysian Securities Commission and Bursa Malaysia.

All shares issued shall be credited as fully paid-up and ranking pari passu in all respects with the existing issued shares provided that Guangdong Hualong Coating shall not be entitled to any dividends or other form of distribution which may be declared prior to the date of allotment of the shares.

Guangdong Hualong Coating shall provide the Company with a one-time initial kick-off package in the form of the products and services for the value of RM85,000,000/- and assured profit guarantee of 30% of the gross contract value.

(b) On 14th September 2015, the Company announced the Heads of Agreement has been executed between the Company and Guangdong Hualong Coating for the exclusive agent rights to be granted by Guangdong Hualong Coating to the Company to undertake paints and costing materials design and installation contracts under the brand name of "Hualong" in relation to the products and services.

31. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)

31.2 Heads of Agreement (Continued)

31.2.9 Guangzhou Deron Heat Source Facilities Co., Ltd

(a) On 10th September 2015, the Company proposed a Heads of Agreement to be executed between the Company and Guangzhou Deron Heat Source Facilities Co., Ltd ("Guangzhou Deron") for the exclusive agency rights to be granted by Guangzhou Deron to the Company to undertake energy saving heat pump systems design and installation contracts under the brand name of "DERON" in relation to the products and services.

The Company shall pay the sum of RM100,000,000/- as one time initial agency fee, which sum shall be satisfied by the allotment and issuance of shares at the agreed issuance price agreed by the parties with the approval of the Malaysian Securities Commission and Bursa Malaysia.

All shares issued shall be credited as fully paid-up and ranking pari passu in all respects with the existing issued shares provided that Guangzhou Deron shall not be entitled to any dividends or other form of distribution which may be declared prior to the date of allotment of the shares.

Guangzhou Deron shall provide the Company with a one-time initial kick-off package in the form of the products and services for the value of RM85,000,000/- and assured profit guarantee of 30% of the gross contract value.

(b) On 14th September 2015, the Company announced the Heads of Agreement has been executed between the Company and Guangzhou Deron for the exclusive agent rights to be granted by Guangzhou Deron to the Company to undertake energy saving heat pump systems design and installation contracts under the brand name of "Deron" in relation to the products and services.

31.2.10 Guangdong Zhongsheng Ceramics Co., Ltd

(a) On 10th September 2015, the Company proposed a Heads of Agreement to be executed between the Company and Guangdong Zhongsheng Ceramics Co., Ltd ("Guangdong Zhongsheng Ceramics") for the exclusive agency rights to be granted by Guangdong Zhongsheng Ceramics to the Company to undertake ceramic tiles design and installation contracts under the brand name of "ZHONGSHENG" in relation to the products and services.

The Company shall pay the sum of RM180,000,000/- as one time initial agency fee, which sum shall be satisfied by the allotment and issuance of shares at the agreed issuance price agreed by the parties with the approval of the Malaysian Securities Commission and Bursa Malaysia.

31. **SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)**

31.2 **Heads of Agreement (Continued)**

31.2.10 **Guangdong Zhongsheng Ceramics Co., Ltd (Continued)**

(a) All shares issued shall be credited as fully paid-up and ranking pari passu in all respects with the existing issued shares provided that Guangdong Zhongsheng Ceramics shall not be entitled to any dividends or other form of distribution which may be declared prior to the date of allotment of the shares.

Guangdong Zhongsheng Ceramics shall provide the Company with a one-time initial kick-off package in the form of the products and services for the value of RM160,000,000/- and assured profit guarantee of 30% of the gross contract value.

(b) On 14th September 2015, the Company announced the Heads of Agreement has been executed between the Company and Guangdong Zhongsheng Ceramics for the exclusive agent rights to be granted by Guangdong Zhongsheng Ceramics to the Company to undertake ceramic tiles systems design and installation contracts under the brand name of “ZHONGSHENG” in relation to the products and services.

31.2.11 **Foshan Shunde Weideli Lighting Co., Ltd**

(a) On 14th September 2015, the Company signed a Heads of Agreement with Foshan Shunde Weideli Lighting Co., Ltd (“Foshan Shunde Weideli”) for the exclusive agency rights to be granted by Foshan Shunde Weideli to the Company to undertake energy saving lighting design and installation contacts under the brand name of “Weideli” in relation to the products and services.

The Company shall pay the sum of RM100,000,000/- as one time initial agency fee, which sum shall be satisfied by the allotment and issuance of shares at the agreed issuance price agreed by the parties with the approval of the Malaysian Securities Commission and Bursa Malaysia.

All shares issued shall be credited as fully paid-up and ranking pari passu in all respects with the existing issued shares provided that Foshan Shunde Weideli shall not be entitled to any dividends or other form of distribution which may be declared prior to the date of allotment of the shares.

Foshan Shunde Weideli shall provide the Company with a one-time initial kick-off package in the form of the products and services for the value of RM85,000,000/- and assured profit guarantee of 30% of the gross contract value.

(b) On 14th September 2015, the Company announced the Heads of Agreement has been executed between the Company and Foshan Shunde Weideli for the exclusive agent rights to be granted by Foshan Shunde Weideli to the Company to undertake energy saving lighting systems design and installation contracts under the brand name of “Weideli” in relation to the products and services.

31. **SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)**

31.2 **Heads of Agreement (Continued)**

31.2.12 **Fujian Nan'an Wonlife Co. Ltd**

(a) On 28th September 2015, the Company proposed a Heads of Agreement to be executed between the Company and Fujian Nan'an Wonlife Co. Ltd ("Fujian Nan'an Wonlife") for the exclusive agency rights to be granted by Fujian Nan'an Wonlife to the Company to undertake super slim natural stone products design and installation contracts under the brand name of "WONLIFE" in relation to the products and services.

The Company shall pay the sum of RM100,000,000/- as one time initial agency fee, which sum shall be satisfied by the allotment and issuance of shares at the agreed issuance price agreed by the parties with the approval of the Malaysian Securities Commission and Bursa Malaysia.

All shares issued shall be credited as fully paid-up and ranking pari passu in all respects with the existing issued shares provided that Fujian Nan'an Wonlife shall not be entitled to any dividends or other form of distribution which may be declared prior to the date of allotment of the shares.

Fujian Nan'an Wonlife shall provide the Company with a one-time initial kick-off package in the form of the products and services for the value of RM85,000,000/- and assured profit guarantee of 30% of the gross contract value.

(b) On 30th September 2015, the Company announced the Heads of Agreement has been executed between the Company and Fujian Nan'an Wonlife for the exclusive agent rights to be granted by Fujian Nan'an Wonlife to the Company to undertake super slim natural stone products design and installation contracts under the brand name of "WONLIFE" in relation to the products and services.

31.2.13 **Foshan Korra Bath Ware Co., Ltd**

(a) On 7th October 2015, the Company proposed a Heads of Agreement to be executed between the Company and Foshan Korra Bath Ware Co., Ltd ("Foshan Korra") for the exclusive agency rights to be granted by Foshan Korra to the Company to undertake bath ware products design and installation contracts under the brand name of "KORRA" in relation to the products and services.

The Company shall pay the sum of RM150,000,000/- as one time initial agency fee, which sum shall be satisfied by the allotment and issuance of shares at the agreed issuance price agreed by the parties with the approval of the Malaysian Securities Commission and Bursa Malaysia.

31. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)

31.2 Heads of Agreement (Continued)

31.2.13 Foshan Korra Bath Ware Co., Ltd (Continued)

(a) All shares issued shall be credited as fully paid-up and ranking pari passu in all respects with the existing issued shares provided that Foshan Korra shall not be entitled to any dividends or other form of distribution which may be declared prior to the date of allotment of the shares.

Foshan Korra shall provide the Company with a one-time initial kick-off package in the form of the products and services for the value of RM130,000,000/- and assured profit guarantee of 30% of the gross contract value.

(b) On 12th October 2015, the Company announced the Heads of Agreement has been executed between the Company and Foshan Korra for the exclusive agent rights to be granted by Foshan Korra to the Company to undertake bath ware design and installation contracts under the brand name of “KORRA” in relation to the products and services.

31.2.14 Guangdong Longjiang Hong Ji Seating Co., Ltd

(a) On 7th October 2015, the Company proposed a Heads of Agreement to be executed between the Company and Guangdong Longjiang Hong Ji Seating Co., Ltd (“Guangdong Longjiang Hong Ji”) for the exclusive agency rights to be granted by Guangdong Longjiang Hong Ji to the Company to undertake public seating furniture design and installation contracts under the brand name of “HONG JI” in relation to the products and services.

The Company shall pay the sum of RM100,000,000/- as one time initial agency fee, which sum shall be satisfied by the allotment and issuance of shares at the agreed issuance price agreed by the parties with the approval of the Malaysian Securities Commission and Bursa Malaysia.

All shares issued shall be credited as fully paid-up and ranking pari passu in all respects with the existing issued shares provided that Guangdong Longjiang Hong Ji shall not be entitled to any dividends or other form of distribution which may be declared prior to the date of allotment of the shares.

Guangdong Longjiang Hong Ji shall provide the Company with a one-time initial kick-off package in the form of the products and services for the value of RM85,000,000/- and assured profit guarantee of 30% of the gross contract value.

31. **SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)**

31.2 **Heads of Agreement (Continued)**

31.2.14 **Guangdong Longjiang Hong Ji Seating Co., Ltd (Continued**

(b) On 12th October 2015, the Company announced the Heads of Agreement has been executed between the Company and Guangdong Longjiang Hong Ji for the exclusive agent rights to be granted by Guangdong Longjiang Hong Ji to the Company to undertake public seating furniture and installation contracts under the brand name of "HONGJI" in relation to the products and services.

31.2.15 **Proposed Acquisition**

(a) On 22nd October 2015, the Company entered into a Heads of Agreement with 3 identified individuals ("Vendors") for the proposed acquisition of all the 500,000 units of ordinary issued and fully paid-up shares in the share capital of YNL Properties Sdn. Bhd. comprising of 100% of its total issued and fully paid-up shares at a purchase consideration of RM15,000,000/-.

The purchase consideration shall be satisfied by the allotment and issuance of shares at the agreed issuance price agreed by the parties with the approval of the Malaysian Securities Commission and Bursa Malaysia.

All shares issued shall be credited as fully paid-up and ranking pari passu in all respects with the existing issued shares provided that the vendors shall not be entitled to any dividends or other form of distribution which may be declared prior to the date of allotment of the shares.

(b) On 20th November 2015, the Company announced that the parties are still in the midst of negotiating and finalising the details of the definitive agreement, and that more time is needed to finalise the same, and had therefore mutually agree to extend the deadline by a further extension to on or before 21st December 2015 .

(c) On 18th December 2015, the Company announced that the parties are still in the midst of negotiating and finalising the details of the definitive agreement, and that more time is needed to finalise the same, and had therefore mutually agree to extend the deadline by a further extension to on or before 21st January 2016 .

(d) On 21st January 2016, the Company announced to extend the deadline by a further extension of thirty (30) days to on or before 21st February 2016 to execute the Definitive Agreement.

31. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)

31.3 Framework Agreements

(a) On 12th November 2015, the Company entered into a framework agreement with LBS Bina Group Berhad ("LBS") to offer the products and service coupled with interest free vendor financing services to LBS over the span of 18 months from the date thereof in the framework agreement and LBS agrees to accept the dual offers subject to all the salient terms and conditions as stated therein the framework agreement.

The Company allocate and to be on standby for the application by LBS, a credit limit of up to RM300,000,000/- for the selected development projects over the 18 months.

(b) On 17th November 2015, the Company entered into a framework agreement with Mah Sing Trading Sdn. Bhd. ("MS Trading"), a wholly owned subsidiary of Mah Sing Group Berhad to offer the products and service coupled with interest free vendor financing services to MS Trading over the span of 18 months from the date thereof in the framework agreement and MS Trading agrees to accept the dual offers subject to all the salient terms and conditions as stated therein the framework agreement.

The Company allocate and to be on standby for the application by MS Trading, a credit limit of up to RM500,000,000/- for the selected development projects over the 18 months.

(c) On 17th November 2015, the Company entered into a framework agreement with Tanco Holdings Berhad ("Tanco") to offer the products and service coupled with interest free vendor financing services to Tanco over the span of 18 months from the date thereof in the framework agreement and Tanco agrees to accept the dual offers subject to all the salient terms and conditions as stated therein the framework agreement.

The Company allocate and to be on standby for the application by Tanco, a credit limit of up to RM100,000,000/- for the selected development projects over the 18 months.

(d) On 17th November 2015, the Company entered into a framework agreement with Meda Inc. Berhad ("Meda") to offer the products and service coupled with interest free vendor financing services to Meda over the span of 18 months from the date thereof in the framework agreement and Meda agrees to accept the dual offers subject to all the salient terms and conditions as stated therein the framework agreement.

The Company allocate and to be on standby for the application by Meda, a credit limit of up to RM150,000,000/- for the selected development projects over the 18 months.

31. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)

31.3 Framework Agreements (Continued)

(e) On 17th November 2015, the Company entered into a framework agreement with Ecofirst Consolidated Berhad ("Ecofirst") to offer the products and service coupled with interest free vendor financing services to Ecofirst over the span of 18 months from the date thereof in the framework agreement and Ecofirst agrees to accept the dual offers subject to all the salient terms and conditions as stated therein the framework agreement.

The Company allocate and to be on standby for the application by Ecofirst, a credit limit of up to RM150,000,000/- for the selected development projects over the 18 months.

(f) On 17th November 2015, the Company entered into a framework agreement with Country Heights Holdings Berhad ("CHHB") to offer the products and service coupled with interest free vendor financing services to CHHB over the span of 18 months from the date thereof in the framework agreement and CHHB agrees to accept the dual offers subject to all the salient terms and conditions as stated therein the framework agreement.

The Company allocate and to be on standby for the application by CHHB, a credit limit of up to RM150,000,000/- for the selected development projects over the 18 months.

(g) On 27th November 2015, the Company entered into a framework agreement with Bina Puri Properties Sdn. Bhd. ("BPPSB"), a wholly owned subsidiary of Bina Puri Holdings Berhad to offer the products and service coupled with interest free vendor financing services to BPPSB over the span of 18 months from the date thereof in the framework agreement and BPPSB agrees to accept the dual offers subject to all the salient terms and conditions as stated therein the framework agreement.

The Company allocate and to be on standby for the application by BPPSB, a credit limit of up to RM300,000,000/- for the selected development projects over the 18 months.

(h) On 30th November 2015, the Company entered into a framework agreement with Eco World Trading Sdn. Bhd. ("EWTSB"), a wholly owned subsidiary of Eco World Development Group Berhad to offer the products and service coupled with interest free vendor financing services to EWTSB over the span of 18 months from the date thereof in the framework agreement and EWTSB agrees to accept the dual offers subject to all the salient terms and conditions as stated therein the framework agreement.

The Company allocate and to be on standby for the application by EWTSB, a credit limit of up to RM100,000,000/- for the selected development projects over the 18 months.

31. **SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)**

31.3 **Framework Agreements (Continued)**

(i) On 1st December 2015, the Company entered into a framework agreement with Gabungan AQRS Berhad ("GAB") to offer the products and service coupled with interest free vendor financing services to GAB over the span of 18 months from the date thereof in the framework agreement and GAB agrees to accept the dual offers subject to all the salient terms and conditions as stated therein the framework agreement.

The Company allocate and to be on standby for the application by GAB, a credit limit of up to RM100,000,000/- for the selected development projects over the 18 months.

(j) On 2nd December 2015, the Company entered into a framework agreement with Titijaya Land Berhad ("Titijaya") to offer the products and service coupled with interest free vendor financing services to Titijaya over the span of 18 months from the date thereof in the framework agreement and Titijaya agrees to accept the dual offers subject to all the salient terms and conditions as stated therein the framework agreement.

The Company allocate and to be on standby for the application by Titijaya, a credit limit of up to RM250,000,000/- for the selected development projects over the 18 months.

(k) On 2nd December 2015, the Company entered into a framework agreement with BCB Berhad ("BCB") to offer the products and service coupled with interest free vendor financing services to BCB over the span of 18 months from the date thereof in the framework agreement and BCB agrees to accept the dual offers subject to all the salient terms and conditions as stated therein the framework agreement.

The Company allocate and to be on standby for the application by BCB, a credit limit of up to RM200,000,000/- for the selected development projects over the 18 months.

(l) On 3rd December 2015, the Company entered into a framework agreement with Kinsaresorts Berhad ("Kinsaresorts") to offer the products and service coupled with interest free vendor financing services to Kinsaresorts over the span of 18 months from the date thereof in the framework agreement and Kinsaresorts agrees to accept the dual offers subject to all the salient terms and conditions as stated therein the framework agreement.

The Company allocate and to be on standby for the application by Kinsaresorts, a credit limit of up to RM500,000,000/- for the selected development projects over the 18 months.

31. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)

31.3 Framework Agreements (Continued)

(m) On 4th December 2015, the Company entered into a framework agreement with Thriven Global Berhad (formerly known as Mulpha Land Berhad) ("Thriven") to offer the products and service coupled with interest free vendor financing services to Thriven over the span of 18 months from the date thereof in the framework agreement and Thriven agrees to accept the dual offers subject to all the salient terms and conditions as stated therein the framework agreement.

The Company allocate and to be on standby for the application by Thriven, a credit limit of up to RM300,000,000/- for the selected development projects over the 18 months.

31.4 Settlement of Islamic Term Loan

(a) On 31st December 2014, due to the delay in the proposed rights issues exercise, the Group was unable to fulfil the condition set by a Bank including the repayment of RM966,000/. Subsequently, the Company has received confirmation from the Bank on a new Repayment Schedule that allow the full payment to be made by using partial of the proceeds from the Proposed Rights Issue exercise.

(b) On 23rd July 2015, the Group has fully settled the Islamic Term Loan amounted to RM8,339,328/- including interest charged by the Bank.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

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

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

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the accumulated losses of the Group and the Company as at 30th September 2015 are as follows:-

	Group		**Company**	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Realised	(17,280)	(17,690)	(23,709)	(12,951)
Unrealised	3,105	2,964	-	-
	(14,175)	(14,726)	(23,709)	(12,951)

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

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

STONE MASTER CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, **KOH MUI TEE** and **DATIN CHAN CHUI MEI**, being two of the directors of Stone Master Corporation Berhad, do hereby state that in the opinion of the directors, the financial statements set out on page 7 to 94 are properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 30th September 2015 and of the results and cash flows of the Group and of the Company for the financial year ended.

The supplementary information set out on page 95 to the financial statements have been prepared in accordance with the Guidance of 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*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

....
KOH MUI TEE

....
DATIN CHAN CHUI MEI

Kuala Lumpur

Date: 28 January 2016

STONE MASTER CORPORATION BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION

I, **YONG TIONG FATT**, being the officer primarily responsible for the financial management of Stone Master Corporation Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on page 7 to 94 and the supplementary information set out on page 95 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

………………………………………..
YONG TIONG FATT

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 28 January 2016

Before me,

……………………………………………....
KUMAR A/L THANGARAJU
NO: W652
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STONE MASTER CORPORATION BERHAD

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Stone Master Corporation Berhad, which comprise the statements of financial position as at 30th September 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 94.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the 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 controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STONE MASTER CORPORATION BERHAD (Continued)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30th September 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to Note 2.1(a) to the financial statements which discloses the premise upon which the Group and the Company has prepared their financial statements by applying the going concern assumption, notwithstanding that the Group and the Company incurred a net loss of RM8,548,000/- and RM19,686,000/- for the financial year ended 30th September 2015 respectively which was mainly due to the provision of impairment loss on investment in subsidiaries and amount owing by subsidiaries of RM4,972,000/- and RM10,253,000/- respectively. During the financial year, the Group and the Company have recorded negative operating cash flow of RM163,000/- and RM11,705,000/- respectively. As at 30th September 2015, the current liabilities of the Group and of the Company exceeded its current assets by RM1,295,000/- and RM1,574,000/- respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as a going concern. As stated in Note 31.1, on 29th June 2015, the Company announced that the rights issue was completed following the listing of and quotation for the 43,705,177 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad as well as the admission and the listing of and quotation for the 21,852,588 Warrants on the Main Market of Bursa Securities. As stated in Note 31.2, the Group has entered into Heads of Agreement for exclusive agencies distribution rights with vendors. The Group has also entered into Framework Agreement as stated in Note 31.3 with property developers in Malaysia for supply of products or services with interest free vendor financing services. If these transactions do not materialise, the Group and the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors are confident that the business plans can be successfully implemented to enable the Group and the Company to achieve profitable operation.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STONE MASTER CORPORATION BERHAD (Continued)
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements (Continued)

(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 Companies Act, 1965 in Malaysia.

Other Reporting Responsibility

The supplementary information set out on page 95 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

Baker Tilly Monteiro Heng	Ng Boon Hiang
No. AF 0117	No. 2916/03/16(J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur

Date: 28 January 2016