3. **Significant Accounting Policies (Cont'd)**

(d) Leases (Cont'd)

(i) Finance lease (Cont'd)

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases 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.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

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

(e) Intangible assets

(i) Internally-generated intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

The amount initially recognised for internally–generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

3. **Significant Accounting Policies (Cont'd)**

(e) Intangible assets (Cont'd)

(i) Internally-generated intangible assets - research and development costs (Cont'd)

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(ii) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(iii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The policy of recognition and measurement of impairment losses is in accordance with Note 3(g)(i).

3. **Significant Accounting Policies (Cont'd)**

(f) Financial assets

Financial assets are recognised on 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.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that 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. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

3. **Significant Accounting Policies (Cont'd)**

(f) Financial assets (Cont'd)

(ii) Available-for-sale financial assets (Cont'd)

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

(g) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

3. **Significant Accounting Policies (Cont'd)**

(g) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies, associates and joint ventures, are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

3. **Significant Accounting Policies (Cont'd)**

(g) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset 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 reversal is recognised in profit or loss.

(h) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value.

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

3. **Significant Accounting Policies (Cont'd)**

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(j) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on 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.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

(i) Other financial liabilities measured at amortised cost

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

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) Financial guarantee contracts

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

3. **Significant Accounting Policies (Cont'd)**

(j) Financial liabilities (Cont'd)

(ii) Financial guarantee contracts (Cont'd)

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount recognised less cumulative amortisation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(k) Offsetting of financial instruments

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

(l) Share capital

Ordinary shares

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

Dividends on ordinary shares are accounted for in equity as appropriation of retained earnings and recognised as a liability in the period in which they are declared.

Preference shares

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

3. **Significant Accounting Policies (Cont'd)**

(m) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(n) Revenue

(i) Sale of goods/merchandising item

Revenue is recognised at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods

(ii) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

(iii) Sales of advertising space, public relation, database management, internet related and other electronic commerce services

Revenue from sales of advertising space, public relation, database management, internet related and other electronic commerce services rendered are recognised upon rendering of services.

(iv) Commission income

Commission income is recognised on an accrual basis.

4. **Significant Accounting Policies (Cont'd)**

(n) Revenue (Cont'd)

(v) Business loan application service fee

Business loan application service fee is recognised upon client acceptance of the letter of offer and the execution of all the requisite loan and security documents to the satisfaction of the Bank.

(vi) Insurance commission income

Insurance commission income is recognised as revenue when the contract is underwritten by its principal.

(vii) Management fee

Management fee is recognised on an accrual basis.

(viii) Rental income

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

(ix) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. **Significant Accounting Policies (Cont'd)**

(p) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the the end of the reporting period unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. **Significant Accounting Policies (Cont'd)**

(q) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(r) Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Where the Group receives non-monetary government grants, the asset and the grant are recorded at nominal amount and transferred to profit or loss on a systematic basis over the life of the depreciable asset by way of a reduced depreciation charge.

3. **Significant Accounting Policies (Cont'd)**

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(t) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

4. Property, Plant and Equipment

	Freehold land and building RM	Capital work-in progress RM	Computers RM	Office equipment RM	Furniture and fittings RM	Moulds, plant and machinery RM	Renovation RM	Motor vehicles RM	Total RM
Group									
2014									
Cost									
At 1 January 2014	-	-	638,973	228,774	258,968	-	386,275	230,000	1,742,990
Reverse acquisition	1,689,606	539,226	327,857	259,418	95,895	1,316,503	555,847	1,198,413	5,982,765
Additions	30,990	-	114,608	69,237	96,520	-	323,772	-	635,127
Disposals	(2,259,822)	-	(241,916)	(125,812)	(144,568)	(1,036,560)	(484,546)	-	(4,293,224)
Exchange differences	-	-	1,070	1,194	-	-	-	-	2,264
Reclassification	539,226	(539,226)	-	-	-	-	-	-	-
At 31 December 2014	-	-	840,592	432,811	306,815	279,943	781,348	1,428,413	4,069,922
Accumulated depreciation									
At 1 January 2014	-	-	520,398	136,384	133,608	-	277,166	19,167	1,086,723
Reverse acquisition	254,784	-	226,215	202,923	34,740	971,310	447,843	535,699	2,673,514
Charge for the financial year	25,455	-	132,999	35,373	30,690	118,028	58,334	221,050	621,929
Disposals	(280,239)	-	(197,286)	(70,101)	(80,958)	(835,481)	(168,097)	-	(1,632,162)
Exchange differences	-	-	1,054	928	-	-	-	-	1,982
At 31 December 2014	-	-	683,380	305,507	118,080	253,857	615,246	775,916	2,751,986
Carrying amount									
At 31 December 2014	-	-	157,212	127,304	188,735	26,086	166,102	652,497	1,317,936

4. **Property, Plant and Equipment (Cont'd)**

	Computers RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Total RM
Group						
2013						
Cost						
At 1 January 2013	634,249	210,553	251,461	310,685	226,589	1,633,537
Additions	7,140	19,058	11,500	75,590	230,000	343,288
Disposals	(2,416)	(3,716)	(6,314)	-	(226,589)	(239,035)
Exchange differences	-	2,879	2,321	-	-	5,200
At 31 December 2013	638,973	228,774	258,968	386,275	230,000	1,742,990
Accumulated depreciation						
At 1 January 2013	456,949	103,598	110,360	260,191	26,435	957,533
Charge for the financial year	63,242	31,634	25,494	16,975	34,273	171,618
Disposals	(1,740)	(557)	(2,246)	-	(41,541)	(46,084)
Exchange differences	1,947	1,709	-	-	-	3,656
At 31 December 2013	520,398	136,384	133,608	277,166	19,167	1,086,723

4. Property, Plant and Equipment (Cont'd)

	Computers RM	Office equipment RM	Furniture and fittings RM	Moulds, plant and machinery RM	Renovation RM	Motor vehicles RM	Total RM
Company							
2014							
Cost							
At 1 January 2014	327,857	246,303	104,105	69,826	555,847	832,220	2,136,158
Additions	41,537	63,027	36,918	-	6,863	-	148,345
At 31 December 2014	369,394	309,330	141,023	69,826	562,710	832,220	2,284,503
Accumulated depreciation							
At 1 January 2014	226,216	190,415	42,906	61,161	447,843	370,595	1,339,136
Charge for the financial year	78,280	16,283	12,147	1,165	21,994	101,813	231,682
At 31 December 2014	304,496	206,698	55,053	62,326	469,837	472,408	1,570,818
Carrying amount							
At 31 December 2014	64,898	102,632	85,970	7,500	92,873	359,812	713,685

4. Property, Plant and Equipment (Cont'd)

	Freehold building RM	Capital work-in progress RM	Computers RM	Office equipment RM	Furniture and fittings RM	Moulds, plant and machinery RM	Renovation RM	Motor vehicles RM	Total RM
Company									
2013									
Cost									
At 1 January 2013	155,665	1,241,098	285,343	241,269	86,575	69,826	555,847	434,300	3,069,923
Additions	-	-	46,513	13,244	9,320	-	-	397,920	466,997
Disposals	(155,665)	(1,241,098)	(3,999)	-	-	-	-	-	(1,400,762)
At 31 December 2013	-	-	327,857	254,513	95,895	69,826	555,847	832,220	2,136,158
Accumulated depreciation									
At 1 January 2013	-	228,606	148,938	180,675	25,944	59,247	402,725	297,717	1,343,852
Charge for the financial year	-	24,714	79,224	17,906	8,796	1,914	45,118	72,878	250,550
Disposals	-	(253,320)	(1,946)	-	-	-	-	-	(255,266)
At 31 December 2013	-	-	226,216	198,581	34,740	61,161	447,843	370,595	1,339,136
Carrying amount									
At 31 December 2013	-	-	101,641	55,932	61,155	8,665	108,004	461,625	797,022

4. Property, Plant and Equipment (Cont'd)

(a) The aggregate additional cost for the property, plant and equipment of the Group and of the Company during the financial year acquired under finance lease financing and by cash payments are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Aggregate costs	635,127	343,288	148,345	466,997
Less: Finance lease financing	-	(230,000)	-	-
Cash payments	635,127	113,288	148,345	466,997

(b) At 31 December 2014, the net carrying amount of leased motor vehicle of the Group was RM164,833 (2013: RM210,833).

5. Software Development Expenditure

	Advertising and Media (Note a)	Group Financial Services (Note b)	Total
	RM	**RM**	**RM**
2014			
Cost			
At 1 January 2014	9,888,637	820,000	10,708,637
Additions	8,604,000	-	8,604,000
Exchange differences	21,039	-	21,039
At 31 December 2014	18,513,676	820,000	19,333,676
Accumulated amortisation			
At 1 January 2014	6,900,978	459,999	7,360,977
Amortisation during the financial year	914,989	132,000	1,046,989
Exchange differences	13,500	-	13,500
At 31 December 2014	7,829,467	591,999	8,421,466
Carrying amount			
At 31 December 2014	10,684,209	228,001	10,912,210

5. Software Development Expenditure (Cont'd)

	Advertising and Media (Note a) RM	Group Financial Services (Note b) RM	Total RM
2013			
Cost			
At 1 January 2013	10,959,224	820,000	11,779,224
Additions	431,960	-	431,960
Transferred to inventories	(1,550,000)	-	(1,550,000)
Exchange differences	47,453	-	47,453
At 31 December 2013	9,888,637	820,000	10,708,637
Accumulated amortisation			
At 1 January 2013	6,144,844	297,000	6,441,844
Amortisation during the financial year	734,802	162,999	897,801
Exchange differences	21,332	-	21,332
At 31 December 2013	6,900,978	459,999	7,360,977
Carrying amount			
At 31 December 2013	2,987,659	360,001	3,347,660

	Company Biometrics (Note c) 2014 RM	2013 RM
Cost		
At 1 January/31 December	3,514,802	3,514,802
Accumulated amortisation		
At 1 January	3,514,802	3,050,792
Amortisation during the financial year	-	464,010
At 31 December	3,514,802	3,514,802
Carrying amount		
At 31 December	-	-

(a) The development costs of advertising and media consist of expenditure incurred for research and development of media and advertising technology.

(b) The development costs of financial services consist of expenditure incurred for research and development of financial advisory software.

(c) The development costs of biometrics consist of expenditure incurred in the design and development of biometrics using finger print verification technology.

6. Investment in Subsidiary Companies

	Company	
	2014	2013
	RM	RM
Unquoted shares, at cost	93,576,077	1,020,011

Details of subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest 2014 %	Effective interest 2013 %	Principal activities
Red Media Asia Ltd	British Virgin Islands	100	-	Investment holding
# Founder Pay Sdn. Bhd. (formerly Fingertec Worldwide Sdn. Bhd.)	Malaysia	100	100	Marketing of fingerprint verification products
# PUC Founder Technology Sdn. Bhd.	Malaysia	100	100	Engaged in information technology solutions of electronic publishing system electronic publishing system and management information system to the Chinese language publishing industry
# Face ID Worldwide Sdn. Bhd.	Malaysia	100	100	Marketing of face recognition products
# Fingertec Worldwide Limited	Hong Kong	-	100	Dormant
MaxGreen Energy Sdn. Bhd. (formerly known as Ausscar Group Sdn. Bhd.)	Malaysia	100	-	Investment holding

6. Investment in Subsidiary Companies (Cont'd)

Name of company	Country of incorporation	Effective interest 2014 %	2013 %	Principal activities
Held through Red Media Asia Ltd				
RH Media Group Sdn. Bhd.	Malaysia	100	-	Investment holding
Founder Energy Sdn. Bhd. (formerly known as Redhot Media Group Sdn. Bhd.)	Malaysia	100	-	Investment holding
Held through RH Media Group Sdn. Bhd.				
# Redhot Media International (China) Ltd	China	100	-	Consultancy services on administration of business enterprise and advisory service on international economy and information
* Redhot Media (HK) Limited	Hong Kong	100	-	Provision of advertisement and media services
# RH Marketing (GZ) Ltd	China	100	-	Consultancy on administration of business enterprises and advisory service on international economy and information
# Redhot Media International (Shanghai) Ltd	China	100	-	Consultancy on administration of business enterprises and advisory service on international economy and information
AllChina.cn Ltd	British Virgin Islands	100	-	Provision of advertisement and media services

6. Investment in Subsidiary Companies (Cont'd)

Name of company	Country of incorporation	Effective interest 2014 %	Effective interest 2013 %	Principal activities
Held through MaxGreen Energy Sdn. Bhd. (formerly known as Ausscar Group Sdn. Bhd.)				
Ausscar Academy Sdn. Bhd.	Malaysia	70	-	Development of web portal and software relating to financial planning products and services, provision of financial planning and advisory services, and related training, and event management and other support of services
Oscar Wealth Advisory Sdn. Bhd.	Malaysia	70	-	Provision of financial planning and advisory services, and related training, and event management and other support services
Wealth Pursuit Sdn. Bhd.	Malaysia	100	-	Agency of insurance, selling of software solution related to financial products, trading of financial products and provision of training of the software

6. Investment in Subsidiary Companies (Cont'd)

Name of company	Country of incorporation	Effective interest 2014 %	Effective interest 2013 %	Principal activities
Held through Founder Energy Sdn. Bhd. (formerly known as Redhot Media Group Sdn. Bhd.)				
RedHot Media Sdn. Bhd.	Malaysia	100	-	Advertising agency which principally involved in advertisement, media content distributions and trading, information and data management, research and development of electronic advertising services, and other advertising services through portals, branding and creative services, public relations, public affairs and events
EPP Solution Sdn. Bhd.	Malaysia	100	-	Provision of financial and payment solutions to customers, trading and merchandising of goods
Founder Qube Sdn. Bhd.	Malaysia	100	-	Dormant

* Audited by member firm of UHY International Limited
\# Not audited by UHY

6. **Investment in Subsidiary Companies (Cont'd)**

(a) Acquisition of subsidiary companies

(i) Acquisition of Red Media Asia Ltd ("RMA")

As disclosed in the previous financial year, the Company (or "PUCF") acquired 100% equity interest in RMA, a wholly-owned subsidiary company of Resource Holding Management Limited ("RHML"), for a total consideration of RM90,000,000 satisfied via the issuance of 750,000,000 new ordinary shares in the Company at an issue price of RM0.12 each, after obtaining approval from the shareholders of PUCF at the Extraordinary General Meeting held on 6 November 2013. The acquisition of RMA was completed on 1 January 2014. Upon completion of the acquisition of RMA, the Company became the legal parent of the subsidiary companies. RMA has been identified as the accounting acquirer under the principles of MFRS 3 since the substance of the business combination is that RMA acquired the Company in a reverse acquisition.

On consolidation, the reverse acquisition debit comprises:

	Group 2014 RM
Issued equity of the Company before acquisitions	9,503,625
Issued equity of the Company for the acquisitions (comprising 750,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.12 each)	90,000,000
	99,503,625
Less: Issued equity of RMA	(27,580,820)
Less: Share premium of RMA	(10,879,497)
Less: Cost of business combination	(24,234,244)
Reverse acquisition debit	36,809,064

6. **Investment in Subsidiary Companies (Cont'd)**

(a) Acquisition of subsidiary companies (Cont'd)

(i) Acquisition of Red Media Asia Ltd ("RMA") (Cont'd)

The fair value of the identified assets and liabilities acquired in the abovementioned reverse acquisition of the Company are as follows:

	Group 2014 RM
Property, plant and equipment	3,309,251
Inventories	3,184,868
Trade and other receivables	4,156,811
Tax recoverable	13,407
Fixed deposits with licensed banks	1,014,861
Cash and bank balances	4,368,410
Total identifiable assets	16,047,608
Trade and other payables	2,875,508
Tax payable	285,884
Deferred tax liabilities	57,686
Total identifiable liabilities	3,219,078
Total identified net assets	12,828,530
Cost of business combination	24,234,244
Goodwill arising from acquisition (Note 8)	11,405,714

(ii) Acquisition of Founder Qube Sdn. Bhd. ("FQSB")

On 18 August 2014, Founder Energy Sdn. Bhd. (formerly known as Redhot Media Group Sdn. Bhd.) incorporated a wholly owned subsidiary company, FQSB. The authorised share capital of FQSB is RM400,000 divided into 400,000 ordinary shares of RM1.00 each ("FQSB Shares"), of which RM2.00 comprising two FQSB Shares are issued and fully paid-up.

(b) Winding up of RH Marketing (GZ) Ltd

On 22 July 2014, RH Marketing (GZ) Ltd ("RHMGZ"), an indirect wholly-owned subsidiary company of PUCF, commenced a member's voluntary winding-up in accordance with the Laws in The People's Republic of China ("PRC") as it has ceased operations since January 2013 and has no intentions to re-commence any business activity in the future.

6. **Investment in Subsidiary Companies (Cont'd)**

(c) Disposal of Fingertec Worldwide Ltd

On 26 September 2014, the Company disposed of Fingertec Worldwide Ltd ("FWL"), a wholly-owned subsidiary in Hong Kong, for a cash consideration of RM100. FWL is dormant and has not engaged in any form of business activities since financial year ended 31 December 2006.

(c) Disposal of Redhot Media International (China) Co Ltd

On 10 December 2014, RH Media Group Sdn. Bhd. entered into a conditional sale of shares agreement to dispose of its entire equity interest in Redhot Media International (China) Co Ltd, a wholly-owned subsidiary company of PUCF, for a cash consideration of USD146,790. As at the date of this report, the completion of this agreement is subject to the approval of the Foreign Trade & Economy Commission of the PRC.

(e) Internal reorganisation in MaxGreen Energy Sdn. Bhd. (formerly known as Ausscar Group Sdn. Bhd.)

On 24 December 2014, the Company reorganised its group structure by acquired the issued and paid-up share capital in MESB, a wholly-owned subsidiary company of RMA, comprising the following:

(i) 1,920,002 ordinary shares of RM1.00 each in MESB representing the entire ordinary share capital in MESB; and
(ii) 822,800 convertible preference shares of RM1.00 each in MESB representing the entire convertible preference share capital in MESB from Solid Wealth Management Sdn. Bhd.,

for a total cash consideration of RM2,556,077 ("Internal Reorganisation").

Following the Internal Reorganisation, MESB becomes a direct wholly-owned subsidiary company of PUCF.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of advances.

7. Investment in Associate Companies

	Group 2014 RM	Group 2013 RM
At cost:		
Unquoted shares, in Malaysia	-	150,000
Less: Accumulated impairment losses	-	(149,999)
	-	1

Details of associate companies are as follows:

Name of company	Country of incorporation	Effective interest 2014 %	Effective interest 2013 %	Principal activities
Direct interest:				
* RHC Tech Sdn Bhd	Malaysia	-	30.5	Investment holding
Subsidiary company of RHC Tech Sdn Bhd				
* Live At KL Sdn Bhd	Malaysia	-	30.5	Provision of lifestyle and entertainment industry event management and live performance management

* Associated company not audited by UHY

The summarised financial information of the associate companies, not adjusted for the percentage of ownership held by the Group is as follow:

	2014 RM	2013 RM
Assets and liabilities		
Current assets	-	1,776
Current liabilities	-	82,363
Net liabilities	-	(80,587)
Results		
Net loss for the financial year, representing total comprehensive income for the financial year	-	(6,516)

7. Investment in Associate Companies (Cont'd)

The unrecognised share of losses of the associate companies is as follows:

	Group	
	2014	**2013**
	RM	**RM**
At 1 January	55,079	53,092
Addition	-	1,987
Disposal	(55,079)	-
At 31 December	-	55,079

8. Intangible Assets

	Note	Acquisition of Business Assets Note (a) RM	Goodwill on Consolidation Note (b) RM	Total RM
2014				
At 1 January 2014		32,583,291	6,022,064	38,605,355
Arising from reverse acquisition	6(a)(i)	-	11,405,714	11,405,714
At 31 December 2014		32,583,291	17,427,778	50,011,069
2013				
At 1 January 2013		32,727,817	6,022,064	38,749,881
Excess goodwill paid refunded to vendor		(144,526)	-	(144,526)
At 31 December 2013		32,583,291	6,022,064	38,605,355

(a) Acquisition of business assets

This represent goodwill arose from the acquisition of business assets of China Media Mart Information Technology Co. Ltd ("CMIT"), China MediaMart Advertising Co. Ltd. ("CMAD") and In Motion Media & Ad Co. Limited ("IMM").

Goodwill acquired in business combinations is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from the business combinations. The carrying amounts of goodwill have been allocated as follows:

8. **Intangible Assets (Cont'd)**

(a) Acquisition of business assets (Cont'd)

	Group	
	2014	**2013**
	RM	**RM**
CMAD and CMIT business	9,232,269	9,232,269
IMM Business	23,351,022	23,351,022
	32,583,291	32,583,291

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGU's are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the forecast period. Management estimates discount rates of 15% that reflect current market assessments of the time value of money and the risks specific to the CGU's. Future cash flows are derived from the most recent financial budget approved by management for the next five years, beyond that period cash flows are extrapolated using a growth rate of 3%. The growth rates of 3% are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group has applied sensitivity analysis to the goodwill impairment test and increasing the discount rate by 3% and removing the 3% growth rate does not result in any impairment of the goodwill for the CGUs.

The Group has conducted a sensitivity analysis on the impairment test of each CGU's carrying value with the following results:

- The discount rate would need to increase to 28% to remove the headroom IMM.
- Reducing the long term growth rate to 0% does not create an impairment charge.
- Cash flows over the next five years would need to reduce by 10% to remove the headroom in IMM.

(b) Goodwill on consolidation

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest CGU level within the Group at which the goodwill is monitored for internal management purposes.

8. **Intangible Assets (Cont'd)**

(b) Goodwill on consolidation (Cont'd)

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2014	2013
	RM	RM
Biometrics	11,405,714	-
Advertising and media	3,298,506	3,298,506
Financial services	2,723,558	2,723,558
	17,427,778	6,022,064

The recoverable amount of CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by the Directors covering a five-year period. Cash flows beyond five year are projected based on assumptions that the fifth year cash flow will be generated by the CGU perpetually. Discount rate used in based on the pre-tax weighted average cost of capital.

The key assumptions on which the Directors have based the cash flow projections to undertake impairment testing are as follows:

(i) Gross margin - Budgeted value based on the average margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements and market development.

(ii) Growth rate - Not applicable as the cash flow projections made is for a period of 5 years, in accordance with the expected lifecycle of the CGU.

9. Other Investments

	Group 2014 RM	Group 2013 RM
Available-for-sale		
At cost		
Unquoted shares	10	-
At fair value		
Quoted shares	664	136
	674	136

	Company 2014 RM	Company 2013 RM
Unquoted preference shares, at cost		
In Malaysia		
822,800 convertible preference shars of RM1.00 each	10	-
Unquoted shares, at cost		
Outside Malaysia	-	90,000,000
	10	90,000,000

As disclosed in previous financial year, the Company acquired 100% equity interest in RMA, wholly-owned subsidiary of RHML, comprising 8,269,818 ordinary shares of USD1.00 each for a total consideration of RM90,000,000 satisfied via the issuance of 750,000,000 new shares in the Company at an issue price of RM0.12 each. Under the said acquisition, the Company (the legal acquirer) is identified as the acquiree for accounting purposes whilst RMA whose equity interests are acquired (the legal acquiree) is the acquirer for accounting purposes. The acquisition is considered a reversed acquisition. Pursuant to a written agreement signed between the Company and RHML, RHML will only assume control of the Group on 1 January 2014 when the new Board of Directors takes office. Hence, the business combination was not reflected in the financial statements in previous financial year in view that RHML has no power over the Group or ability to affect its returns nor rights to variable returns from its involvement with the Group.

During the financial year, the above investment of RM90,000,000 was reclassified to investment in subsidiary companies as disclosed in Note 6(a)(i).

10. Deferred Tax Assets/(Liabilities)

(a) Deferred tax assets

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
At 1 January	-	-	36,657	(188,355)
Arising from reverse acquisition	44,644	-	-	-
Recognised in profit or loss	131,217	-	(3,221)	225,170
Under provision in prior years	(33,436)	-	(33,436)	(158)
At 31 December	142,425	-	-	36,657

Presented after approporiate offsetting as follows:

Deferred tax liability	(83,905)	-	(72,134)	(62,635)
Deferred tax assets	226,330	-	72,134	99,292
	142,425	-	-	36,657

The components and movements of deferred tax liability and deferred tax assets of the Group and of the Company are as follows:

Deferred tax liability:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Accelerated capital allowances				
At 1 January	-	-	62,635	188,355
Arising from reverse acquisition	54,648	-	-	-
Recognised in profit or loss	(11,643)	-	(23,937)	(125,878)
Under provision in prior years	40,900	-	33,436	158
At 31 December	83,905	-	72,134	62,635

10. **Deferred Tax Assets/(Liabilities) (Cont'd)**

(a) Deferred tax assets (Cont'd)

The components and movements of deferred tax liability and deferred tax assets of the Group and of the Company are as follows: (Cont'd)

Deferred tax assets:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Unutilised capital allowances				
At 1 January	-	-	-	-
Recognised in profit or loss	8,351	-	(11,735)	-
Under provision in the prior years	26,475	-	26,475	-
At 31 December	34,826	-	14,740	-
Unutilised tax losses				
At 1 January	-	-	99,292	-
Arising from reverse acquisition	99,292	-	-	-
Recognised in profit or loss	111,223	-	(15,423)	99,292
Over provision in the prior years	(19,011)	-	(26,475)	-
At 31 December	191,504	-	57,394	99,292
	226,330	-	72,134	99,292

(b) Deferred tax liabilities

	Group	
	2014	**2013**
	RM	**RM**
At 1 January	141,100	94,334
Arising from reverse acquisition	102,331	-
Recognised in profit or loss	(236,214)	(101,800)
Under provision in prior years	1,600	148,566
At 31 December	8,817	141,100

10. **Deferred Tax Assets/(Liabilities) (Cont'd)**

(b) Deferred tax liabilities (Cont'd)

	Group 2014 RM	Group 2013 RM
Presented after approporiate offsetting as follows:		
Deferred tax liability	123,527	174,800
Deferred tax assets	(114,710)	(33,700)
	8,817	141,100

The components and movements of deferred tax liability and deferred tax assets of the Group are as follows:

Deferred tax liability:

	Group 2014 RM	Group 2013 RM
Accelerated capital allowances		
At 1 January	174,800	134,284
Arising from reverse acquisition	102,331	-
Recognised in profit or loss	(150,404)	(108,154)
Under provision in prior years	(3,200)	148,670
At 31 December	123,527	174,800

Deferred tax assets:

	Group 2014 RM	Group 2013 RM
Unutilised capital allowances		
At 1 January	13,000	13,036
Recognised in profit or loss	112,810	(30)
Over provision in the prior years	(11,100)	(6)
At 31 December	114,710	13,000

10. **Deferred Tax Assets/(Liabilities) (Cont'd)**

(b) Deferred tax liabilities (Cont'd)

The components and movements of deferred tax liability and deferred tax assets of the Group are as follows: (Cont'd)

Deferred tax assets:

	Group	
	2014	**2013**
	RM	**RM**
Unutilised tax losses		
At 1 January	20,700	26,914
Recognised in profit or loss	(27,000)	(6,324)
Under provision in the prior years	6,300	110
At 31 December	-	20,700
	114,710	33,700

The deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of its recoverability:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Unutilised capital allowances	48,600	-	-	-
Unutilised tax losses	4,158,500	1,663,800	61,600	-
	4,207,100	1,663,800	61,600	-

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

11. Trade Receivables

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Non-current				
Trade receivables	3,313,154	-	-	-
Current				
Trade receivables	47,977,850	38,831,535	-	3,426
Less: Accumulated impairment losses	(6,182,944)	(1,566,967)	-	-
	41,794,906	37,264,568	-	3,426
	45,108,060	37,264,568	-	3,426

Trade receivables of the Group and of the Company are non-interest bearing and are generally on 30 to 180 days and 30 to 60 days (2013: 30 to 180 days and 30 to 60 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in non-current trade receivables are obligations of a customer of a subsidiary company to repay its debts amounting to RM3,313,154 but are prolonged as part of a settlement agreement dated 28 February 2015 entered into between the Company and the debtor. Hence, the debts have been classified as non-current assets. The carrying amounts of the receivable are reasonable approximation of their fair values due to the insignificant impact of discounting.

The Group's credit exposures are concentrated mainly on 6 (2013: 12) debtors, which accounted for 92% (2013: 43%) of the total gross trade receivables as at 31 December 2014.

Movements in allowance for impairment losses (individually impaired) of trade receivables are as follows:

	Group	
	2014	**2013**
	RM	**RM**
At 1 January	1,566,967	1,004,759
Impairment losses recognised	5,888,320	731,266
Reversal of impairment	-	(131,815)
Written off	(1,272,343)	(37,243)
At 31 December	6,182,944	1,566,967

11. **Trade Receivables (Cont'd)**

Analysis of the trade receivables ageing as at the end of the reporting period is as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Neither past due nor impaired	8,886,351	19,392,795	-	3,426
Past due not impaired:				
Less than 30 days	1,795,865	3,783,003	-	-
31 to 60 days	1,010,950	2,090,937	-	-
61 to 90 days	1,068,066	3,007,913	-	-
More than 90 days	32,346,828	8,989,920	-	-
	36,221,709	17,871,773	-	-
	45,108,060	37,264,568	-	3,426
Impaired	6,182,944	1,566,967	-	-
	51,291,004	38,831,535	-	3,426

Trade receivables that are neither past due nor impaired

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

Trade receivables that are past due but not impaired

As at 31 December 2014, trade receivables of the Group of RM36,221,709 (2013: RM17,871,773) were past due but not impaired. Based on past experience and no adverse information to date, the Directors of the Group are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Trade receivables that are impaired

The trade receivables of the Group that are individually assessed to be impaired amounting to RM6,182,944 (2013: RM1,566,967), related to a customer that are in financial difficulties, have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

12. Inventories

	Group	
	2014	2013
	RM	RM
At cost		
Merchandise items	9,874	23,737
Finished goods	13,253	-
	23,127	23,737
At net realisable value		
Media space	-	920,325
	23,127	944,062
Recognised in profit or loss:		
Inventories written off	1,020,325	920,324

13. Other Receivables

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Other receivables	1,385,283	6,242,457	45,057	55,532
Deposits	907,326	205,873	2,405	4,400
Prepayments	3,381,556	1,020,024	243,794	-
	5,674,165	7,468,354	291,256	59,932
Less:				
Accumulated imapirment losses - other receivables	(1,875)	(1,875)	-	-
	5,672,290	7,466,479	291,256	59,932

14. Amount Owing by/to Ultimate Holding Company

These represents unsecured, non-interest bearing non-trade balances and repayable on demand.

15. Amount Owing by/to Subsidiary Companies

These represents unsecured, non-interest bearing trade and non-trade balances and repayable on demand.

16. Amount Owing by/to Related Companies

These represents unsecured, non-interest bearing trade and non-trade balances and repayable on demand.

17. Fixed Deposits with Licensed Banks

Included to the fixed deposits with licensed banks are amount of RM1,826,640 (2013: RM1,731,620) pledged to licensed banks for bank guarantee granted to a subsidiary company.

The interest rate and maturities of deposits of the Group at the end of the reporting period are 3.15% to 3.40% (2013: 3.30%) and 1 to 365 days (2013: 365 days) respectively.

18. Cash and Bank Balances

The currency exposure profiles of cash and bank balances are as follows:

	Group	
	2014	**2013**
	RM	**RM**
Burmese Kyatt	203	200
China Yuan Renminbi	1,138	1,093
Hong Kong Dollar	710,010	600
Singapore Dollar	22	22
United States Dollar	17,047	17,297

19. Share Capital

	Group	
	Number of shares	**Amount**
	Units	**RM**
Authorised		
Ordinary shares		
At 1 January 2013, shares of USD1.00 each, prior to reverse acquisition	Unlimited	Unlimited
Adjustment on reverse acquisition:		
- elimination of RMA's authorised share capital	-	-
- restated to the Company's authorised share capital	100,000,000	10,000,000
	100,000,000	10,000,000
After reverse acquisition, share of RM0.10 each	100,000,000	10,000,000
Created during the financial year	4,900,000,000	490,000,000
At 31 December 2013/1 January 2014/ 31 December 2014	5,000,000,000	500,000,000
Issued and fully paid up		
Ordinary shares		
At 1 January 2013, shares of USD1.00 each, prior to reverse acquisition	8,269,818	27,580,820
Adjustment on reverse acquisition:		
- elimination of RMA's authorised share capital	(8,269,818)	(27,580,820)
- restated to the Company's authorised share capital	845,036,250	84,503,625
	836,766,432	56,922,805
At 31 December 2013, shares of RM0.10 each, after reverse acquisition	845,036,250	84,503,625
At 1 January 2014, shares of RM0.10 each	845,036,250	84,503,625
Issued during the financial year		
- Private placement	84,503,000	8,450,300
- Bonus issue	132,791,321	13,279,132
At 31 December 2014	1,062,330,571	106,233,057

19. Share Capital (Cont'd)

	Company			
	Number of shares		Amount	
	2014	2013	2014	2013
	Units	Units	RM	RM
Ordinary shares of RM0.10 each				
Authorised				
Al 1 January	5,000,000,000	100,000,000	500,000,000	10,000,000
Created during the financial year	-	4,900,000,000	-	490,000,000
At 31 December	5,000,000,000	5,000,000,000	500,000,000	500,000,000
Issued anf fully paid up				
Al 1 January	845,036,250	95,036,250	84,503,625	9,503,625
Issued during the financial year				
- Private placement	84,503,000	750,000,000	8,450,300	75,000,000
- Bonus issue	132,791,321	-	13,279,132	-
At 31 December	1,062,330,571	845,036,250	106,233,057	84,503,625

During the current financial year, the Company increased its issued and paid-up share capital from 845,036,250 to 1,062,330,571 through the issuance of 217,294,321 new ordinary shares of RM0.10 each as follows:

(i) 84,503,000 ordinary shares of RM0.10 each ("Placement Share(s)"), via three private placement tranches:

(1) first tranche of Private Placement comprising 22,720,000 Placement Shares at an issue price fixed at RM0.22 per Placement Share, which were listed on 28 August 2014;

(2) second tranche of Private Placement comprising 24,878,000 Placement Shares at an issue price fixed at RM0.205 per Placement Share, which were listed on 11 September 2014; and

(3) final tranche of Private Placement comprising 36,905,000 Placement Shares at an issue price fixed at RM0.16 per Placement Share, which were listed on 30 October 2014.

(ii) bonus issue with free warrants of 132,791,321 new ordinary shares respectively of RM0.10 in the Company ("Shares") on the basis of one (1) bonus share and one (1) warrant issue for every seven (7) existing Shares.

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

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

20. Redeemable Preference Shares

	Group			
	Number of shares		**Amount**	
	2014	**2013**	**2014**	**2013**
	Units	**Units**	**RM**	**RM**
Authorised				
RCPS of RM1.00 each				
At 1 January	2,000,000	2,000,000	2,000,000	2,000,000
Cancelled during the financial year	(2,000,000)	-	(2,000,000)	-
At 31 December	-	2,000,000	-	2,000,000
RCCPS A of RM0.10 each				
At 1 January	1,000,000	1,000,000	100,000	100,000
Redeemed during the financial year	(1,000,000)	-	(100,000)	-
At 31 December	-	1,000,000	-	100,000
RCCPS B of RM0.10 each				
At 1 January	1,500,000	1,500,000	150,000	150,000
Redeemed during the financial year	(1,500,000)	-	(150,000)	-
At 31 December	-	1,500,000	-	150,000
Issued and fully paid up				
Equity element (Non-distributable)				
RCPS of RM1.00 each				
At 1 January	2,000,000	2,000,000	2,000,000	2,000,000
Cancelled during the financial year	(2,000,000)	-	(2,000,000)	-
At 31 December	-	2,000,000	-	2,000,000
RCCPS A of RM0.10 each				
At 1 January	1,000,000	1,000,000	100,000	100,000
Redeemed during the financial year	(1,000,000)	-	(100,000)	-
At 31 December	-	1,000,000	-	100,000
RCCPS B of RM0.10 each				
At 1 January	1,500,000	1,500,000	150,000	150,000
Redeemed during the financial year	(1,500,000)	-	(150,000)	-
At 31 December	-	1,500,000	-	150,000
Liability element				
At 31 December				
RCCPS A of RM0.10 each				
- Non-current liability			-	2,898,126
- Current liability			-	1,643,228
			-	4,541,354

20. **Redeemable Preference Shares (Cont'd)**

The Redeemable Preference Shares of the Group comprises the following:

(a) Redeemable Convertible Preference Shares ("RCPS") issued by Founder Energy Sdn. Bhd. (formerly known as Redhot Media Group Sdn. Bhd.) ("FESB"); and

(b) Class A and Class B Redeemable Convertible Cumulative Preference Shares ("RCCPS A" and "RCCPS B", collectively referred as "RCCPS") issued by RH Media Group Sdn. Bhd. ("RHG").

The salient terms of the Redeemable Preference Shares are as follows:

(a) RCPS

(i) Subscription RCPS holders shall have the rights to receive dividends in preference over ordinary shareholders of FESB should the Company declare dividend.

(ii) The Subscription RCPS may be converted into new ordinary shares of FESB on the basis of one (1) RCPS for one (1) new ordinary share of RM1.00 each on the expiry of thirty-six (36) months from the date of issuance of the Subscription RCPS to the holders.

(iii) Subject to the requirements of the relevant laws and regulations, the holders of RCPS may request the Company to redeem all the Subscription RCPS for a redemption price of RM2,000,000 plus internal rate of return of ten percent (10%) per annum on a pro-rated basis upon the occurrence of any one of the following events:

(1) in the event the Subscription RCPS are not purchased by Resource Holding Management Limited ("RHML") within a period of twelve (12) months from the date of issuance of Subscription RCPS; or

(2) in the event of winding up of FESB or any material litigation which may have a material adverse effect on the performance of FESB.

(iv) In the event of the disposal of the subsidiaries of RHML to a company listed on ACE market of Bursa Securities Malaysia Berhad ("Target Co") in exchange of new ordinary shares in the Target Co as purchase consideration ("RTO"), RHML shall purchase the Subscription RCPS in exchange of RM4 million worth of new shares in the Target Co. For avoidance of doubt, the value of the new shares in the Target Co to be allotted to the holders of Subscription RCPS shall be calculated based on the issue price of the shares of Target Co as may be issued to RHML pursuant to the RTO.

20. **Redeemable Preference Shares (Cont'd)**

The salient terms of the Redeemable Preference Shares are as follows: (Cont'd)

(a) RCPS (Cont'd)

(v) In the event of any liquidation, dissolution, winding-up or other repayment of capital of FESB, the holder of Subscription RCPS shall be entitled to be paid the aggregate capital paid up on each Subscription RCPS held by it ("Capital").

(vi) The Subscription RCPS holders shall have the right in the event of liquidation, dissolution, winding up or other repayment of capital of the Company to have the surplus assets available for distribution among the members applied first in payment of the Capital, in priority to any capital, premium or dividend payment to holders of ordinary shares.

(vii) The Subscription RCPS shall entitle the holders of the Subscription RCPS voting rights to only the following:

(a) with respect to any resolutions directly or indirectly affecting the rights of the RCCPS;
(b) on the winding up of FESB;
(c) capital reduction and capital repayment by FESB; and
(d) in any other circumstances provided for by Malaysian law.

During the financial year, FESB has cancelled the entire RCPS, resulted in a gain of RM2,000,000, recognised as other income in the statements of comprehensive income.

(b) RCCPS A and RCCPS B, collectively referred as RCCPS

The redeemable convertible preference shares have been accounted for in accordance with Amendments to MFRS 132 *Financial Instruments: Presentation*, which has resulted in the value being split between liabilities and equity as shown above.

The RCCPS A and RCCPS B, collectively referred as RCCPS, carry the following rights:

(i) The RCCPS A and RCCPS B shall carry a fixed cumulative coupon of eight percent (8%) and four percent (4%) per annum respectively on the Subscription Price. The coupon is payable annually on anniversary date of the date of allotment of the RCCPS failing which the amount shall be cumulated up to the RCCPS holding period and in the event of conversion, any cumulative sum outstanding may either be settled via cash payment or converted as part of RCCPS conversion value. For the avoidance of doubt, the coupon payment due may be waived by the Subscriber in the event of conversion but shall be payable upon redemption of the RCCPS by RHG.

20. **Redeemable Preference Shares (Cont'd)**

The salient terms of the Redeemable Preference Shares are as follows: (Cont'd)

(b) RCCPS A and RCCPS B, collectively referred as RCCPS (Cont'd)

(ii) In the event of any liquidation, dissolution, winding-up or other repayment of capital of RHG, the holder of the RCCPS shall be entitled to be paid the aggregate capital and premium paid up on each RCCPS held by it ("Capital and Premium").

(iii) The holder of the RCCPS shall have the right in the event of liquidation, dissolution, winding up or other repayment of capital of RHG to have the surplus assets available for distribution among the members applied first in payment of the Capital and Premium, in priority to any capital, premium or dividend payment to holders of any other class of shares in RHG and thereafter shall be entitled to participate on a pari passu basis with holders of Ordinary Shares with respect to net proceeds from liquidation.

(iv) The Subscriber shall convert all its RCCPS into Ordinary Shares based on the conversion ratio upon the occurrence of any of the following events, if:

(1) RHG (or any other entity used for purposes of an initial public offering) has received approval for the Public Listing and there is an underwriter committed to underwrite the Public Listing and the Company proceeds with the listing exercise; or

(2) RHG has received a buy proposal in relation to its entire business undertaking or the shares of RHG pursuant to a trade sale and RHG proceeds with such sale;

(v) The Subscriber shall have the right to convert all its RCCPS into Ordinary Shares based on the conversion ratio upon the occurrence of any of the following events, if:

(1) approval for a Public Listing is not received, or there is no underwriter willing to underwrite the Public Offering within forty eight (48) months from the date of first allotment of RCCPS to the Subscriber, or an offer to purchase has not been made to and accepted by the Subscriber in respect of its shareholding in RHG; or

(2) RHG has received an approval for the Public Listing and there is an underwriter committed to underwrite the Public Listing but RHG fails and/or refuses to proceed with the Public Listing for any reason whatsoever; or

20. **Redeemable Preference Shares (Cont'd)**

The salient terms of the Redeemable Preference Shares are as follows: (Cont'd)

(b) RCCPS A and RCCPS B, collectively referred as RCCPS (Cont'd)

(v) The Subscriber shall have the right to convert all its RCCPS into Ordinary Shares based on the conversion ratio upon the occurrence of any of the following events, if: (Cont'd)

(3) in the event of an exercise by the Subscriber of its tag-along rights granted by the shareholder(s) of RHG.

The applicable conversion ratio for the above is a minimum of three (3) times of the capital return on the Subscription Price or forty percent (40%) discount from the issue share price of the Public Listing, whichever result in lower cost per Ordinary Share at point of conversion.

(vi) The holder of the RCCPS shall be entitled to attend all general meetings of RHG but does not have the right to vote at any general meetings of RHG except in the following circumstances:

(1) upon any resolution which varies, whether directly or indirectly, the rights attached to the RCCPS;

(2) upon any resolution for the winding up of RHG; and

(3) in such other circumstances as may be provided under the law from time to time.

(vii) If RHG issues further shares, the holder of the RCCPS shall have a right of pre-emption in respect of such new shares to be issued except for any bonus shares.

(viii) If any shareholder of RHG proposes to offer or transfer any of their shares, holder of the RCCPS shall be granted the first right of refusal.

(ix) The holder of RCCPS may require RHG to redeem the RCCPS upon occurrence of any one of the following events:

(1) a breach and/or default by RHG or the Promoter of any of the terms and conditions of the Transaction Documents and where RHG or the Promoter, as the case may be, has failed to remedy such breach and/or default within a reasonable period not exceeding thirty (30) days after receipt of a notice from the Subscriber to that effect;

(2) upon the expiry of forty eight (48) months from the date of first allotment of RCCPS B to the Subscriber and the Subscriber is not agreeable to extend the holding period to sixty (60) months from the date of first allotment of RCCPS B at the request of RHG;

(3) in the event Cheong Chia Chieh @ Chang Chia Chieh ceases to be the Group Managing Director of RHML;

20. Redeemable Preference Shares (Cont'd)

The salient terms of the Redeemable Preference Shares are as follows: (Cont'd)

(b) RCCPS A and RCCPS B, collectively referred as RCCPS (Cont'd)

(ix) The holder of RCCPS may require RHG to redeem the RCCPS upon occurrence of any one of the following events: (Cont'd)

(4) the commencement of any criminal persecutions or proceedings involving fraud/dishonesty against any member of the Board; or

(5) RHG, becomes insolvent or goes into voluntary liquidation (otherwise than for the purpose of reconstruction or amalgamation with the consent of the Subscriber) or a winding-up petition is presented in court against the same.

In the event of redemption of the RCCPS, the redemption price shall be calculated as follows:

(i) RCCPS A

Redemption Price = Subscription Price paid for the RCCPS A + Coupon in arrears + investment rate of return of 10% per annum

(ii) RCCPS B

Redemption Price = Subscription Price paid for the RCCPS B + Coupon in arrears + investment rate of return of 10% per annum

The Redemption Price may be paid in cash or by issuance of new ordinary shares of RHML, the ultimate holding company of the Company, to the Subscriber. In the event the Redemption Price is paid by new ordinary shares of RHML, the issue price of the new ordinary shares of RHML shall be determined based on 5-day average trading price of the shares of RHML for the preceding 5 days before the date of exercise of the Redemption Rights by the Subscriber.

In the event RHML intends to transfer any of its equity share capital to a third party, the holder of RCCPS shall have right to participate.

On 30 December 2013, all the shares were transferred to RHML and RHML became the only holder of the RCCPS A.

In the current financial year, the RCCPS A and RCCPS B were fully redeemed.

21. Cumulative Preference Shares

	Group			
	Number of shares		Amount	
	2014	2013	2014	2013
	Units	Units	RM	RM
Convertible preference shares of USD1.00 each:				
Authorised				
At 1 January/31 December	Unlimited	Unlimited	Unlimited	Unlimited
Issued and fully paid up				
At 1 January/31 December	156,000	156,000	544,596	544,596

On 26 October 2010, a subsidiary company entered into a letter of agreement with the holders of 156,000 convertible preference shares of USD1.00 each in AllChina.cn Ltd ("AllChina"), a wholly-owned subsidiary of the Company, with a subscription value of USD156,000 ("AllChina CPS"), whereby the holders of AllChina CPS had agreed that the maturity date for the AllChina CPS shall be extended to 10 January 2013 and the conversion of the AllChina CPS can only be exercised with the consent of AllChina.

The CPS carry the following rights:

(a) The subscriber has the right at any time prior to the maturity date, being thirty six (36) months from the date of issuance, in respect of all or any of the AllChina CPS, to convert one (1) AllChina CPS into one (1) ordinary share in AllChina upon the occurrence of liquidation, winding up, merger, acquisition consolidation of company; or a sale or transfer of all or substantially all of the company, or in the case one of its subsidiary companies, the said subsidiary's assets or business; or an initial public offering in respect of shares in AllChina or any of its subsidiary.

(b) The holders of AllChina CPS had agreed that the maturity date for the AllChina CPS shall be extended to 10 January 2013 and the conversion of the AllChina CPS can only be exercised with the consent of the ordinary shareholders of AllChina.

22. Reserves

		Group		Company	
		2014	**2013**	**2014**	**2013**
	Note	**RM**	**RM**	**RM**	**RM**
Non-distributable:					
Share premium	(a)	9,273,758	10,879,497	13,106,513	18,832,755
Other reserve	(b)	(15,293,239)	1,350,044	-	-
Foreign currency translation reserve	(c)	(931,505)	(1,003,968)	-	-
Fair value adjustment reserve	(d)	528	-	-	-
Reverse acquisition debit	(e)	(36,809,064)	(56,922,805)	-	-
Warrant reserve	(f)	16,718,427	-	-	-
Retained earnings/ (Accumulated losses)		45,523,102	37,098,995	(3,608,043)	(2,839,140)
		18,482,007	(8,598,237)	9,498,470	15,993,615

(a) Share premium

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 cash dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

(b) Other reserve

Other reserve arising from the issue of redeemable convertible Cumulative Preference shares and warrants.

(c) Foreign currency translation reserve

Foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

(d) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative net change in the fair value of available-for-sale financial assets until they are derecognised or impaired.

(e) Reverse acquisition debit

The difference between the issued equity of the Company and issued equity and share premium of RMA, the accounting acquirer, was recorded as reverse acquisition debit of RM36,809,064 as disclosed in Note 6(a)(i).

22. **Reserves (Cont'd)**

(f) Warrant reserve

	Group	
	2014	**2013**
	RM	**RM**
At 1 January	-	-
Issued of Warrants	16,718,427	-
At 31 December	16,718,427	-

Warrant reserve represents reserve allocated to free detachable warrants issued with bonus issue.

The Warrants were constituted under the Deed Poll dated 6 November 2013.

On 26 December 2014, the Company issued 132,791,321 free warrants in PUCF ("Warrants") on the basis of one (1) Warrant for every seven (7) existing ordinary shares of RM0.10 each in PUCF held at the same entitlement date of the Bonus Issue of Shares.

The salient terms of the Warrants are set out as follows:

(i) The exercise price of the Warrants has been fixed by the Board at RM0.10 each. Each Warrant entitles the Warrant holder to subscribe for one (1) new PUCF Share at any time during the exercise period at the exercise price (subject to adjustments in accordance with the provisions of the Deed Poll).

(ii) The period commencing on, and including the first date of issue of the Warrants and ending at the close of business at 5.00 pm in Malaysia on the date which is ten (10) years from the date of issue of the Warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.

(iii) The Warrant holders are not entitled to any voting rights in any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless such Warrant holders exercise their Warrants into new PUCF Shares.

As at 31 December 2014, the total numbers of warrants that remain unexercised were 132,791,321.

23. Finance Lease Liability

	Group	
	2014	2013
	RM	RM
Minimum lease payments:		
Within one year	64,224	64,224
Later than one year and not later than two years	64,224	64,224
Later than two years and not later than five years	42,822	107,046
	171,270	235,494
Less: Future finance charges	(9,833)	(18,438)
Present value of minimum lease payments	161,437	217,056
Present value of minimum lease payments:		
Within one year	58,302	55,620
Later than one year and not later than two years	60,983	58,301
Later than two years and not later than five years	42,152	103,135
	161,437	217,056
Analysed as:		
Repayable within twelve months	58,302	55,620
Repayable after twelve months	103,135	161,436
	161,437	217,056

The finance lease interest of the Group is charged at a rate of 2.33% (2013: 2.33%) per annum.

24. Trade Payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2013: 30 to 90 days).

25. Other Payables

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Other payables		1,387,398	1,623,520	5,562	10,380
Accruals		2,427,559	1,308,932	218,627	1,693,830
Deposits		216,499	244,444	-	-
Amount owing to Directors	(a)	657,011	489,143	-	-
Government grant	(b)	723,504	857,375	-	-
Unperformed income	(c)	-	3,050,822	-	-
Deferred revenue	(d)	1,142,552	92,866	-	-
		6,554,523	7,667,102	224,189	1,704,210

(a) Amount owing to Directors

This represents unsecured, non-interest bearing advances and repayable on demand.

(b) Government grant

	Group	
	2014	2013
	RM	RM
At 1 January	857,375	-
Grant received during the financial year	45,125	857,375
Amortised during the financial year	(178,996)	-
At 31 December	723,504	857,375

A subsidiary company received a TechnoFund grant amounting to RM902,500 from the Ministry of Science, Technology and Innovations. The grant was conditional upon the developed of an intellectual property in priority technology area.

The intellectual property was completed during the financial year and the grant is being amortised over the useful life of the intellectual and recognised as other income in statements of comprehensive income

(c) Unperformed income

Unperformed income represents the amount received in advance from customers for which services have yet to be performed.

(d) Deferred revenue

Deferred revenue represents subscription fees received/receivable from the members. Subscription income is recognised in the profit or loss on a time progressive basis over the subscription period.

26. Bank Overdraft

	Group	
	2014	**2013**
	RM	**RM**
Secured		
Bank overdraft, repayable within twelve months	593,868	1,263,648

The above credit facilities obtained from licensed banks are secured by the following:

(a) pledge of fixed deposits of a subsidiary company as disclosed in Note 17;

(b) certificate of Guarantee from Credit Guarantee Corporation Malaysia Berhad under Enchancer Scheme for RM800,000; and

(c) personal guarantees by Company's Director.

The average effective interest rate is 13.09% (2013: 12.26%) per annum. The Group has unutilised bank guarantee facility of RM750,000 (2013: RM750,000). The said facility is secured by fixed deposit placement of RM500,000 (2013: RM500,000) as disclosed in Note 17 and personal guarantee by a Company's Director.

27. Revenue

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Annual subscription	252,070	191,227	-	-
Commission income	486,323	746,814	-	-
In change service	72,048	956,549	-	-
Programme distribution			-	-
and advertisement	-	348,794	-	-
Sale of advertising space	30,164,005	37,424,058	-	-
Sale of distribution rights	-	8,000,000	-	-
Service fee income	6,057,140	-	-	-
Sales - biometrics	14,970,226	-	-	259,127
Sales - Electronic Publising System and Management Information System	354,295	-	-	1,680
Transactions fee	648,237	837,474	-	-
Tradex	279,172	444,626	-	-
Seminar income	103,435	153,590	-	-
Others	41,906	3,093	-	-
	53,428,857	49,106,225	-	260,807

28. Finance Costs

	Group	
	2014	2013
	RM	RM
Interest expense on:		
Bank overdraft	121,606	129,426
RCCPS	648,682	415,068
Finance lease	8,604	3,464
	778,892	547,958

29. Profit/(Loss) before Taxation

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Auditors' remuneration				
- current year	161,425	94,939	40,000	24,000
- under provision in prior years	1,100	5,516		
Amortisation of software development expenditure	1,046,989	897,801	-	464,010
Bad debts written off				
- trade receivables	619,714	247,339	-	-
- other receivables	5,000	2,000	-	-
Directors' remuneration [Note 29(a)]	1,061,083	949,000	499,038	937,000
Depreciation of property, plant and equipment	621,929	171,618	231,682	250,550
Impairment on trade receivables	5,888,320	731,266	-	-
Inventories written off	1,020,325	920,324	-	-
Loss on disposal of property, plant and equipment	-	2,167	-	853
Rental of premises	101,694	170,206	101,479	13,450
Rental of equipment	45,957	5,287	12,159	-
Rental of car park	-	12,593	-	-
Software development expenditure written off	-	1	-	-
Waiver of debts	-	44,526	-	-
Rental income	(10,000)	-	-	(12,000)
Gain on foreign exchange				
- Realised	68,437	37,405	-	(479)
- Unrealised	(43,319)	187,818	-	-

29. Profit/(Loss) before Taxation

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Interest income from fixed deposits	(152,986)	(35,228)	-	(33,031)
Interest income from banks	(131,880)	(17,300)	(5,323)	-
Gain on disposal of property, plant and equipment	(1,014,777)	-	-	-
Dividend income	(60)	(80)		(1,854,985)
Government grant income	(178,996)	-	-	-
Gain on cancellation of CPS	(2,000,000)	-	-	-
Gain on redemption of RCCPS	(4,422,932)	-	-	-
Gain on strike off of a subsidiary company	-	(608,147)	-	-
Reversal on impairment on trade receivables	-	(131,815)	-	-
Waiver of debts by a creditor	-	(524,250)	-	-

(a) **Director remuneration**

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Executive Director of the Company				
Fees	24,000	30,000	24,000	18,000
Salaries and other emoluments	228,899	775,000	36,000	775,000
EPF	17,371	72,000	4,680	72,000
Non-Executive Directors of the Company				
Fees	129,200	72,000	129,200	72,000
Director of the subsidiary company				
Fees	20,000	-	-	-
Salaries and other emoluments	59,391	-	-	-
EPF	7,424	-	-	-
Former Director of the Company				
Salaries and other emoluments	508,508	-	267,758	-
EPF	60,990	-	32,100	-
Benefit-in-kind	5,300	-	5,300	-
	1,061,083	949,000	499,038	937,000

30. Taxation

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Tax recognised in profit or loss:				
Current tax	548,438	-	-	-
(Over)/Under provision in prior years	(40,782)	17,667	-	(157)
	507,656	17,667	-	(157)
Deferred tax:				
Relating to origination and reversal of timing differences	(367,431)	(101,800)	3,221	(225,170)
Under provision in prior years	35,036	148,566	33,436	158
	(332,395)	46,766	36,657	(225,012)
Real property gain tax	47,453	-	-	-
	222,714	64,433	36,657	(225,169)

Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit/(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 is as follows:

30. Taxation (Cont'd)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Profit/(Loss) before taxation	10,060,821	10,953,357	(732,246)	775,085
Taxation at statutory tax rate of 25% (2013: 25%)	2,515,205	2,738,340	(183,062)	193,771
Income tax not subject to tax	(2,395,117)	(170,290)	-	(463,746)
Expenses not deductible for tax purposes	1,026,444	690,070	170,860	44,805
Income exempted under pioneer status	(20,500)	(283,790)	-	-
Tax exemption on foreign income	(1,559,850)	(3,073,450)	-	-
Utilisation of current year capital allowances	-	(3,150)	-	-
Utilisation of previously unrecognised capital allowances and tax losses	(25,090)	(53,680)	-	-
Deferred tax assets not recognised	647,015	57,950	15,423	-
Deferred tax liabilities not recognised	(7,100)	(3,800)	-	-
Real property gain tax	47,453	-	-	-
(Over)/Under provision of income tax in prior years	(40,782)	17,667	-	(157)
Under provision of deferred taxation in prior years	35,036	148,566	33,436	158
Tax expense for the financial year	222,714	64,433	36,657	(225,169)

Income tax savings arising from tax losses:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Income tax savings arising from utilisation of prior year losses previously not recognised	25,090	51,720	-	-

30. **Taxation (Cont'd)**

The subsidiary companies, namely Redhot Media Sdn. Bhd. ("RHM") and EPP Solution Sdn. Bhd. ("EPP") were awarded with the Multimedia Super Corridor ("MSC") status by the Government on 15 September 2005 and 25 June 2008 respectively. The financial incentive awarded to the subsidiary companies under the MSC status is "Pioneer Status" under Section 4A of the Promotion of Investment Act, 1986. RHM and EPP has been granted pioneer status by the Ministry of International Trade and Industry for services under the Promotion of Investment Act 1986 in which the statutory income are exempted from tax for a period of 5 years since 15 September 2005 and 25 June 2008 respectively.

The extension of Pioneer Status of RHM and EPP have been approved for another 5 years from the date of expiry of first five year period, ie: 14 September 2010 and 28 June 2013 respectively.

The Group and the Company have the following estimated unutilised capital allowances and unutilised tax losses available for carry forward to set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Unutilised capital allowances	646,800	52,100	58,900	105,900
Unused tax losses	4,924,500	1,746,700	291,200	291,200
	5,571,300	1,798,800	350,100	397,100

31. **Earnings per Share**

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2014	2013
Profit attributable to equity holders of the Company (RM)	9,849,300	10,960,241
Weighted average number of ordinary shares in issue	904,638,091	750,000,000
Basic earnings per share (sen)	1.09	1.46

31. **Earnings per Share (Cont'd)**

(b) Diluted earnings per share (Cont'd)

Diluted earnings per share are calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2014	**2013**
Profit attributable to equity holders of the Company (RM)	9,849,300	10,960,241
Weighted average number of ordinary shares used in the calculation of basic earnings per share (in shares)	904,638,091	750,000,000
Effect of conversion of free warrants	30,644,151	-
Weighted average number of ordinary shares at 31 December (diluted) (in shares)	935,282,242	750,000,000
Diluted earnings per share (sen)	1.05	1.46

32. **Dividends**

	Company	
	2014	**2013**
	RM	**RM**
Interim tax-exempt (single-tier) dividend of 10% per ordinary share of RM0.10 each	-	950,363
Interim tax-exempt (single-tier) dividend of 6% per ordinary share of RM0.10 each	-	570,218
	-	1,520,581

The Company declared and paid an interim dividends under the single-tie of 6% per ordinary share of RM0.10 each amounting to RM950,363 in respect of the financial year ended 31 December 2012 on 18 April 2013. The Company declared and paid an interim dividends under the single-tie of 6% per ordinary share of RM0.10 each amounting to RM570,218 for the financial year ended 31 December 2013 on 18 October 2013.

33. Staff Costs

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Staff costs (exluding Directors)	6,288,312	2,587,258	937,624	585,591

Included in the total staff costs above are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and for the Company amounting to RM553,955 and RM93,085 (2013: RM259,075 and RM113,064) respectively.

34. Related Party Disclosures

(a) Identifying of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or to the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its ultimate holding company, subsidiary companies, related companies and key management personnel.

(b) In addition to related party balances disclosed in Notes 14, 15, 16 and 25, the significant related party transaction of the Group and of the Company are as follows:

	2014	**2013**
	RM	**RM**
Group		
Transcation with a related party		
Purchase of the cards named PictureAir	2,000,000	-
Company		
Transcation with subsidiary companies		
Management fee receivable	250,000	1,476,000
Dividend income received	-	1,854,985
Management fee paid/payable	30,000	-

34. **Related Party Disclosures (Cont'd)**

(c) Compensation of key management personnel

Remuneration of Directors and key management personnel are as follows:

	Group		Comp
	2014	**2013**	**2014**
	RM	**RM**	**RM**
Fees	44,000	-	24,000
Salaries and other emoluments	653,858	1,196,900	36,000
EPF	68,595	102,096	4,680
	766,453	1,298,996	64,680

35. **Segment Information**

For management purposes, the Group is organised into business unit based on their products and services provided, as follows:

Biometrics	Fingerprint verification products, information technology solutions provider of electronic publishing system
Advertising and media	Advertising and media brokerage and consultancy
Financial services	Provision of financial planning and advisory services, and related training and event management and agency of insurance and selling of software solution related to financial products

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Information about segment assets and liabilities are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

35. Segment Information (Cont'd)

	Biometrics RM	Advertising and Media RM	Financial Services RM	Eliminations RM	Per consolidated financial statements RM
2014					
Revenue					
External customers	15,324,521	37,405,830	698,506	-	53,428,857
Inter segment	-	1,218,514	-	(1,218,514)	-
Total revenue	15,324,521	38,624,344	698,506	(1,218,514)	53,428,857
Segment results					
Interest income	25,456	223,914	35,496	-	284,866
Finance costs	-	(778,892)	-	-	(778,892)
Depreciation and amortisation	(472,560)	(1,044,025)	(152,333)	-	(1,668,918)
Other non-cash item	908,063	68,283	(893,000)	-	83,346
Segments profit/(loss) before taxation	2,098,523	9,244,673	(1,282,375)	-	10,060,821
Assets					
Addition to property, plant and equipment	588,388	6,657	40,082	-	635,127
2013					
Revenue					
External customers	-	47,249,272	1,856,953	-	49,106,225
Inter segment	-	2,267,696	-	(2,267,696)	-
Total revenue	-	49,516,968	1,856,953	(2,267,696)	49,106,225
Segment results					
Interest income	-	55,528	-	-	55,528
Finance costs	-	(547,958)	-	-	(547,958)
Depreciation and amortisation	-	(882,135)	(187,284)	-	(1,069,419)
Other non-cash item	-	(8,459)	(674,951)	-	(683,410)
Segments profit before taxation	-	11,521,615	(568,258)	-	10,953,357
Assets					
Addition to property, plant and equipment	-	343,288	-	-	343,288

35. **Segment Information (Cont'd)**

(a) Eliminations

Current taxes and deferred taxes are not allocated to those segments as they are managed on a group basis.

Inter-segment revenues are eliminated on consolidation.

(b) Other non-cash income/(expense) consist of the following items as presented in the respective notes to financial statements:

	2014 RM	2013 RM
Bad debts written off		
- trade receivables	(619,714)	(247,339)
- other receivables	(5,000)	(2,000)
Impairment on trade receivables	(5,888,320)	(731,266)
Gain/(Loss) on disposal of property, plant and equipment	1,014,777	(2,167)
Inventories written off	(1,020,325)	(920,324)
Waiver of debts	-	(44,526)
Gain on strike of a subsidiary company	-	608,147
Gain on cancellation of RCPS	2,000,000	-
Gain on redemption on RCCPS	4,422,932	-
Government grant income	178,996	-
Reversal of impairment on trade receivables	-	131,815
Waiver of debts by a creditor	-	524,250
	83,346	(683,410)

35. **Segment Information (Cont'd)**

(c) Geographic information

Revenue information based on the geographical location of customers and assets respectively are as follow:

	Group 2014 RM	Group 2013 RM
Malaysia	3,479,709	17,799,234
China and Hong Kong	37,405,829	31,306,991
Asia (excluding Malaysia)	10,407,285	-
North and South America	706,878	-
Africa	1,073,684	-
Europe	303,077	-
Oceania	52,395	-
	53,428,857	49,106,225

(d) Major customers

Revenue from 4 (2013: 1) major customer amount to RM23,307,194 (2013: RM6,142,640), arising from sales in the media and advertising segment.

36. **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 principal accounting policies in Note 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:

36. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
Group			
2014			
Financial Assets			
Trade receivables	45,108,060	-	45,108,060
Other receivables	2,290,734	-	2,290,734
Amount owing by ultimate holding company	586,582	-	586,582
Fixed deposits with licensed banks	17,754,043	-	17,754,043
Cash and bank balances	7,198,412	-	7,198,412
	72,937,831	-	72,937,831
Financial Liabilities			
Trade payables	-	5,666,996	5,666,996
Other payables	-	6,554,523	6,554,523
Amount owing to ultimate holding company	-	189,000	189,000
Finance lease liabilities	-	161,437	161,437
Bank overdraft	-	593,868	593,868
	-	13,165,824	13,165,824
2013			
Financial Assets			
Trade receivables	37,264,568	-	37,264,568
Other receivables	6,446,455	-	6,446,455
Amount owing by ultimate holding company	1,989,796	-	1,989,796
Fixed deposits with licensed banks	1,731,620	-	1,731,620
Cash and bank balances	3,783,350	-	3,783,350
	51,215,789	-	51,215,789
Financial Liabilities			
Trade payables	-	3,272,509	3,272,509
Other payables	-	7,667,102	7,667,102
RCCPS	-	4,541,354	4,541,354
Finance lease liabilities	-	217,056	217,056
Bank overdraft	-	1,263,648	1,263,648
	-	16,961,669	16,961,669

36. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
Company			
2014			
Financial Assets			
Other receivables	47,462	-	47,462
Amount owing by ultimate holding company	678,820	-	678,820
Amounts owing by subsidiary companies	7,443,851	-	7,443,851
Amounts owing by related companies	26,478,681	-	26,478,681
Cash and bank balances	1,236,508		1,236,508
	35,885,322	-	35,885,322
Financial Liabilities			
Other payables	-	224,189	224,189
Amounts owing to subsidiary companies	-	14,475,430	14,475,430
	-	14,699,619	14,699,619
2013			
Financial Assets			
Trade receivables	3,426	-	3,426
Other receivables	59,932	-	59,932
Amounts owing by subsidiary companies	8,981,368	-	8,981,368
Fixed deposits with licensed banks	326,304	-	326,304
Cash and bank balances	963,323	-	963,323
	10,334,353	-	10,334,353
Financial Liabilities			
Other payables	-	1,704,210	1,704,210
	-	1,704,210	1,704,210

36. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit, liquidity, foreign currency, interest rate and market rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from advances to ultimate holding company, subsidiary companies and related companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to its ultimate holding company, subsidiary companies and related companies. The Company monitors on an ongoing basis the results of the subsidiary companies and related companies and repayments made by the subsidiary companies and related companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents the Group's and the Company's maximum exposure to credit risk.

The Group's has no significant concentration to credit risk except as disclosed in Note 11. The Company has no significant concentration of credits risks except for advances to its ultimate holding company, subsidiary companies and related companies where risks of default have been assessed to be low.

36. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

36. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or repayable within one year RM	Repayable within one and two years RM	Repayable within two to five years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
2014					
Non-derivative financial liabilities					
Trade payables	5,666,996	-	-	5,666,996	5,666,996
Other payables	6,554,523	-	-	6,554,523	6,554,523
Amount owing to ultimate holding company	189,000	-	-	189,000	189,000
Finance lease liability	64,224	64,224	42,822	171,270	161,437
Bank overdraft	593,868	-	-	593,868	593,868
	13,068,611	64,224	42,822	13,175,657	13,165,824

36. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or repayable within one year RM	**Repayable within one and two years RM**	**Repayable within two to five years RM**	**Total contractual cash flows RM**	**Total carrying amount RM**
Group					
2013					
Non-derivative financial liabilities					
Trade payables	3,272,509	-	-	3,272,509	3,272,509
Other payables	7,667,102	-	-	7,667,102	7,667,102
RCCPS	4,541,354	-	-	4,541,354	4,541,354
Finance lease liability	64,224	64,224	107,046	235,494	217,056
Bank overdraft	1,263,648	-	-	1,263,648	1,263,648
	16,808,837	64,224	107,046	16,980,107	16,961,669

36. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or repayable within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
2014			
Other payables	224,189	224,189	224,189
Amounts owing to subsidiary companies	14,475,430	14,475,430	14,475,430
	14,699,619	14,699,619	14,699,619
2013			
Other payables	1,704,210	1,704,210	1,704,210

(c) Market risks

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily China Yuan Reminbi (RMB), Hong Kong Dollar (HKD) and United States Dollar (USD).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Burmese Kyatt RM	RMB RM	HKD RM	SGD RM	USD RM	Total RM
Group						
2014						
Cash and bank balances	203	1,138	710,010	22	17,047	728,420
2013						
Cash and bank balances	200	1,093	600	22	17,297	19,212

36. **Financial Instruments (Cont'd)**

(c) Market risks (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the Burmese Kyatt, RMB, HKD, SGD and USD exchange rates against RM, with all other variables held constant.

	2014		2013	
	Change in currency rate RM	**Effect on profit before taxation RM**	**Change in currency rate RM**	**Effect on profit before taxation RM**
Group				
Burmese	Strengthened 1%	2	Strengthened 1%	6
Kyatt	Weakened 1%	(2)	Weakened 1%	(6)
RMB	Strengthened 1%	11	Strengthened 1%	-
	Weakened 1%	(11)	Weakened 1%	-
HKD	Strengthened 1%	7,100	Strengthened 1%	173
	Weakened 1%	(7,100)	Weakened 1%	(173)
SGD	Strengthened 1%	-	Strengthened 1%	192
	Weakened 1%	-	Weakened 1%	(192)
USD	Strengthened 1%	170	Strengthened 1%	-
	Weakened 1%	(170)	Weakened 1%	-

(ii) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

36. Financial Instruments (Cont'd)

(c) Market risks (Cont'd)

(ii) Interest rate risk (Cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The carrying amounts of the Group and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Fixed rate instruments				
Financial asset	17,754,043	1,731,620	-	326,304
Financial liability	(161,437)	(217,056)	-	-
	17,592,606	1,514,564	-	326,304
Floating instruments				
Financial liability	(593,868)	(1,263,648)	-	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased / (decreased) the Group' profit before taxation by RM5,939 (2013: RM12,636), arising mainly as a result of lower / higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

36. Financial Instruments (Cont'd)

(c) Market risks (Cont'd)

(iii) Market price risk (Cont'd)

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted instruments. These investments are listed on Bursa Malaysia Securities Berhad and are classified as fair value through profit or loss or available-for-sale financial assets.

(d) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				**Fair value of financial instruments not carried at fair value**				**Total**	
									Fair	**Carrying**
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Value**	**amount**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
2014										
Available-for-sale										
Quoted shares	664	-	-	664	-	-	-	-	664	664
Financial Liability										
Finance lease liability	-	-	-	-	-	99,849	-	99,849	99,849	103,135
2013										
Available-for-sale										
Quoted shares	136	-	-	136	-		-	-	136	136
Financial Liability										
Finance lease liability	-	154,549	-	154,549	-	154,549	-	154,549	309,098	161,436

36. **Financial Instruments (Cont'd)**

(d) Fair values of financial instruments (Cont'd)

(i) Policy on transfer between levels

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

There were no transfers between levels during current financial year and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

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

<u>Non-derivative financial instruments</u>

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of RCPS, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

37. **Capital Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

37. Capital Management (Cont'd)

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants. The gearing ratios at the end of the reporting period are as follows:

The gearing ratios are as follows:

	Group	
	2014	**2013**
	RM	**RM**
Loans and borrowings	755,305	1,480,704
Less: Fixed deposits, cash and bank balances ^	(23,125,815)	(3,783,350)
Net debt	(22,370,510)	(2,302,646)
Shareholders' equity	125,259,660	78,699,984
Debt-to-equity ratio (%)	#	#

^ Fixed deposits, cash and bank balances excluded pledged fixed deposits.

* Gearing ratio not applicable to the Group as the cash and cash equivalents as at 31 December 2014 and 31 December 2013 is sufficient to cover the entire borrowing obligation.

Gearing ratio not applicable to the Company as the Company has no borrowings as at 31 December 201 4 and 31 December 2013.

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

38. Significant Events

(a) PUC Founder (MSC) Berhad ("PUCF" or "the Company")

(i) As disclosed in the previous financial year, PUCF acquired 100% equity interest in Red Media Asia Ltd ("RMA"), a wholly-owned subsidiary company of Resource Holding Management Limited ("RHML"), for a total consideration of RM90,000,000 satisfied via the issuance of 750,000,000 new ordinary shares in the Company at an issue price of RM0.12 each, after obtaining approval from the shareholders of PUCF at the Extraordinary General Meeting held on 6 November 2013. The acquisition was completed on 1 January 2014.

38. **Significant Events (Cont'd)**

(a) PUC Founder (MSC) Berhad ("PUCF" or "the Company") (Cont'd)

(ii) On 10 July 2014, TA Securities Holdings Berhad ("TA Securities") announced on behalf on the Board of Directors that the Company proposes to undertake the following:

(1) Proposed private placement of up to 84,503,000 new ordinary shares of RM0.10 each in PUC ("PUC Shares" or "Shares") ("Placement Shares"), representing approximately ten percent (10%) of the issued and paid-up share capital of PUCF (excluding treasury shares, if any) ("Proposed Private Placement");

(2) Proposed bonus issue of up to 132,791,321 new PUCF Shares ("Bonus Shares") on the basis of one (1) Bonus Share for every seven (7) existing PUCF Shares held ("Proposed Bonus Issue of Shares"); and

(3) Proposed issue of up to 132,791,321 free warrants ("Warrants") on the basis of one (1) Warrant for every seven (7) existing PUCF Shares held ("Proposed Free Warrants Issue").

Bursa Securities had vide its letter dated 13 August 2014 approved the following:

(1) listing of and quotation for the new Shares to be issued pursuant to the Proposed Private Placement and Proposed Bonus Issue of Shares;
(2) admission and listing of and quotation for the Warrants to be issued pursuant to the Proposed Free Warrants Issue; and

(3) listing of and quotation for the new Shares to be issued pursuant to the exercise of the Warrants.

The Company had on 22 August 2014 issued a circular to the shareholders of PUCF in relation to the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue for the purpose of seeking shareholders' approvals at an extraordinary general meeting convened on 8 September 2014.

39. **Significant Events (Cont'd)**

(a) PUC Founder (MSC) Berhad ("PUCF" or "the Company") (Cont'd)

(ii) On 10 July 2014, TA Securities Holdings Berhad ("TA Securities") announced on behalf on the Board of Directors that the Company proposes to undertake the following: (Cont'd)

Total proceeds of RM16,003,190 has been raised from the Placement Shares via three tranches as stated below:

(1) The issue price of the first tranche of Placement Shares comprising 22,720,000 Placement Shares was fixed at RM0.22 per Placement Share as announced on 19 August 2014, and the first tranche of Placement Shares were listed on 28 August 2014;

(2) The issue price of the second tranche of Placement Shares comprising 24,878,000 Placement Shares was fixed at RM0.205 per Placement Share as announced on 3 September 2014, and the second tranche of Placement Shares were listed on 11 September 2014;

(3) The issue price of the final tranche of Placement Shares comprising 36,905,000 Placement Shares was fixed at RM0.16 per Placement Share as announced on 20 October 2014, and the final tranche of Placement Shares were listed on 30 October 2014.

On behalf of the Board, TA Securities announced that the Bonus Issue of Shares has been completed on 29 December 2014 following the listing of and quotation for the 132,791,321 Bonus Shares on the ACE Market of Bursa Securities.

The Company's 132,791,321 Warrants issued pursuant to the Free Warrants Issue was admitted to the Official List of Bursa Securities and the listing and quotation of these Warrants on the ACE Market was granted with effect from 6 January 2015.

39. **Subsequent Events**

(a) PUC Founder (MSC) Berhad ("PUCF" or "the Company")

(iii) Employee's Share Option Scheme ("ESOS")

On 12 January 2015, the Company announced that it has made an offer of options to eligible persons to subscribe for new ordinary shares of RM0.10 each in the Company under the Company's ESOS, pursuant to Rule 9.19(51) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The details of the Options offered are set out as follows:

Date of offer of options	:	12 January 2015
Exercise price of options offered	:	RM0.12 each
Number of options offered	:	63,237,406
Closing market price of the Company's ordinary shares of RM0.10 each on the date of offer	:	RM0.13
Number of options offered to Director	:	(1) Dato' Othman Bin Jusoh (Independent Chairman): 1,000,000 (2) Cheong Chia Chieh @ Chang Chia Chieh (Managing Director) : 21,125,906 (3) Professor Wei Xin (Non Independent Non-Executive Director) : 1,000,000 (4) Liew Peng Chuen @ Liew Ah Choy (Independent Director) : 5,000,000
Vesting period of the options offered	:	The Options are vested on the Date of Offer

(b) Founder Pay Sdn. Bhd. ("FPSB")

FPSB, a wholly-owned subsidiary of the Company, has on 14 January 2015 entered into a conditional sale and purchase agreement with KUB Malaysia Berhad to purchase a freehold office unit, known as Oasis Ara Damansara bearing a postal address at Unit C-2-01, Level 2, Capital 3, Oasis Square, No.2, Jalan PJU 1A/7A, Ara Damansara, PJU 1A, 47301 Petaling Jaya, Selangor Darul Ehsan for a total cash consideration of RM5,500,000.

The acquisition of the property is yet to be completed as at the date of this report.

39. Subsequent Events (Cont'd)

(c) MaxGreen Energy Sdn. Bhd. (formerly known as Ausscar Group Sdn. Bhd.) ("MGE")

ON 16 March 2015, the Company announced that MGE has been awarded as a Feed-in-Tariff ("FiT") Approval Holder by the Sustainable Energy Development Authority Malaysia ("SEDA") to develop and operate a solar photovoltaic ("PV") plant with 1 megawatt power ("MWp") capacity to produce electricity to be supplied to Tenaga Nasional Berhad ("TNB").

As at the date of this report, the Company pending to sign the agreement with TNB upon fulfilling the conditions imposed by SEDA and TNB.

40. Comparative Information

The financial statements of the Company as at 31 December 2013 were audited by another firm of chartered accountants.

Certain comparative figures have been reclassified where necessary to conform with the current year presentation.

	As perviously stated RM	Reclassification RM	As restated RM
Statements of financial position			
Non-current assets			
Deferred tax assets	99,292	(62,635)	36,657
Non-current liabilities			
Deferred tax liabilities	62,635	62,635	125,270

41. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 28 April 2015.

42. Supplementary Information On Disclosure of Realised and Unrealised Profits or Losses

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

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

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Retained earnings/(Accumulated losses) of the Company and its subsidiary companies				
- Realised	46,476,184	38,747,316	(3,608,043)	(2,875,797)
- Unrealised	133,608	(141,100)	-	36,657
	46,609,792	38,606,216	(3,608,043)	(2,839,140)
Less: Consolidation adjustments	(1,086,690)	(1,507,221)	-	-
Total retained earnings/ (Accumulated losses)	45,523,102	37,098,995	(3,608,043)	(2,839,140)

Lodged by
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CERTIFIED TRUE COPY

Secretary
LIM SECK WAH
MAICSA NO: 0799845

PUC FOUNDER (MSC) BERHAD

(Company No: 451734-A)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM('000)	RM('000)	RM('000)	RM('000)
Revenue	5,132	9,194	21,075	37,482
Cost of sales	(2,155)	(4,357)	(10,693)	(20,180)
Gross profit	2,977	4,837	10,382	17,302
Other income	519	7,450	900	8,666
Administrative and general expenses	(2,839)	(8,943)	(8,972)	(17,619)
Operating profit	657	3,344	2,310	8,349
Finance cost	(84)	(250)	(186)	(311)
Profit before taxation	573	3,094	2,124	8,038
Taxation	(7)	(287)	(7)	(506)
Profit after taxation	566	2,807	2,118	7,532
Other comprehensive income/(loss)	279	44	375	(33)
Other comprehensive income/(loss) for the financial period	279	44	375	(33)
Total comprehensive income	845	2,851	2,493	7,499
PROFIT ATTRIBUTABLE TO				
Owners of the parent	594	2,814	2,212	7,549
Non-controlling interests	(28)	(7)	(95)	(17)
	566	2,807	2,118	7,532
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Owners of the parent	873	2,858	2,587	7,516
Non-controlling interests	(28)	(7)	(95)	(17)
	845	2,851	2,493	7,499
Weighted average number of ordinary shares in issue ('000)	1,064,334	848,516	1,064,371	848,516
Earnings per share (sen)				
(a) Basic	0.06	0.33	0.21	0.89
(b) Fully diluted	0.05	NA	0.19	NA

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

PUC FOUNDER (MSC) BERHAD

(Company No: 451734-A)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

	Unaudited As At 30/09/2015 RM('000)	Audited As At 31/12/2014 RM('000)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	7,591	1,318
Software development expenditure	10,210	10,912
Intangible assets	49,942	50,011
Investments in associates	- *	-
Other investments	1	1
Deferred tax assets	143	142
Trade receivables	3,313	3,313
	71,200	65,697
CURRENT ASSETS		
Inventories	20	23
Trade receivables	43,452	41,795
Other receivables, deposits and prepayments	13,620	5,672
Tax recoverable	268	39
Amount owing by ultimate holding company	498	587
Fixed deposits with licensed banks	1,436	17,754
Cash and bank balances	12,637	7,198
	71,931	73,068
TOTAL ASSETS	143,131	138,765
EQUITY AND LIABILITIES		
Share capital	106,581	106,233
Share premium	9,343	9,274
Exchange translation reserve	(557)	(932)
Reserve on acquisition	(36,809)	(36,809)
Warrant reserve	16,718	16,718
Other reserves	(14,763)	(14,747)
Retained earnings	47,736	45,523
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	128,249	125,260
Non-controlling interests	3	96
TOTAL EQUITY	128,252	125,356
NON-CURRENT LIABILITIES		
Finance lease liability	4,620	103
Deferred tax liabilities	9	9
	4,629	112
CURRENT LIABILITIES		
Trade payables	2,634	5,667
Other payables and accrued expenses	5,822	6,554
Amount owing to ultimate holding company	-	189
Finance lease liability	100	58
Bank overdraft	1,618	594
Tax payable	76	235
TOTAL CURRENT LIABILITIES	10,250	13,297
TOTAL LIABILITIES	14,879	13,409
TOTAL EQUITY AND LIABILITIES	143,131	138,765
Net assets per share attributable to owners of the parent (sen)	12.03	11.79

* The cost of investments in associates are less than RM1,000.

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE (9)-MONTH FPE 30 SEPTEMBER 2015 *(Cont'd)*

PUC FOUNDER (MSC) BERHAD

(Company No: 451734-A)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

	Share Capital RM('000)	Share Premium RM('000)	Preference Shares RM('000)	Exchange Translation Reserve RM('000)	Reserve on Acquisition RM('000)	Other Reserves RM('000)	Warrants Reserves RM('000)	Retained Earnings RM('000)	Total RM('000)	Non-controlling Interests RM('000)	Total Equity RM('000)
Balance as at 1 January 2015	106,233	9,274	-	(932)	(36,809)	(14,747)	16,718	45,523	125,260	96	125,355
Issuance of shares via exercise of Employees' Share Option Scheme	348	69	-	-	-	-	-	-	417	-	417
Arising from Reverse Acquisition Exercise	-	-	-	-	-	(15)	-	-	(15)	3	(12)
Profit for the period	-	-	-	-	-	-	-	2,212	2,212	(95)	2,118
Other comprehensive income	-	-	-	375	-	-	-	-	375		375
Total comprehensive income for the period	-	-	-	375	-	-	-	2,212	2,587	(95)	2,493
Balance as at 30 September 2015	106,581	9,343	-	(557)	(36,809)	(14,763)	16,718	47,736	128,249	3	128,252

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

	Share Capital RM('000)	Share Premium RM('000)	Preference Shares RM('000)	Exchange Translation Reserve RM('000)	Reserve on Acquisition RM('000)	Other Reserves RM('000)	Retained Earnings RM('000)	Total RM('000)	Non-controlling Interests RM('000)	Total Equity RM('000)
Balance as at 1 January 2014	84,504	18,833	-	(1)	-	-	(507)	102,829	-	102,829
Issuance of shares via private placements	4,760	5,338	-	-	-	-	-	10,098	-	10,098
Arising from Reverse Acquisition Exercise	-	(3,833)	2,250	(1,004)	(36,809)	1,895	37,605	104	(17)	87
Capital reduction in redeemable convertible preference shares in subsidiary companies	-	-	(2,700)	-	-	-	-	(2,700)	-	(2,700)
Redemption of redeemable convertible cumulative preference shares in a subsidiary company	-	-	450	-	-	(900)	-	(450)	-	(450)
Profit for the period	-	-	-	-	-	-	7,549	7,549	(17)	7,532
Other comprehensive income	-	-	-	(33)	-	-	-	(33)	-	(33)
Total comprehensive income for the financial period	-	-	-	(33)	-	-	7,549	7,516	(17)	7,499
Balance as at 30 September 2014	89,264	20,338	-	(1,038)	(36,809)	995	44,647	117,397	(34)	117,363

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

PUC FOUNDER (MSC) BERHAD

(Company No: 451734-A)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

	9 MONTHS ENDED 30/09/2015 RM('000)	9 MONTHS ENDED 30/09/2014 RM('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,124	8,038
Adjustments for:		
Amortisation of intangible assets	745	804
Depreciation of property, plant and equipment	461	491
Inventories written off	-	1,020
Impairment on trade receivables	1,392	4,844
Loss on disposal of property, plant and equipment	22	3
(Gain) / Loss on unrealised foreign exchange	(4)	5
Interest income	(222)	(56)
Interest expense	186	311
Net gain on disposal of a subsidiary	(127)	(12)
Preference shares capital and related liabilities written off	-	(6,423)
Operating profit before working capital changes	4,577	9,025
Changes in working capital:		
Net change in current assets	(10,792)	(5,251)
Net change in current liabilities	(3,683)	(6,471)
Cash used in operations	(9,898)	(2,697)
Interest received	222	56
Tax paid	(392)	(543)
Net cash used in operating activities	**(10,068)**	**(3,184)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,109)	(429)
Proceeds from disposal of property, plant and equipment	28	153
Placement on fixed deposit	-	265
Acquisition of subsidiaries, net of cash acquired	-	2,520
Disposal of subsidiary, net of cash disposed off	3	-
Net cash (used in)/from investing activities	**(2,078)**	**2,509**
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(186)	(311)
Repayment of finance lease liability	(116)	(41)
Proceeds from issuance of shares under private placements **(Note B6)**	-	10,098
Proceeds from issuance of shares under ESOS & Warrants	417	-
Net cash from financing activities	**115**	**9,746**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(12,031)**	**9,071**
EFFECTS OF EXCHANGE RATE CHANGES	128	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	22,532	5,383
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**10,629**	**14,454**
Cash & cash equivalents at the end of the financial period comprise:		
Cash and bank balances	**12,637**	**16,015**
Fixed deposits with licensed banks	**1,436**	**1,750**
Bank overdraft	**(1,618)**	**(1,561)**
	12,456	**16,204**
Less: Fixed deposits pledged to licensed banks	**(1,827)**	**(1,750)**
	10,629	**14,454**

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

PUC FOUNDER (MSC) BERHAD

(Company No: 451734-A)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED ("FPE") 30 SEPTEMBER 2015

A. EXPLANATORY NOTES

A1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Chapter 9, Part K Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements of PUC Founder (MSC) Berhad ("PUCF") and its subsidiaries ("Group") for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial report.

A2 Changes in Accounting Policy

The accounting policies and methods of computation adopted by the Group in these unaudited condensed consolidated financial statements are consistent with those of the annual audited financial statements for the financial year ended 31 December 2014.

The adoption of the following MFRS that came into effect on 1 January 2015 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

Amendments to MFRS 119 Defined Benefits Plans: Employee Contribution
Annual Improvements to MFRSs 2010 - 2012 Cycle
Annual Improvements to MFRSs 2011 - 2013 Cycle

A3 Audit report of preceding annual financial statements

There were no audit qualifications to the annual audited financial statements of the Group for the financial year ended 31 December 2014.

A4 Seasonal or cyclical factors

The business operations of the Group were not significantly affected by seasonal or cyclical factors during the financial period under review.

A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

Save for the following, there were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter and financial period-to-date under review :-

a) The Group has provided allowance of RM0.4 million for impairment on its trade receivables during the current financial quarter.

A6 Material changes in estimates

Not applicable as there were no estimates reported by PUCF in the prior financial years.

A7 Debt and equity securities

On 7 October 2015, the Group had announced that all the outstanding Employees' Share Option Scheme ("ESOS") options granted pursuant to the ESOS has been cancelled upon mutual agreement with the respective ESOS option holders.

A8 Dividends

There were no dividends declared or paid in the current financial quarter under review.

A9 Segmental information

The Group's segmental revenue and profit/(loss) after taxation for the financial period under review is as follows:-

	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/09/2015 RM('000)	30/09/2014 RM('000)	30/09/2015 RM('000)	30/09/2014 RM('000)
Revenue				
Business Segment				
Biometrics	404	2,516	753	10,701
Advertising & Media	4,623	6,551	19,940	26,237
Financial Services	105	127	382	544
	5,132	9,194	21,075	37,482
Profit /(loss) after taxation				
Business Segment				
Biometrics	(725)	(328)	(2,394)	346
Advertising & Media	1,568	3,901	5,074	8,201
Financial Services	(276)	(766)	(562)	(1,015)
	566	2,807	2,118	7,532

A10 Valuation of property, plant and equipment

The Group has not carried out valuation on its property, plant and equipment reported in the current financial quarter under review.

A11 Capital commitments

The Group does not have any material capital commitments in respect of property, plant and equipment as at the end of the current financial quarter under review.

A12 Material events subsequent to the end of the quarter

The following are the material events subsequent to the current financial quarter under review :-

(i) On 4 August 2015, the Company announced the proposed rights issue of ICULS diversification of the existing business of PUCF Group to include the provision of energy utility services.

On 12 October 2015, the Company announced the revised Proposed renounceable Rights Issue of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") with Warrants into the Proposed Rights Issue of ICULS with Warrants as follows:

The revision entailed the proposed renounceable rights issue of up to RM83,901,476.75 nominal value of three (3)-year, 4%, ICULS at 100% of the nominal value of RM0.05 each on the basis of twenty eight (28) RM0.05 nominal value of the Rights ICULS for every twenty (20) existing PUCF Shares held by the entitled shareholders of PUCF on an entitlement date to be determined later together with up to 419,507,384 Warrants-B on the basis of seven (7) Warrants-B for every twenty eight (28) Rights ICULS subscribed.

A13 Changes in the composition of the Group

(i) On 10 December 2014, RH Media Group Sdn. Bhd. entered into a conditional sale of shares agreement to dispose of its entire equity interest in Redhot Media International (China) Co Ltd, a wholly-owned subsidiary company of PUCF, for a cash consideration of USD146,790. As at the date of this report, the completion of this agreement is subject to the approval of the Foreign Trade & Economy Commission of The People's Republic of China.

(ii) On 24 June 2015, Redhot Media International (Shanghai) Co Ltd, an indirect wholly-owned subsidiary of PUCF, commenced a member's voluntary winding-up in accordance with the laws of The People's Republic of China. The winding-up is part of the restructuring and re-alignment of the existing business exercise of PUCF and the voluntary winding-up process is still on going as at the date of this report.

(iii) On 21 August 2015, the Group announced that MaxGreen Energy Sdn Bhd (formerly known as Ausscar Group Sdn Bhd), a wholly-owned subsidiary of PUCF, entered into a sale of shares agreement for the disposal of its entire equity interest comprising 70,000 shares of RM1.00 each in Ausscar Academy Sdn Bhd ("AASB"), representing 70% of the equity interest in AASB, to Ching Lye Peng and Yap Moy Moy ("Disposal of AASB"). Subsequently on 28 August 2015, the Company announced for the completion of Disposal of AASB.

(iv) On 1st September 2015, the group reorganised its group structure by acquiring the entire equity interest in Founder Qube Sdn Bhd , RedHot Media Sdn Bhd and EPP Solution Sdn Bhd, a wholly-owned subsidiary of PUCF for a total consideration of RM7.19 million. Subsequently, Red Media Asia Ltd disposed its wholly owned subsidiary Founder Energy Sdn Bhd (formerly known as Redhot Media Group Sdn Bhd) to Founder Energy Global Limited (formerly known as RedHot Media (HK) Limited) for a total consideration of RM9.32 million.

Following the Internal Reorganisation, Founder Qube Sdn Bhd, RedHot Media Sdn Bhd and EPP Solution Sdn Bhd becomes a wholly-owned subsidiary of PUCF and Founder Energy Sdn Bhd (formerly known as Redhot Media Group Sdn Bhd) becomes a wholly-owned subsidiary of Founder Energy Global Limited (formerly known as RedHot Media (HK) Limited). The Internal Reorganisation does not result in any gain or loss at the Group level.

(v) On 23 September 2015, the Group has announced a newly incorporation wholly-owned subsidiary, namely Ausscar Technology Sdn. Bhd. ("ATSB") with the principal activities of e-commerce and software development for financial related services. ATSB has an authorised capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each and an issued and paid-up capital of RM2.00.

(vi) On 8 October 2015, the Group has announced that its wholly-owned subsidiary, Face ID Worlwide Sdn Bhd has changed its name to Maxgreen Energy 2 Sdn Bhd with effective on 7 October 2015.

(vii) On 15 October 2015, the Group has announced that its wholly-owned subsidiary, Redhot Media (HK) Limited has changed its name to Founder Energy Global Limited with effect from 13 October 2015.

A14 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets for the current financial quarter under review.

A15 Significant related party transactions

Save as disclosed below, there were no other related party transactions for the current quarter financial year under review:-

	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/09/2015	30/09/2014
	RM('000)	RM('000)
Supply of a GPS-based geographical navigation application programme	1,200	-

B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance

The Group recorded a revenue of RM5.1 million and profit before taxation of RM0.6 million for the current quarter as compared to revenue of RM9.2 million and profit before taxation of RM3.1 million in the preceding year quarter corresponding quarter. The lower revenue was mainly due to decreased revenue contribution from biometric division. In addition, the Group's financial performance was also affected by global economic uncertainties, which include current slower market conditions such as huge depreciation impact on Ringgit Malaysia.

The Group's profit before taxation for the current quarter was RM0.6 million as compared to RM3.1 million in the preceding year quarter corresponding quarter was mainly due to the decrease in profit contributions from biometric and advertising and media segments in the current quarter.

B2 Variation of results against preceding quarter

	CURRENT YEAR QUARTER ENDED 30/09/2015 RM('000)	PRECEDING QUARTER ENDED 30/6/2015 RM('000)	Variance RM('000)	%
Revenue	5,132	7,244	(2,112)	-29%
Profit before taxation	573	416	157	38%

The Group's revenue for the current quarter is RM5.1 million as compared to RM7.2 million in the preceding quarter. The decrease of RM2.1 million or 29% in revenue was mainly due to the decrease in revenue from advertising & media by approximately RM2.5 million and was partially off-set by slight increase in biometrics & electronics publishing by approximately RM0.4 million.

The Group's profit before taxation for the current quarter was RM0.6 million as compared to RM0.4 million profit before taxation in the preceding quarter mainly due to slight decrease in operating costs in current quarter.

B3 Prospects

The Group expects lower revenue contribution from its existing businesses for FYE2015, as compared to FYE2014, as a result of the global economic uncertainties, which include current slower market conditions such as the huge depreciation impact on Ringgit Malaysia.

However, the Board remains cautiously optimistic on the prospects of the Group's businesses in view that it had embarked on enhancing its revenue stream with the addition of the renewable energy business.

Further the Group has also revived the growth and development of its financial services business units which is expected to contribute positively to the Group in 2016.

B4 Profit forecast or profit guarantee

The Group has not issued or disclosed in any public documents any profit forecast or profit guarantee for the current financial quarter under review.

B5 Taxation

	CURRENT YEAR QUARTER 30/09/2015 RM('000)	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2014 RM('000)	CURRENT YEAR TO DATE 30/09/2015 RM('000)	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2014 RM('000)
Income tax				
- Provision for previous and current period	7	287	7	506
Effective tax rate	1%	9%	0%	6%

The effective tax rates of the Group for the current financial quarter and financial period to date were lower than the statutory tax rate of 25%. This was mainly due to certain subsidiaries of PUCF, namely EPP Solution Sdn Bhd and RedHot Media Sdn Bhd, which were granted pioneer status and are exempted from taxation, as well as PUCF's subsidiaries established in British Virgin Islands, namely i.e. AllChina.cn Ltd and Red Media Asia Ltd, which are also not subject to taxation.

B6 Status of corporate proposals

Save as disclosed below, there is no other outstanding corporate proposal which has been announced but not yet completed as at the date of this announcement:

As disclosed in A12, on 12 October 2015, the Company announced the revision would entail the proposed renounceable rights issue of up to RM83,901,476.75 nominal value of three (3)-year, 4%, ICULS at 100% of the nominal value of RM0.05 each on the basis of twenty eight (28) RM0.05 nominal value of the Rights ICULS for every twenty (20) existing PUCF Shares held by the Entitled Shareholders of PUCF on an Entitlement Date to be determined later together with up to 419,507,384 Warrants-B on the basis of seven (7) Warrants-B for every twenty eight (28) Rights ICULS subscribed.

<u>Status of utilisation of proceeds from Private Placement</u>

The status of the utilisation of proceeds arising from the Private Placement as at 6 November 2015 is as follows:-

	Proposed * utilisation RM('000)	Actual Utilisation RM('000)	Deviation RM('000)	Deviation %	Balance unutilised RM('000)	Expected time frame for utilisation (from the date of completion of Private Placement)
Investment in new businesses	11,408	7,015	-	-	4,393	within 18 months
Working capital	4,370	2,000	-	-	2,370	within 18 months
Actual expenses in relation to this exercise	225	225	-	-	-	within 1 month
	16,003	9,240	-	-	6,763	

Note: *The details of utilisation have been modified to reflect the actual proceeds received.

B7 Borrowings

The Group's borrowings as at 30 September 2015 are as follows: -

	Short term RM('000)	Long term RM('000)	Total RM('000)
Secured			
Bank overdraft	1,618	-	1,618
Finance lease liability	100	4,620	4,720
	1,718	4,620	6,338

B8 Material litigation

The Group does not have any material litigation as at the date of this interim financial report.

B9 Dividends

There were no dividends declared during the current financial quarter under review.

B10 Earnings per share

a. Basic earnings per share

The basic earnings per share of the Group is calculated by dividing the profit after taxation for the period by the weighted average number of shares is as follows:-

	3 months ended 30 September		Cumulative 9 months ended 30 September	
	2015	**2014**	**2015**	**2014**
Profit attributable to owners of the parent (RM'000)	594	2,814	2,212	7,549
Weighted average number of shares in issue ('000)	1,064,334	848,516	1,064,371	848,516
Basic earnings per share (sen)	0.06	0.33	0.21	0.89

b. Diluted earnings per share

The diluted earnings per share of the Group is calculated by dividing the profit after taxation for the period by the weighted average number of ordinary shares plus the weighted average number of ordinary shares that would be issued on the conversion of convertible securities into ordinary shares is as follows:-

	3 months ended 30 September		Cumulative 9 months ended 30 September	
	2015	**2014**	**2015**	**2014**
Profit attributable to owners of the parent (RM'000)	594	2,814	2,212	7,549
Weighted average number of ordinary shares per basic earnings per share computation ('000)	1,064,334	848,516	1,064,371	848,516
# Effects of conversion of free warrants ('000)	103,740	-	103,740	-
Weighted average number of ordinary shares diluted ('000)	1,168,074	848,516	1,168,111	848,516
Diluted earnings per share (sen)	0.05	0.33	0.19	0.89

Note : # The free warrants are assumed to be exercise converted into ordinary shares respectively.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE (9)-MONTH FPE 30 SEPTEMBER 2015 *(Cont'd)*

B11 Breakdown of realised and unrealised profit or losses of the Group

	As at 30/09/2015 RM('000)	As at 31/12/2014 RM('000)
Total retained earnings of the Group		
- Realised	51,239	46,476
- Unrealised	133	134
	51,372	46,610
Less: Consolidation adjustments	(3,636)	(1,087)
Total retained earnings as per consolidated accounts	47,736	45,523

B12 Profit for the period

Profit before taxation is arrived after (crediting)/charging:-

	CURRENT YEAR QUARTER 30/09/2015 RM('000)	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2014 RM('000)	CURRENT YEAR TO DATE 30/09/2015 RM('000)	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2014 RM('000)
Interest expense	84	250	186	311
Interest income	(77)	(24)	(222)	(56)
Depreciation and amortisation	414	410	1,206	1,295
Impairment on trade receivables	382	4,826	1,392	4,844
Inventories written off	-	1,020	-	1,020
Loss on disposal of property, plant and equipment	1	-	22	3
Net gain on disposal of a subsidiary	-	(12)	-	(12)
(Gain)/Loss on unrealised foreign exchange	(133)	(33)	(4)	5
Preference share capital and related liabilities written off	-	(6,423)	-	(6,423)

By Order of the Board

Cindy Lim Seck Wah
Secretary

Kuala Lumpur
27 November 2015

DIRECTORS' REPORT

方正集团
FOUNDER
世界在变 创新不变

Registered Office:

Level 15-2,
Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur

6 January 2016

To: The Shareholders of PUC Founder (MSC) Berhad ("PUCF")

Dear Sir/Madam,

On behalf of the Board of Directors of PUCF, I wish to report that after making due enquiry that during the period from 31 December 2014 (being the date of the last audited consolidated financial statements of PUCF and its subsidiaries ("**Group**") have been made) up to the date hereof (being a date not earlier than fourteen (14) days before the date of issue of this Abridged Prospectus ("**AP**")):

(a) the business of our Group has, in the opinion of our Directors, been satisfactorily maintained;

(b) in the opinion of our Directors, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

(c) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(e) there has been no default or any known event that could give rise to a default situation in respect of payments of either interest and/or principal sums in relation to any borrowings of our Group in which our Directors are aware of since the last audited consolidated financial statements of our Group;

(f) save as disclosed in this AP, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the last audited consolidated financial statements of our Group; and

(g) save as disclosed above and up to the date of this letter, no other reports are required in relation to items (a) to (f) above.

Yours faithfully
for and on behalf of the Board of Directors of
PUC FOUNDER (MSC) BERHAD

Cheong Chia Chieh @ Chang Chia Chieh
Managing Director

PUC FOUNDER (MSC) BERHAD
Company No.: 451734-A
GST Reg. No.: 000501579776

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SMITH ZANDER

31 December 2015

The Board of Directors
PUC FOUNDER (MSC) BERHAD
Unit C-2-01, Level 2, Capital 3, Oasis Square
No. 2 Jalan PJU 1A/7A
Ara Damansara, PJU 1A
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

Independent Market Research Report on the Energy Utility Industry in Malaysia in relation to the:

(i) renounceable rights issue of up to RM83,901,476.75 nominal value of three (3)- year, 4%, irredeemable convertible unsecured loan stocks ("ICULS") at 100% of the nominal value of the rights ICULS for every twenty (20) existing ordinary shares of RM0.10 each in PUC Founder (MSC) Berhad ("PUCF") ("PUCF Shares(s)" or "share(s)") held on the entitlement date together with up to 419,507,384 free new detachable warrants ("Warrant(s)-B") on the basis of seven (7) Warrants-B for every twenty eight (28) rights ICULS subscribed, based on a minimum subscription level of RM28,000,000.00 nominal value of Rights ICULS together with 140,000,000 Warrants-B ("Rights Issue of ICULS with Warrants"); and

(ii) diversification of the existing business of PUCF and its subsidiaries to include the provision of energy utility services ("Diversification").

(Collectively referred to as the "Corporate Exercises")

This Independent Market Research Report on the Energy Utility Industry in Malaysia is prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Abridged Prospectus to shareholders of PUC FOUNDER (MSC) BERHAD in relation to the Corporate Exercises.

For and on behalf of SMITH ZANDER:

ELIZABETH DHOSS
ASSOCIATE DIRECTOR

1 DEFINITIONS AND SEGMENTATION

The energy utility industry comprises electricity generation, transmission and distribution activities. The energy utility industry is also known as the electricity supply industry. Utility companies, independent power producers ("IPPs") and Small Renewable Energy Power ("SREP") producers generate electricity from a number of energy sources to be ultimately sold to consumers via utility companies. Electricity is generated in power plants/stations from various energy sources such as coal, natural gas, hydro, geothermal and solar power. These power plants house equipment such as boilers, turbines and generators, which are critical equipment in the process of electricity generation.

Both public and private players participate in the electricity supply industry in Malaysia. The Government participates in this industry via utility companies which are Tenaga Nasional Berhad ("TNB") in Peninsular Malaysia, Sabah Electricity Sdn Bhd ("SESB") in Sabah and Sarawak State Government-owned Sarawak Energy Berhad ("SEB") in Sarawak. The Government's golden share ownership gives it veto power in major decisions of TNB and the SESB in Sabah. In Sarawak, the power generation, transmission and distribution are under the control of SEB via Syarikat SESCO Bhd ("SESCO"). The Government of Malaysia's interest in this industry is driven by its need to safeguard welfare across economic groups and ensure the population has access to affordable electricity.

TNB is an integrated utility company with its core business in power generation, transmission and distribution. TNB also manages and operates the National Power Grid, granting it monopoly power over electricity transmission activities in Peninsular Malaysia. Private sector participation in power generation began in 1992 through the appointment of IPPs.

The electricity supply industry value chain comprises fuel supply, power generation and transmission to the National Power Grid.

- **Fuel supply**

  Fuel is a key raw material in the generation of electricity as it provides the prime mover with potential energy that can be harnessed. Malaysia predominantly utilises natural gas, followed by coal and to a lesser extent hydro, diesel, solar and biomass for the generation of electricity. The generated electricity is distributed to end users via the National Power Grid.

- **Power generation**

  In Malaysia, power generation for transmission over the National Power Grid is generated by the utility companies themselves and by private participants that mainly consist of IPPs and SREP producers.

  IPPs are private firms which have been awarded concessions to develop, finance, build, own and operate power plants. IPPs generate electricity which is sold to utility companies and selected large end users. IPPs are only involved in the electricity generation phase of the electricity supply value chain. These firms are not licensed by the Government of Malaysia to transmit or distribute electricity to the population at large. Utility companies will issue an indicative generation schedule to IPP and non-IPP power plants a day ahead that details the volumes of electricity required from the respective power plants. These power plants will then be able to plan operations in order to meet their demand. In Peninsular Malaysia and Sabah, companies enter into long-term power purchase agreements ("PPA") with the Government in order to operate as IPPs. Meanwhile, IPPs in Sarawak sign PPAs with the State Government of Sarawak.

  Under the SREP programme, small power generation plants utilising renewable energy can apply to sell their electricity to the utility through the distribution grid system. Under the SREP programme, biomass, biogas, solar photovoltaic ("solar PV") and small-hydro have been approved as sources of renewable energy under the Feed-in Tariff ("FiT") system.

- **Transmission to grid**

  Transmission refers to the transfer of large volumes of electricity from power plants to electrical substations across high voltage transmission lines. TNB, SESB and SESCO are involved in the transmission of electricity in Malaysia. TNB distributes electricity throughout Peninsular Malaysia while SESB operates the electricity distribution network in the state of Sabah and SESCO serves the state of Sarawak.

- **Distribution to consumers**

  Electricity distribution is the final phase of the value chain whereby electricity is distributed over a distribution system network to consumers, primarily in the industrial, commercial and residential segment. In Peninsular Malaysia, TNB has monopoly over large scale electricity distribution via the National Power Grid. SESB and SESCO are responsible for electricity distribution in Sabah and Sarawak respectively.

Sources of fuel for energy generation comprise both non-renewable and renewable resources where:

- **Non-renewable**

  Energy generated from resources that can be extracted from the earth and are finite in nature. These resources primarily comprise hydrocarbon resources such as oil, gas and coal. These resources are used as combustion fuel for power plants that convert their potential energy into heat and steam that is then used to generate electricity through the use of turbines and generators. Energy harnessed from these fuel sources have been the primary driver of industry and global growth in the past and continues to be a key pillar of the global energy strategy in the immediate to medium term as the world remains heavily reliant on these fuel sources in the absence of suitable alternatives on that scale. Non-renewable resources include, but are not limited to, the following:

  - **Oil**

    Oil is a kind of hydrocarbon resource that is extracted from beneath the surface of the earth. It exists in reservoirs beneath the surface of the earth, and in many cases, in the presence of natural gas. Upon extraction, oil is then refined to produce various products with various chemical and physical qualities. The relatively lighter and less viscous hydrocarbons tend to be suitable for combustion and are used as fuel in combustion engines for various applications across industries. Diesel and fuel oil are the primary fuels extracted from crude oil that are used for electricity generation.

  - **Gas**

    Natural gas is a hydrocarbon resource that exists in reservoirs or gas fields beneath the surface of the earth, and in many cases, together with crude oil. Natural gas, which consists mostly of methane and ethane, is a highly efficient energy source owing to its shorter hydrocarbon chains that makes it lighter and makes for cleaner and more efficient combustion. Natural gas is used as fuel in many industries and upon processing, can be transported in both its gaseous form as well as in liquid form. Owing to its efficiency as a combustion fuel, gas power generators are used across the world for electricity generation and is a key fuel in both the short and medium term.

  - **Coal**

    Coal is a form of fossil fuel consisting of bituminous sedimentary rock that resides in the crust of the earth that is combustible in nature. These rocks, which contain potential energy, are processed and used as fuel primarily in the electricity generation industry. Coal is one (1) of the largest sources of energy worldwide and this conversion is made by coal fired power plants. Given the importance of coal to global energy generation, many strides have been made to making it a cleaner burning fossil fuel.

- **Renewable energy**

  Renewable energy refers to energy that is generated from natural resources such as sunlight, wind, rain, tides and geothermal heat which are naturally replenished. Renewable energy technologies include solar power, wind power, hydro, biomass and biofuels. Rapid depletion of fossil fuel reserves as well as climate change has driven the further development of renewable energy sources which are widely available, untapped, and environmentally friendly. The various forms of renewable energy include, but are not limited to, the following:

  - **Solar**

    Solar energy is harnessed from the sunlight and heat through technologies such as solar heating, solar PV, solar thermal energy, solar architecture and artificial photosynthesis. These technologies can be either active or passive depending on how they capture and distribute solar energy or convert this energy into solar power. Active solar technologies include the use of photovoltaic systems, concentrated solar power and solar water heating to harness this energy. Passive solar technologies include orienting buildings in the direction of the sun, and selecting materials with favourable thermal mass or light dispersing properties.

  - **Wind**

    Airflows are used to run wind turbines. The power available from the wind is a function of the cube of the wind speed. Thus, as wind speed increases, power output also increases up to the maximum output for the particular turbine. Areas where winds are stronger and more constant, such as offshore and high altitude sites, are preferred locations for wind farms. Wind power is typically used in large-scale wind farms for national electrical grids as well as in small individual turbines for providing electricity to rural residences or locations that are isolated from power grids.

  - **Hydro**

    Energy harnessed from falling and running water is categorised as hydropower. The most common type of hydroelectric power plant uses a dam on a river to store water in a reservoir. Water released from the reservoir flows through a turbine, spinning it, which in turn activates a generator to produce electricity.

  - **Biogas**

    Biogas is primarily made up of methane, carbon dioxide and may contain nitrogen and trace elements of hydrogen sulphide and water vapour that is produced by the decomposition of agricultural waste, plant material, manure, sewage sludge, municipal solid waste, food waste, and other biodegradable waste under specific conditions. The gas is then funnelled into a gas engine where it is combusted to produce heat and mechanical motion that is turned into electricity by a generator.

  - **Biomass**

    Biological matter derived from living, or recently living organisms is known as biomass, and typically refers to plants or plant-derived materials. Biomass can be used directly via combustion to produce heat, or indirectly after converting it to various forms of biofuels. The conversion of biomass to biofuels is possible through thermal, chemical, and biochemical methods. The largest source of biomass energy today is wood.

- **Geothermal**
  Thermal energy generated and stored in the earth's core is known as geothermal energy, where it determines the temperature of matter. Geothermal energy is produced when groundwater from the earth's surface comes into contact with molten magma. Most of this groundwater remains deep underground, trapped in cracks and porous rock while some water escapes back to the surface, forming hot springs and geysers. The portion that remains underground exists as geothermal reservoirs close to the surface and can be easily tapped for power generation.
- **Others**

  Energy from tides, oceans and hot hydrogen fusion are other forms that can be used to generate electricity.

Malaysia has a good mix of energy resources that comprise renewable and non-renewable sources. Malaysia's non-renewable fossil fuel sources are oil, natural gas and coal, while its renewable energy sources include biomass, solar and hydro. While Malaysia is a net energy exporter, concems about energy security, fluctuations in crude oil pricing and climate change are driving significant changes in how energy and electricity specifically, is generated, transmitted and consumed in Malaysia. Thus, renewable energy resources are becoming attractive for sustainable energy development in Malaysia as these renewable sources of energy are abundant in Malaysia, with the significant ones being hydropower, solar and biomass.

In the Eight Malaysia Plan (2001 – 2005) ("8MP"), the Govemment of Malaysia announced renewable energy as the fifth fuel in the new Five Fuel Strategy in Malaysia's energy supply mix, with an aim to guide the country's national mix towards five (5) fuels, namely oil, gas, coal, hydro and renewable energy. Initiatives by the Government under the 8MP to promote renewable energy include the SREP Programme, Biomass Power Generation and Demonstration Project, Malaysia Building Integrated Photovoltaic Technology Application, and Centre for Education and Training in Renewable Energy and Energy Efficiency to promote renewable energy utilisation. The Five Fuel Strategy was extended into the Ninth Malaysia Plan (2006 – 2010).

In 2009, the Ministry of Energy, Green Technology and Water ("KeTTHA") was established to manage electricity, water and green technology in Malaysia. Specifically to electricity, KeTTHA facilitates and regulates the electricity sector in Malaysia to ensure affordable energy is available to consumers throughout the country. KeTTHA also monitors energy programmes and promotes energy efficiency and renewable energy in Malaysia.

In 2011, the Government enforced the Renewable Energy Act 2011 [Act 725] and Sustainable Energy Development Authority Act 2011 [Act 726], in line with the National Renewable Energy Policy and Action Plan. The National Renewable Energy Policy and Action Plan is Malaysia's renewable energy roadmap. The Renewable Energy Act 2011 [Act 725] focuses on renewable energy development in Malaysia under the purview of Sustainable Energy Development Authority ("SEDA") Malaysia, a statutory body mandated under the Sustainable Energy Development Authority Act 2011 [Act 726] to oversee the implementation and management of renewable energy including the FiT mechanism.

The Renewable Energy Act 2011 [Act 725] provides a FiT mechanism for qualified communities, individuals and non-individuals to sell electricity generated from renewable energy resources to power utility firms at a fixed premium price for a specific time. The fixed premium price, also known as FiT rates, differs for various renewable resources and installed capacities. Under the FiT mechanism, four (4) renewable resources have been identified as eligible for FiT, namely biogas, biomass, small hydropower and solar PV. Payments to feed-in approval holders are guaranteed from the Renewable Energy Fund for a period of 21 years for solar PV and small hydropower and 16 years for biogas and biomass. Power utility firms such as TNB, SESB and NUR Distribution Sdn Bhd are committed to sign a renewable energy power purchase agreement ("REPPA") with feed-in approval holders for the effective period. Key features of the FiT mechanism are:

- access to the national grid is guaranteed whereby power utility firms are legally obliged to accept electricity generated by feed-in approval holders;
- FiT rate is contractually fixed for the effective period; and
- provides adequate "degression" to promote cost reduction to achieve grid parity.[1]

The rational for selecting biogas, biomass, small hydropower and solar PV as renewable energy sources under the FiT mechanism is a result of their proven technologies and technical potential under the local environment in Malaysia. All eligible renewable energy installations are subject to a maximum installed capacity of 30MW unless special approval is sought from the Minister[2]. The FiT rate lowers as installed capacities increase as FiT approval holders will be able to realise cost optimisation from economies of scale. Nevertheless, additional FiT rates will be given for installations that meet the criteria for bonus FiT rate entitlements.

Energy utility industry in Malaysia – key terminologies in FiT

Terminology	Definition
Distribution licensees	Companies holding the licence to distribute electricity (e.g. TNB, SESB and NUR Distribution Sdn Bhd)
Feed-in approval holder	An individual or company who holds a feed-in approval certificate issued by SEDA Malaysia. The holder is eligible to sell renewable energy at the FiT rate
FiT rate	Fixed premium rate payable for each unit of renewable energy sold to distribution licensees. The FiT rate differs for different renewable resources and installed capacities. Bonus FiT rate applies when the criteria for bonus conditions are met
Indigenous	Renewable resources must be from within Malaysia and are not imported from other countries
Duration	Period of which the renewable electricity can be sold to distribution licensees and paid with the FiT rate. The duration is based on the characteristics of the renewable resources and technologies. The duration is 16 years for biomass and biogas resources, and 21 years for small hydropower and solar PV technologies

Source: SEDA Malaysia, SMITH ZANDER analysis

A key component of FiT is the Renewable Energy Fund. Managed and supervised by SEDA Malaysia, monies from the Renewable Energy Fund can only be used for the purpose of disbursing FiT payment claims made by power utility firms and to cover administrative expenses relating to the implementation of FiT. The fund is currently supported by an initial funding of RM300 million from Treasury Malaysia and a 1% surcharge imposed on all consumer electricity bills except residential consumers that consume less than 300 kilowatt-hours ("kWh") per month or residential consumers that are currently paying electricity bills

[1] *The FiT system in Malaysia is designed with the main objective of achieving grid parity. This will happen when fossil fuel subsidies are gradually removed and/or when all external costs of fossil fuel power generation are taken into consideration and/or when the generation of renewable energy becomes cheaper. Grid parity occurs when the cost of generating renewable energy is equivalent (or lower) than the cost of generating electricity from conventional fossil fuels. Once grid parity is achieved, feed-in approval holders will be paid based on the prevailing displaced cost for the remaining effective period i.e. the remaining duration of their renewable energy power purchase agreements*

[2] *Minister of Energy, Green Technology and Water, Malaysia*

below RM77 per month. This surcharge was imposed in Peninsular Malaysia commencing December 2011, and subsequently on 1 January 2014, the surcharge was raised to 1.6%. In Sabah, the surcharge was first introduced on 1 January 2014 at a rate of 1.6%.

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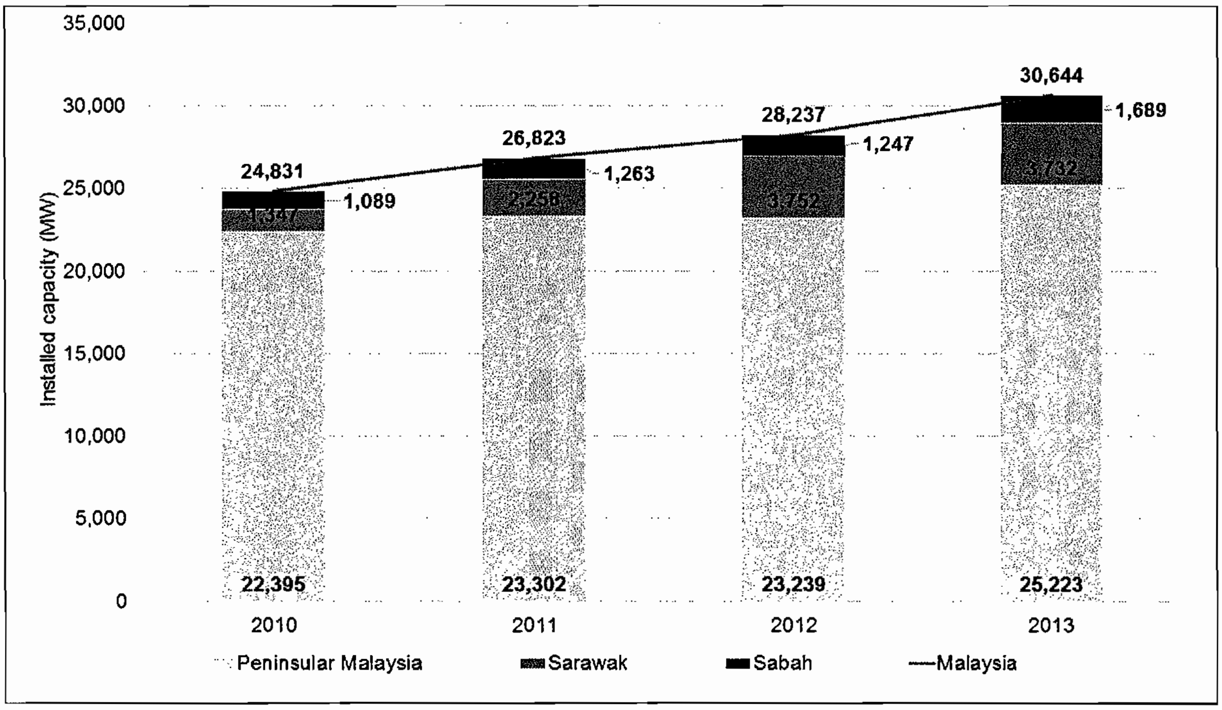
2 Analysis of the Energy Utility Industry in Malaysia

Industry Performance, Outlook and Prospects

Supply Analysis

Energy supply in Malaysia, as measured by total installed capacity for non-renewable and renewable energy, increased from 24,831 MW in 2010 to 30,644 MW in 2013 at a compound annual growth rate ("CAGR") of 7.26%. During this period, installed capacity in Peninsular Malaysia increased from 22,395 MW to 25,223 MW (CAGR 4.04%) while installed capacity in East Malaysia comprising the states of Sabah and Sarawak increased from 2,436 MW to 5,421 MW (CAGR 30.56%). Growth in energy supply is directly impacted by growth in demand for electricity. Of the two (2) states in East Malaysia, Sarawak demonstrated the highest CAGR of 40.45% as the state's installed capacity increased from 1,347 MW to 3,732 MW over the period of 2010 and 2013.

Energy utility industry in Malaysia – regional installed capacity [a]



[a] Latest available figures as at 29 December 2015

Source: Energy Commission Malaysia

Total installed capacity for renewable energy is a measure of total supply of renewable energy power. Total installed capacity for commissioned renewable energy installations under the FiT mechanism increased from 100.71 MW in 2012 to 292.52 MW in 2014 at an impressive CAGR of 70.43%. Over the same period, total installed capacity for commissioned solar PV installations increased from 31.55 MW to 203.18 MW at a staggering CAGR of 153.77%. The contribution of commissioned solar PV installations over total commissioned renewable energy installations in the country has more than doubled from 31.33% in 2012 to 69.46% in 2014, indicating a rise in the potential of solar power as a key renewable power source in Malaysia.

Biomass is derived from plant and organic matter, and includes agricultural waste, forestry waste, livestock manure and municipal solid waste. Total installed capacity for commissioned biomass installations in Malaysia increased from 52.30 MW in 2012 to 64.80 MW in 2014 at a CAGR of 11.31%. Malaysia has a strong agriculture sector which generates a significant volume of biomass across a variety of crops such as oil palm, rubber and rice. The palm oil sector is a significant generator of biomass owing to Malaysia's leading position in the crude palm oil market. As such, the National Biomass Strategy 2020, which pays particular attention to oil palm biomass, lays the foundation for Malaysia to capitalise on its biomass to generate electricity. In order to ensure the realisation of the National Biomass Strategy 2020, the 1Malaysia Biomass Strategy delivery unit was launched and led by the National Innovation Agency Malaysia (Agensi Inovasi Malaysia) to facilitate and provide support to all domestic and international companies in the creation of sustainable biomass industries in Malaysia.

Total installed capacity for commissioned biogas installations in Malaysia increased from 5.16 MW in 2012 to 12.84 MW in 2014 at a CAGR of 57.75%. Biogas is a renewable source of energy which is produced through the decomposition of organic matter, including sludge municipal solid waste and biodegradable wastes, by anaerobic bacteria in a digester. The organic matter typically used to produce biogas in Malaysia is palm oil mill effluent, the liquid waste generated from the oil extraction process from fresh fruit bunches in palm oil mills, owing to the country's large palm oil industry. The use of palm oil mill effluent to produce biogas is supported by the Government under the Economic Transformation Programme ("ETP") which targets to develop biogas facilities at palm oil mills to capture biogas for electricity generation. As such, the Malaysian Palm Oil Board has imposed a new license condition effective 1 January 2014 that makes it mandatory for all applicants for new palm oil mills as well as those applying for throughput expansion for existing mills to have plans that involve the installation of a biogas capture or methane avoidance facility for the treatment of palm oil mill effluent. The granting of this licence is subject to the installation of an operational biogas capture or methane avoidance facility in the biogas processing plant before the commencement of production under the new licence. The Malaysian Palm Oil Board has also proposed a regulation to be enacted on 1 January 2017 that would make it mandatory for all existing palm oil mills to have biogas capture or methane avoidance facilities installed and operational by 1 January 2020.

The production of electricity via small hydropower is done by way of harnessing the power of flowing water from lakes, rivers and streams. Total installed capacity for commissioned small hydropower installations in Malaysia remained at 11.70 MW annually over the period of 2012 and 2014. However, the Government intends to develop hydropower in Malaysia. Under the ETP, the Government targets to tap into Malaysia's hydroelectricity potential, where the state of Sarawak has been identified as a key focus area with untapped potential. This initiative aims to achieve a gross national income ("GNI") of RM5.7 billion and create 590 new jobs by 2020.

Geothermal energy, a clean and sustainable energy, is heat from the earth. Geothermal electricity is generated from steam produced from reservoirs of hot water below the earth's surface. Malaysia is in the process of developing geothermal energy as a source of electricity where its first geothermal plant in Tawau, Sabah, is expected to start producing electricity in 2016, subject to feed-in approvals under the FiT mechanism. This geothermal power plant is projected to add 30 MW to Sabah's grid.

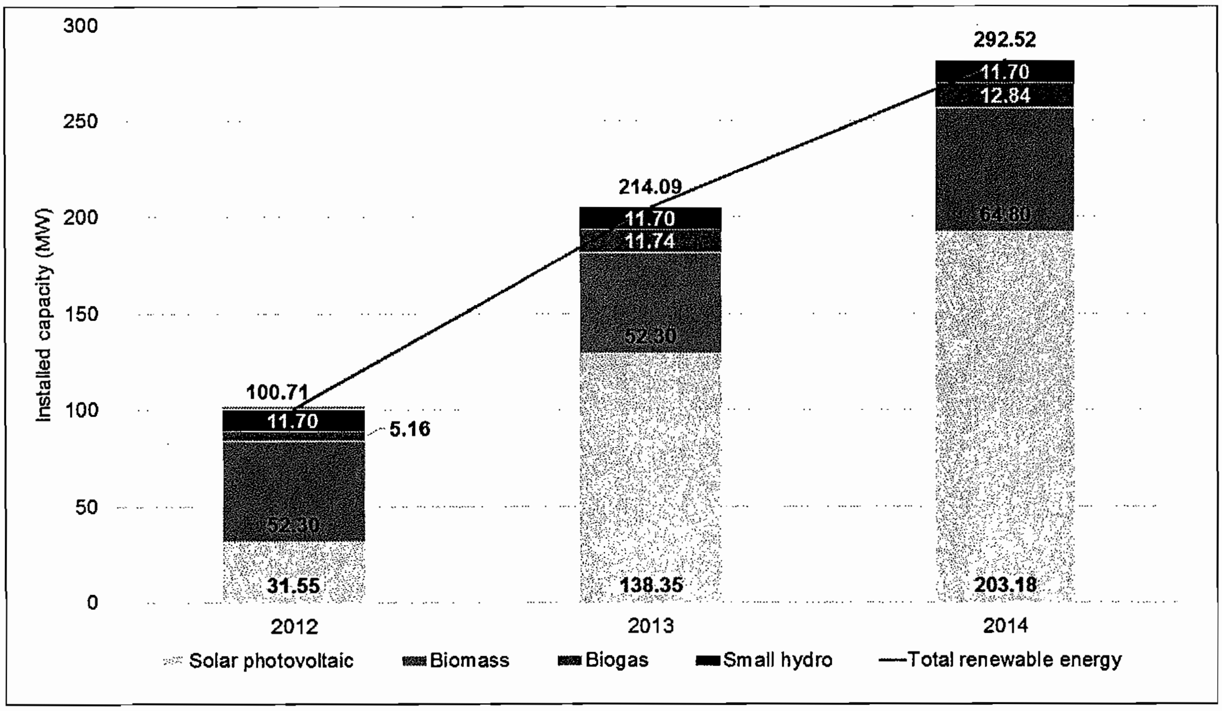
Energy utility industry in Malaysia – installed capacities for commissioned renewable energy installations under FiT mechanism [a]

Year	Annual installed capacity (MW)					
	Solar PV	Biomass	Biogas	Small hydro	Geothermal	Total
2012	31.55	52.30	5.16	11.70	0.00	100.71
2013	138.35	52.30	11.74	11.70	0.00	214.09
2014	203.18	64.80	12.84	11.70	0.00	292.52
CAGR	**153.77%**	**11.31%**	**57.75%**	**0.00%**	**Not applicable**	**70.43%**

[a] *Latest available figures as at 29 December 2015*

Source: SEDA Malaysia

Energy utility industry in Malaysia – installed capacities for commissioned renewable energy installations under FiT mechanism [a]



[a] *Latest available figures as at 29 December 2015*

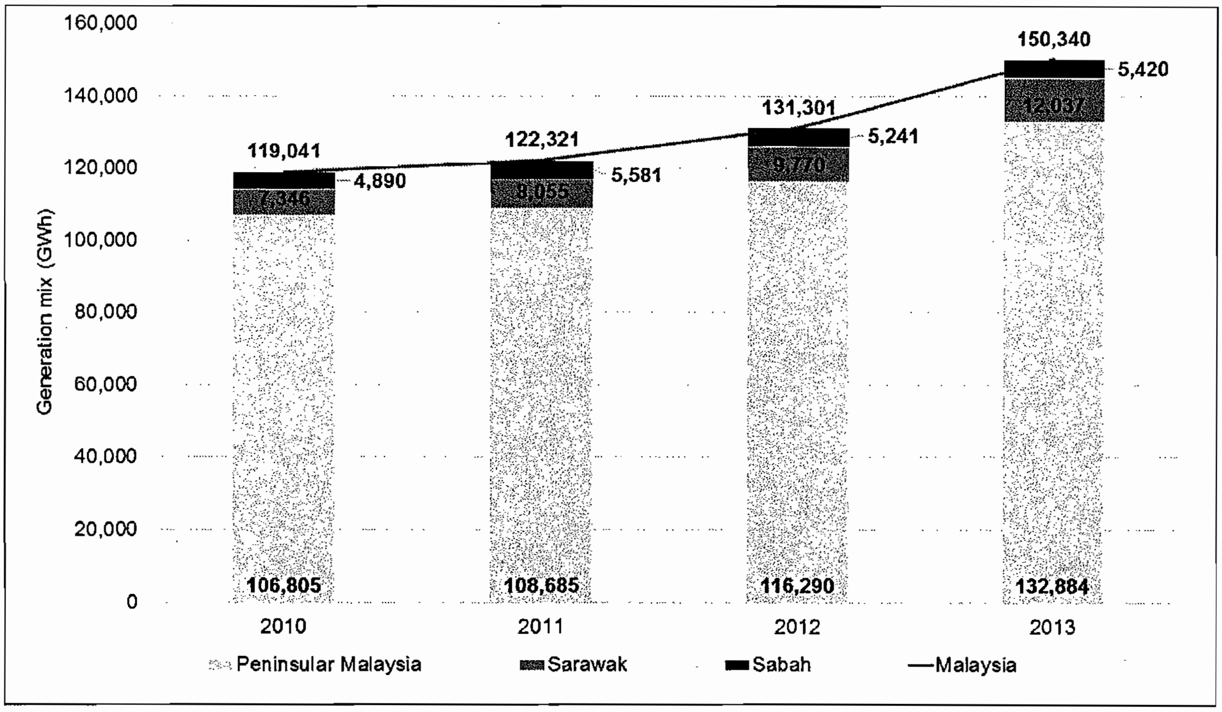
Source: SEDA Malaysia

Energy generation in Malaysia relies on a varied mix of renewable and non-renewable energy sources. Non-renewable sources of fuel for electricity generation in Malaysia is primarily natural gas, diesel, coal and oil. Meanwhile, renewable sources for electricity generation typically comprise hydro power, solar power, biogas and biomass. Power producers in Malaysia operate different types of power plants and power generation facilities to convert fuels and energy sources into electricity for distribution to residential, commercial, industrial and other consumers nationwide via the National Power Grid.

Malaysia's generation mix comprising sources of renewable and non-renewable fuel and/or energy sources grew from 119,041 gigawatt hours ("GWh") in 2010 to 150,340 GWh in 2013 at a CAGR of 8.09%. During this period, generation mix in Peninsular Malaysia increased from 106,805 GWh to 132,884 GWh at a

CAGR of 7.55% while generation mix in East Malaysia increased from 12,236 GWh to 17,457 GWh at a CAGR of 12.58%. In East Malaysia, growth in generation mix was primarily fueled by Sarawak which recorded an increase from 7,346 GWh to 12,037 GWh at a CAGR of 17.89%.

Energy utility industry in Malaysia – regional generation mix [a]



[a] *Latest available figures as at 29 December 2015*

Source: Energy Commission Malaysia

Renewable energy was announced as the fifth fuel in the 8MP, and subsequently in the Tenth Malaysia Plan (2011 – 2015) ("10MP"), it was targeted that renewable energy shall contribute to 5.5% of Malaysia's total electricity generated by 2015. The Renewable Energy Act 2011 [Act 725] was ratified to promote investments in renewable energy, as well as provide a structured approach via the FiT mechanism to encourage individuals and companies to actively participate in supplying renewable energy to Malaysia's national electricity grid.

The FiT mechanism also provides for a captive demand market for renewable energy in that feed-in approval holders (communities, individuals and companies) have guaranteed access to the national electricity grid whereby power utility firms are legally obliged to accept all electricity generated by feed-in approval holders at a contractually fixed FiT rate for an effective period. Feed-in approval holders (individuals and companies) of solar PV are guaranteed access to Malaysia's national electricity grid for a period of 21 years at FiT rates that are higher than FiT rates offered for biogas, biomass and small hydropower.

Total annual power generation from solar PV, biomass, biogas and small hydropower installations rose from 142.45 GWh in 2012 to 525.04 GWh in 2014 at a strong CAGR of 91.98%. Between 2012 and 2014, total annual power generation for commissioned solar PV, biomass, biogas and small hydropower installations registered CAGRs of 515.32%, 48.51%, 161.11% and 58.70% respectively.

Geothermal energy in Malaysia is currently in its developing phase, with the first geothermal power plant in the country scheduled to start producing electricity in 2016, subject to feed-in approvals under the FiT mechanism. Thus, there is currently zero annual power generation for commissioned geothermal installations. While solar PV has the highest growth in demand over the period of 2012 and 2014, biogas, biomass and small hydropower have also registered strong growths which is expected to continue due to the increasing consumption of electricity in the country.

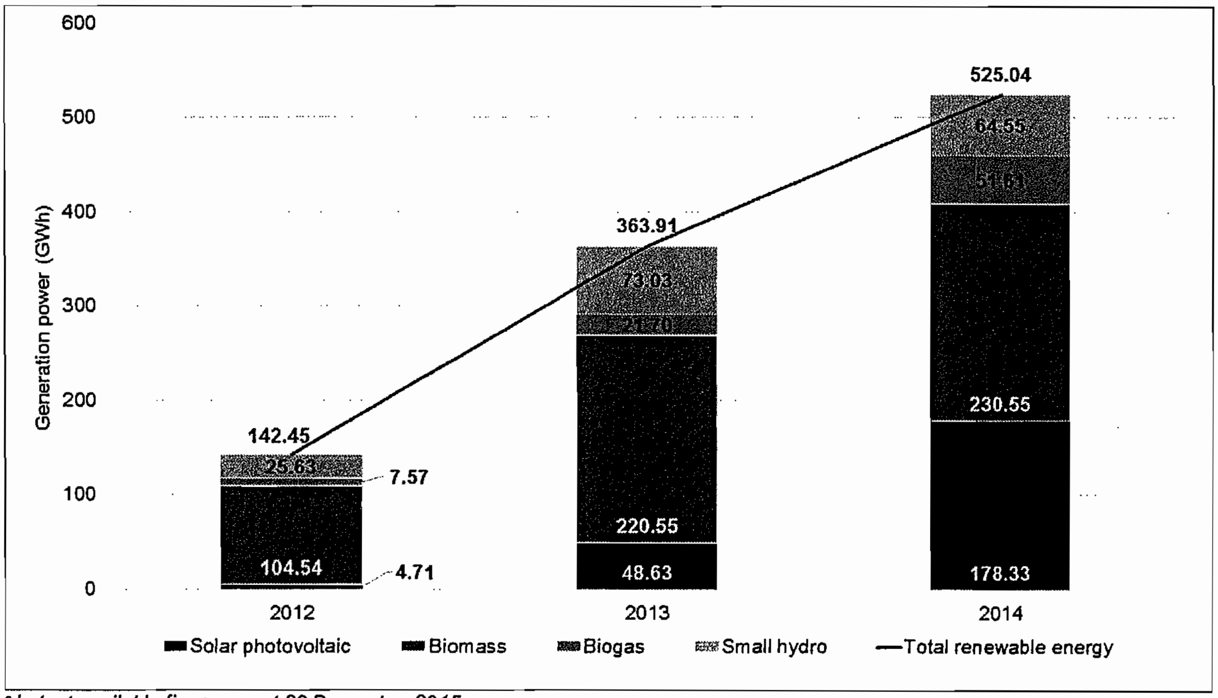
Energy utility industry in Malaysia – annual power generation of commissioned renewable energy installations under the FiT mechanism [a]

Year	Annual power generation (GWh)					
	Solar PV	Biomass	Biogas	Small hydro	Geothermal	Total
2012	4.71	104.54	7.57	25.63	0.00	**142.45**
2013	48.63	220.55	21.70	73.03	0.00	**363.91**
2014	178.33	230.55	51.61	64.55	0.00	**525.04**
CAGR	**515.32%**	**48.51%**	**161.11%**	**58.70%**	**Not applicable**	**91.98%**

[a] Latest available figures as at 29 December 2015

Source: SEDA Malaysia

Energy utility industry in Malaysia – annual power generation of commissioned renewable energy installations under FiT mechanism [a]



[a] Latest available figures as at 29 December 2015

Source: SEDA Malaysia

Anticipating greater demand for electricity following the Government's target to achieve the status of high income nation by 2020, a total of over 9,000 MW of installed capacity comprising renewable and non-renewable energy sources is expected to become operational between 2015 and 2020.

Energy utility industry in Malaysia – upcoming energy generation projects

Project	Fuel type	Planned capacity (MW)	Planned commercialisation
Peninsular Malaysia			
Connaught Bridge Power Station Redevelopment	Gas	385	2015
Hulu Terengganu	Hydro	250	2015
Tenaga Nasional Berhad Prai	Gas	1,071	2016
Tanjung Bin Energy	Coal	100	2016
Hulu Terengganu (Tembat)	Hydro	15	2016
Pengerang Co-generation	Gas	400	2017
Tenaga Nasional Berhad Manjung Five	Coal	1,000	2017
New Combined Cycle Gas Turbine	Gas	1,000	2018
Jimah East Power	Coal	1,000	2018
Jimah East Power	Coal	1,000	2019
Additional Cenderoh	Hydro	12	2018
Tekai	Hydro	156	2020
Telom	Hydro	132	2020
Sabah			
Taiwan Green Energy Power Station	Geothermal	30	2016
Beban Asas Power Station on East Coast of Sabah	Gas	300	2018
Upper Padas Hydroelectric Station	Hydro	180	2019
Tenom Pangi (additional) Hydroelectric Station	Hydro	26	2021
Sarawak			
Murum Hydroelectric Project	Hydro	944	2015
Balingian Project	Coal	2 x 300	2018

Source: Peninsular Malaysia Electricity Supply Industry Outlook 2014, KeTTHA Annual Report 2013, SEB

Under the FiT mechanism, a total of 485.04 MW of renewable energy capacity is expected to become operational by 2018, where the installed capacity for plants in progress for biomass, biogas, small hydropower and solar PV are 183.09 MW, 109.07 MW, 131.04 MW and 61.84 MW respectively. Plants in progress refers to installations that have been granted with feed-in approvals under the FiT mechanism but have yet to achieve the FiT commencement date.

Energy utility industry in Malaysia – installed capacities for plants in progress under FiT mechanism [a]

Year	Plants in progress (MW)					
	Solar PV	Biomass	Biogas	Small hydro	Geothermal	Total
2015	61.31	21.70	28.13	13.94	0.00	**125.08**
2016	0.53	85.19	44.22	58.75	0.00	**188.69**
2017	0.00	63.20	30.87	58.35	0.00	**152.42**
2018	0.00	13.00	5.85	0.00	0.00	**18.85**
Total	**61.84**	**183.09**	**109.07**	**131.04**	**0.00**	**485.04**

[a] Latest available figures as at 29 December 2015

Source: SEDA Malaysia

KeTTHA forecasts the share of renewable energy sources in the electricity generation sector to reach 5.50% of total national installed capacity, or 985 MW in 2015, comprising biomass (38.00%), solid water (17.00%), small hydropower (24.00%), biogas (12.00%) and solar energy (9.00%).[3]

The growth in renewable energy installations is largely driven by attractive FiT rates, the falling prices of equipment related to selected technologies that have resulted in attractive returns, shorter construction periods, and a payment duration that spans 21 years for solar PV and small hydropower, and 16 years for biogas and biomass supported by the Renewable Energy Fund.

Demand Analysis

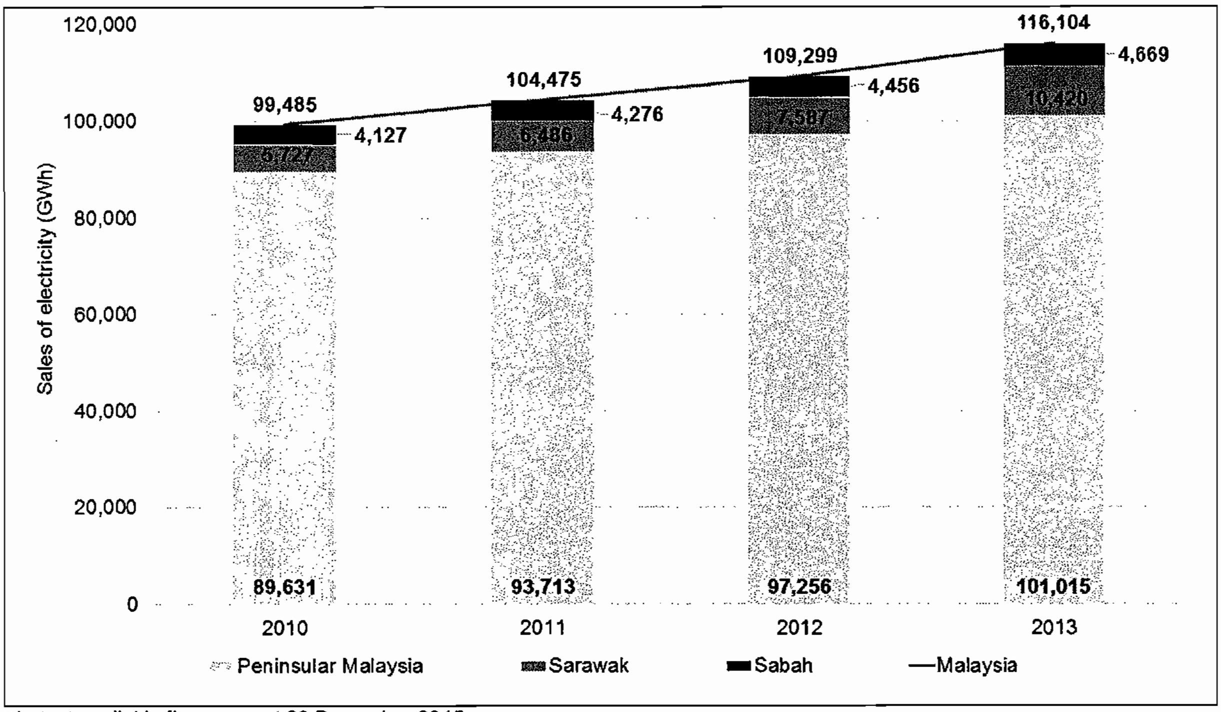
For the period between 2010 and 2013, electricity demand in Malaysia, as measured by sales of electricity, grew from 99,485 GWh to 116,104 GWh at a CAGR of 5.28%. The growth in energy demand regionally correlates to the number of users in each region. Electricity demand was highest in Peninsular Malaysia, which witnessed a growth from 89,631 GWh to 101,015 GWh at a CAGR of 4.07% over the same period.

During this period, electricity consumers in Peninsular Malaysia comprising residential, commercial, industrial and other users remained consistently the largest, and increased from 7,431,655 consumers to 7,928,869 consumers. Sarawak was the second largest consuming region and registered an impressive CAGR of 22.08% as demand increased from 5,727 GWh in 2010 to 10,420 GWh in 2013. Consumers in Sarawak increased from 505,205 consumers to 573,950 consumers over this period. Sabah witnessed moderate growth over 2010 and 2013 as demand increased from 4,127 GWh to 4,669 GWh at a CAGR of 4.20%, and registered a growth in consumers from 440,526 consumers to 510,217 consumers.

SMITH ZANDER projects electricity demand in Malaysia to increase from 116,104 GWh in 2013 to 145,500 GWh in 2017 at a CAGR of 5.80% on the back of economic growth and greater usage of electrical and electronic products.

[3] *Source: Datuk Seri Dr Maximus Ongkili, Minister for KeTTHA, "Ministry: Renewable energy to reach 5.5% market share", The Star, 10 September 2015*

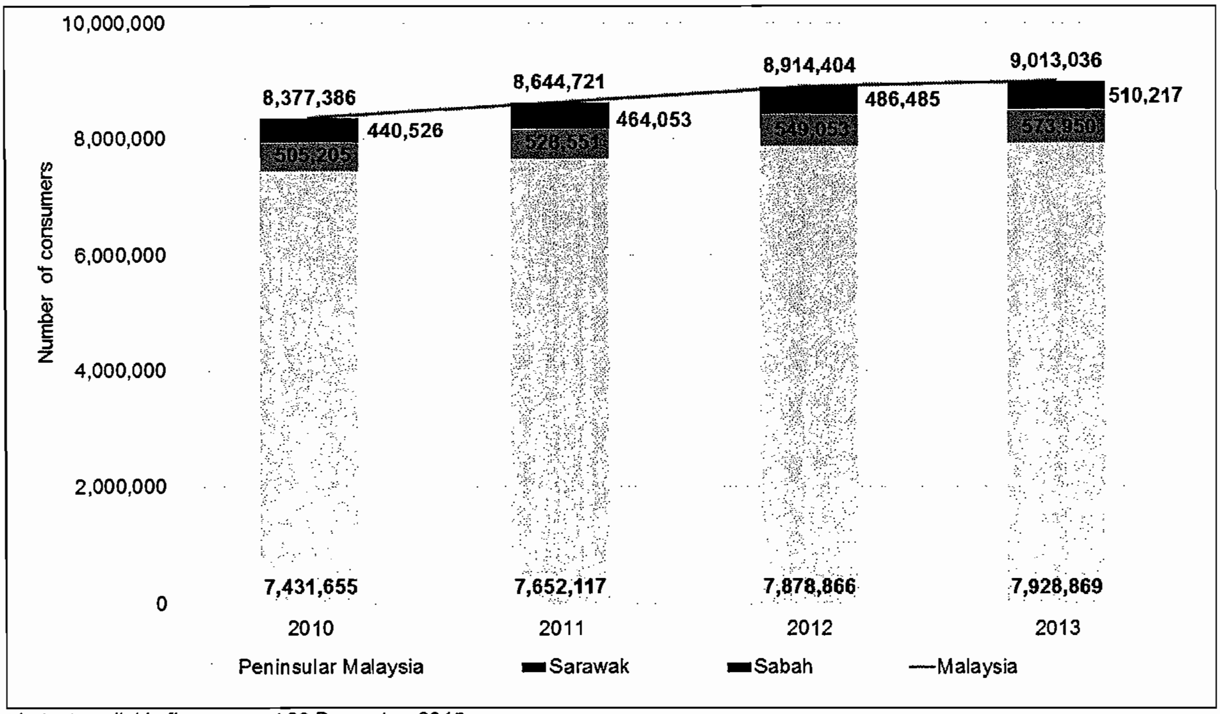
Energy utility industry in Malaysia – regional sales of electricity [a]



[a] Latest available figures as at 29 December 2015

Source: Energy Commission Malaysia

Energy utility industry in Malaysia – regional consumer base for electricity [a]



[a] Latest available figures as at 29 December 2015

Source: Energy Commission Malaysia

Competitive Landscape

Malaysia's energy utility industry comprises electricity generation, transmission and distribution activities. Malaysia's source of electricity is primarily generated by utility companies and IPPs using both non-renewable and renewable energy sources. As of 2013, approximately 100 renewable energy power production licenses have been awarded, of which 93 were awarded in Peninsular Malaysia and seven (7) in Sabah.

Energy utility industry in Malaysia – selected non-renewable and renewable energy providers in Malaysia [a]

No	Licensee	Type of plant	Licensed installed capacity in 2013 (MW)	Units generated in 2013 (GWh)	Units sold in 2013 (GWh)
1	TNB Janamanjung Sdn Bhd, Perak	3 x 700 MW (coal)	2,100.00	17,562.21	16,259.57
2	Tanjung Bin Power Sdn Bhd, Tanjung Bin, Pontian, Johor	3 x 700 MW (coal)	2,100.00	12,321.46	11,771.98
3	Kapar Energy Ventures Sdn Bhd, Kapar District, Klang, Selangor	2 x 300 MW (oil/gas) 2 x 300 MW (coal) 2 x 500 MW (coal) 2 x 110 MW (gas)	2,420.00	13,731.02	12,894.31
4	Jimah Energy Ventures Sdn Bhd, Port Dickson, Negeri Sembilan	2 x 700 MW (coal)	1,400.00	10,023.33	9,494.19
5	YTL Power Generation Sdn Bhd		1,170.00	7,700.63	7,563.96
	a) Paka, Terengganu	2 x 390 MW (gas)	780.00	5,521.91	5,427.40
	b) Pasir Gudang, Johor	1 x 390 MW (gas)	390.00	2,178.72	2,136.56
6	Teknologi Tenaga Perlis Consortium Sdn Bhd, Kuala Sungai Baru, Perlis	1 x 650 MW (gas)	650.00	4,230.92	4,158.65
7	Genting Sanyen Power Sdn Bhd, Kuala Langat, Selangor	1 x 762 MW (gas)	762.00	4,671.03	4,562.32
8	Panglima Power Sdn Bhd, Alor Gajah, Malacca	1 x 720MW (gas)	720.00	4,956.91	4,855.93
9	GB3 Sdn Bhd, Lumut, Perak	1 x 640 MW (gas)	640.00	2,012.91	1,964.40
10	Segari Energy Ventures Sdn Bhd, Lumut, Perak	2 x 651.5 MW (gas)	1,303.00	8,142.98	8,039.78
11	Prai Power Sdn Bhd, Seberang Prai, Penang	1 x 350 MW (gas)	350.00	2,034.36	1,989.88
12	Pahlawan Power Sdn Bhd, Malacca Power	1 x 334 MW (gas)	334.00	2,143.38	2,106.21

No	Licensee	Type of plant	Licensed installed capacity in 2013 (MW)	Units generated in 2013 (GWh)	Units sold in 2013 (GWh)
	Station, Tanjung Keling, Malacca				
13	Nur Generation Sdn Bhd, Kulim High-Tech Industrial Park, Kedah	2 x 220 MW (gas)	440.00	1,374.15	1,338.98
14	Powertek Berhad, Alor Gajah, Malacca	4 x 110 MW (gas)	440.00	485.61	479.42
15	Port Dickson Power Berhad, Tanjung Gemuk, Port Dickson, Negeri Sembilan	4 x 110 MW (gas)	440.00	626.39	626.06
16	Musteq Hydro Sdn Bhd, Sg Kenerong, Kelantan	2 x 10 MW (mini hydro)	20.00	59.20	59.20
17	Tanjung Bin Energy Sdn Bhd, Tanjung Bin, Pontian, Johor	Coal	1,000.00	Station is not in operation as of October 2015	
18	TNB Janamanjung Sdn Bhd, Perak	Coal	1,010.00	Station commenced generating electricity in April 2015	
19	Ranhill Powertron Sdn Bhd, Karambunai, Sabah	4 x 30 MW, 2 x 35 MW (gas)	190.00	1,253.41	750.05
20	Sepangar Bay Corporation Sdn Bhd, Kota Kinabalu Industrial Park, Sabah	2 x 33 MW, 1 x 40 MW (gas, diesel)	100.00	718.04	694.24
21	Ranhill Powetron II Sdn Bhd, Lot 35 (IZ4), Kota Kinabalu Industrial Park, Kota Kinabalu, Sabah	2 x 65 MW, 1 x 60 MW (gas)	190.00	1,242.29	1,203.14
22	Stratavest Sdn Bhd, Sandakan, Sabah	4 x 15 MW (medium fuel oil/diesel)	64.00	172.07	165.27
23	Serudong Power Sdn Bhd, Tawau, Sabah	3 x 12.5 MW (medium fuel oil/diesel)	36.00	203.60	164.18
24	ARL Tenaga Sdn Bhd, Melawa, Sabah	4 x 12.5 MW (medium fuel oil/diesel)	50.00	93.00	80.32
25	Kimanis Power Sdn Bhd, Papar, Sabah	Natural gas, diesel (combined cycle)	285.00	Station commenced generating electricity in July 2014	
26	SPR Energy (M) Sdn Bhd, Papar, Sabah	Natural gas, diesel (combined cycle)	100.00	Station commenced generating electricity in July 2014	
27	Sarawak Hydro Sdn Bhd, Bakun, Sarawak	1 x 900 MW (hydro)	2,400.00	5,467.00	5,386.00

[a] *Latest available figures as at 29 December 2015*

Source: Performance and Statistical Information on Electricity Supply Industry in Malaysia 2013

Industry Risks and Challenges

Access to funding for renewable energy installations

The installation and operation of biogas, biomass and small hydropower generation installations are cost intensive technologies that can require a significant amount of investment that may have to be sourced externally from public or private funding. Equipment involved in the installation of these renewable energy power production installations can include large structures, tanks, furnaces, piping, turbines, engines and stacks. Applicants for renewable energy installations need to assess the costs involved in the set-up and operations and maintenance of these installations before committing themselves to a project.

While the installation and operation of solar powered renewable energy involves relatively lower cost compared to other forms of renewable energy available under the FiT mechanism, the installations of these systems require a certain degree of investment that may be beyond the means of some selected applicants. The installation of solar PV systems involve the installation of solar panels, supporting infrastructure and systems, as well as electrical wiring to ensure these systems work correctly and effectively. Operators of renewable energy installations that are looking to expand existing installations or seeking funds to support the operations and maintenance of solar PV installations may also need to seek additional funds in order to carry out these works.

Further, applicants for renewable energy installations are required to detail funding information pertaining to their planned renewable energy operations as part of the requirements of the FiT application process and to qualify as a feed-in approval holder by SEDA Malaysia. SEDA Malaysia requires financing arrangements for proposed installations to be in place in order for these applicants to be considered in the application for feed-in approval holder status. These costs can be significant depending on the kind of project, fuel involved, technology employed and location proposed, and can prove to be a challenge for potential applicants.

Competition for renewable energy quotas assigned by SEDA Malaysia

SEDA Malaysia generally releases quotas for solar PV, biomass, biogas and solar hydropower as far as three (3) years in advance, and the level of competition for the application of FiT installed capacity quotas can vary between these types of renewable energy. Nonetheless, the limited nature of these quotas and the agreement period of 16 years and 21 years respectively for renewable energy under the FiT mechanism make renewable energy installations an attractive investment over the long term, thereby leading to competition for installed capacity quotas.

Renewable energy installation quotas are made available on a half-yearly basis for individual fuel types under the FiT mechanism by SEDA Malaysia. These quotas determine the amount of installed capacity made available to renewable energy installation applicants, and have been put in place due to the constraints on funding available through the Renewable Energy Fund which compensates feed-in approval holders for generated power sold to the National Power Grid. The quotas are released in varying horizons depending on fuel type due to varying degrees of lead time and gestation periods required with different projects owing to the complexity of technologies and plant construction.

The installation of solar PV power generation installations require a relatively shorter lead time compared to that of other renewable energy available under the FiT mechanism. The lower capital investments required for solar PV power generation installations compared to other renewable energy also lowers the barrier to entry for solar PV, leading to a higher degree of competition for installed capacity under the FiT mechanism. In addition, the FiT agreement for solar PV is signed for a duration of 21 years, thereby increasing the incentive for applicants to consider solar PV power generation projects. This creates a comparatively larger field of competition for applicants for solar PV FiT approvals and could be perceived to be a challenge for potential solar PV applicants.

Technical expertise required in the installation and maintenance of renewable energy power generation installations

Renewable energy power generation involves a certain degree of technological complexity depending on the type of renewable energy, scale of installation, and location of project. Biogas, biomass and small hydropower generation installations are relatively larger scale installations compared to solar PV, and can involve engineering works related to pressure systems, combustion equipment, turbines as well as electrical works. The installation and maintenance of these installations require the expertise of technically skilled and competent personnel. As the systems involved in the installations vary between the types of renewable energy, technical personnel typically specialise in specific technologies and/or systems for renewable energy installations. The limited nature of specialist individual systems can pose a challenge in the procurement of appropriate personnel from several perspectives including cost, availability and suitability of personnel.

Solar PV installations require the installation of solar panels, supporting electrical systems, as well as wiring. SEDA Malaysia requires personnel involved in the installation of solar PV installations to be certified and registered with SEDA Malaysia.

Any shortage in the availability of skilled technical personnel for the installation, commissioning, operations and maintenance of renewable energy installations shall impact existing and prospective operators of renewable energy installations.

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3 ANALYSIS OF THE SOLAR PV ENERGY UTILITY INDUSTRY IN MALAYSIA

Industry Performance, Outlook and Prospects

Total installed capacity for renewable energy is a measure of total supply of renewable power. Total installed capacity for commissioned renewable energy installations under the FiT mechanism has increased from 100.71 MW in 2012 to 292.52 MW in 2014 at an impressive CAGR of 70.43%. Over the same period, total installed capacity for commissioned solar PV installations increased from 31.55 MW to 203.18 MW at a staggering CAGR of 153.77%. The contribution of commissioned solar PV installations over total commissioned renewable energy installations in the country has more than doubled from 31.33% in 2012 to 69.46% in 2014, indicating a rise in the potential of solar power as a key renewable power source in Malaysia.

Solar PV generates electricity in a clean, quiet and reliable way. Solar PV systems comprise photovoltaic cells which are devices that convert light energy directly into electricity. Photovoltaic cells are also known as solar cells as the source of light is typically the sun. The term photovoltaic finds its origins in the word "photo" which means light, and "voltaic" which refers to electricity production. Therefore, the photovoltaic process aims to produce electricity directly from sunlight.

Photovoltaic cells have the ability of converting sunlight directly into electricity without any pollution effect on air or water. Photovoltaic cells are made of at least two (2) layers of semiconductor material where one (1) layer has a positive charge and the other layer has a negative charge. When light enters the cell, some of the photons from the light are absorbed by the semiconductor atoms, freeing electrons from the cell's negative layer to flow through an external circuit and back into the positive layer. This continuous flow of electrons produces electric current. To increase their utility, dozens of individual photovoltaic cells are interconnected together in a sealed, weatherproof package called a module. When two (2) modules are wired together in series, their voltage is doubled while the current stays constant. When two (2) modules are wired in parallel, their current is doubled while the voltage stays constant. To achieve the desired voltage and current, modules are wired in series and parallel into what is called a photovoltaic array. The flexibility of the modular photovoltaic system allows designers to create solar power systems that can meet a wide variety of electrical needs, regardless of size. A well planned management and monitoring of renewable energy adoption in Malaysia began in 2012, post the enforcement of the Renewable Energy Act 2011 [Act 725] and Sustainable Energy Development Authority Act 2011 [Act 726].

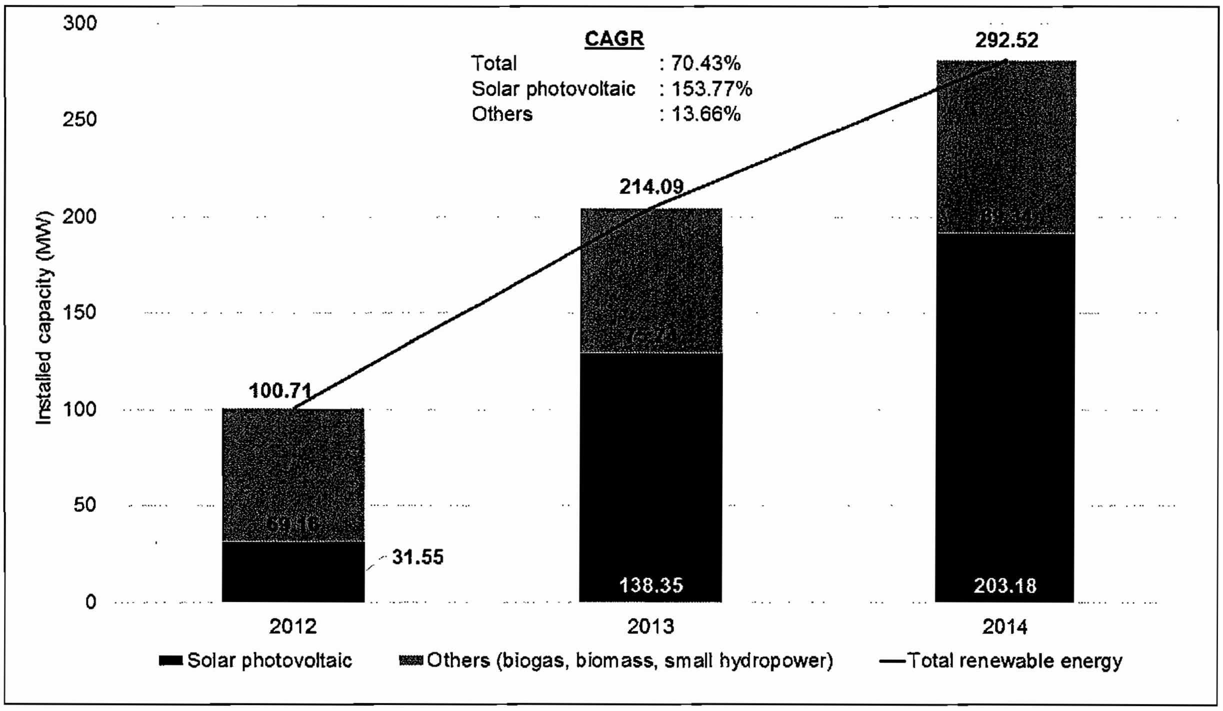
Solar PV energy utility industry in Malaysia – installed capacities for commissioned solar PV in comparison to other renewable energy installations under FiT mechanism [a]

Year	Annual installed capacity (MW)		
	Solar PV	Other renewable energy (biomass, biogas and small hydro)	Total
2012	31.55	69.16	100.71
2013	138.35	75.74	214.09
2014	203.18	89.34	292.52
CAGR	**153.77%**	**13.66%**	**70.43%**

[a] Latest available figures as at 29 December 2015

Source: SEDA Malaysia

Solar PV energy utility industry in Malaysia – installed capacities for commissioned solar PV in comparison to other renewable energy installations under FiT mechanism [a]



[a] *Latest available figures as at 29 December 2015*

Source: SEDA Malaysia

Energy generation in Malaysia relies on a varied mix of renewable and non-renewable energy sources. Non-renewable sources of fuel for electricity generation in Malaysia is primarily natural gas, diesel, coal and oil. Meanwhile, renewable sources for electricity generation typically comprise hydro power, solar power, biogas and biomass. Power producers in Malaysia operate different types of power plants and power generation facilities to convert fuels and energy sources into electricity for distribution to residential, commercial, industrial and other consumers nationwide via the National Power Grid.

The annual power generation for commissioned solar PV installations increased from 4.71 GWh in 2012 to 178.33 GWh in 2014 at a CAGR of 515.32%. Comparatively, annual power generation for other commissioned renewable energy installations, comprising biomass, biogas and small hydropower, increased from 137.74 GWh to 346.71 GWh over the same period at a CAGR of 58.65%. Annual power generation for commissioned solar PV installations is a measure of total demand for solar power.

In terms of contribution to total annual power generation for commissioned renewable energy installations, the annual power generation for commissioned solar PV installations has risen from 3.31% in 2012 to 33.97% in 2014, in tandem with the increase in commissioned solar PV installations, marking the significance and increasing prospects in actual demand for solar power as a renewable energy.

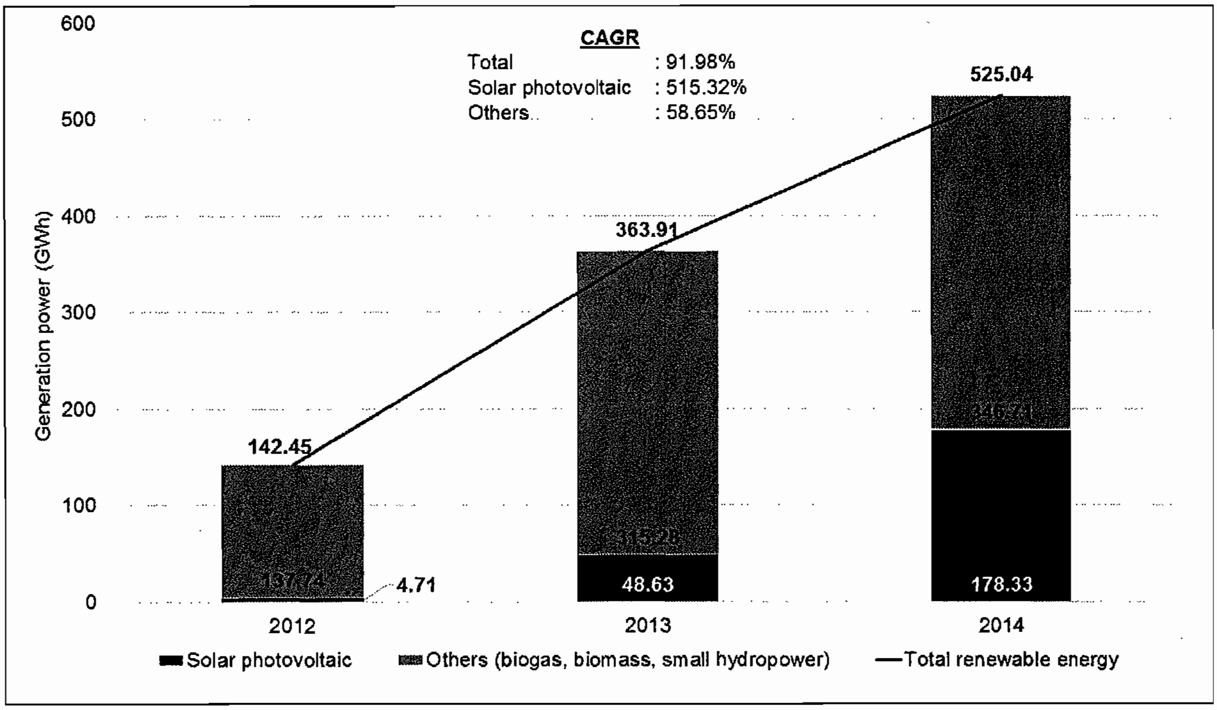
Solar PV energy utility industry in Malaysia – annual power generation of commissioned solar PV in comparison to other renewable energy installations under the FiT mechanism [a]

Year	Annual power generation (GWh)		
	Solar PV	Other renewable energy (biomass, biogas and small hydro)	Total
2012	4.71	137.74	**142.45**
2013	48.63	315.28	**363.91**
2014	178.33	346.71	**525.04**
CAGR	**515.32%**	**58.65%**	**91.98%**

[a] Latest available figures as at 29 December 2015

Source: SEDA Malaysia

Solar PV energy utility industry in Malaysia – annual power generation of commissioned solar PV in comparison to other renewable energy installations under FiT mechanism [a]



[a] Latest available figures as at 29 December 2015

Source: SEDA Malaysia

Under the FiT mechanism, a total of 485.04 MW of renewable energy capacity is expected to become operational by 2018, where solar PV comprises 61.84 MW (12.75% of total renewable energy power generation plants in progress). Plants in progress refers to installations that have been granted with feed-in approvals under the FiT mechanism but have yet to achieve the FiT commencement date.

The impressive growth in solar PV installations is largely driven by attractive FiT rates, the falling prices of solar modules that have resulted in attractive returns, shorter construction periods and a payment duration of the FiT of 21 years for solar PV guaranteed by the Renewable Energy Fund. The FiT rates offered for solar PV installations are higher (between RM0.4896 per kWh) and RM0.9166 per kWh) than that offered for biogas, biomass, small hydropower and geothermal installations (between RM0.23 per kWh and RM0.45

per kWh), thus resulting in solar PV being a preferred renewable energy installation. The availability of bank financing for homeowners in 2013 also spurred take-up rates.

Solar PV energy utility industry in Malaysia – FiT rates for solar PV installations as at 1 January 2015

Description of qualifying solar PV		FiT rates (RM per kWh)			
		Community	Individual	Non-individual (≤500 kilowatt ("kW"))	Non-individual (> 500kW)
a) Basic FiT rates having installed capacity of:					
i	up to and including 4kW	0.9166	0.9166	0.9166	0.9166
ii	above 4kW and up to and including 12kW	Not applicable	0.8942	Not applicable	Not applicable
iii	above 4kW and up to and including 24kW	0.8942	Not applicable	0.8942	0.8942
iv	above 24kW and up to and including 72kW	0.7222	Not applicable	0.7222	0.7222
v	above 72kW and up to and including 1MW	Not applicable	Not applicable	0.6977	0.6977
vi	above 1MW and up to and including 10MW	Not applicable	Not applicable	0.5472	0.5472
vii	above 10MW and up to and including 30MW	Not applicable	Not applicable	0.4896	0.4896
b) Bonus FiT rates having met the following criteria (one (1) or more)					
i	use as installations in buildings or building structures	+0.1722	+0.1722	+0.1722	+0.1722
ii	use as building materials	+0.1656	+0.1656	+0.1656	+0.1656
iii	use of locally manufactured or assembled solar PV modules	+0.0500	+0.0500	+0.0500	+0.0500
iv	use of locally manufactured or assembled solar inverters	+0.0500	+0.0500	+0.0500	+0.0500

Source: SEDA Malaysia

KeTTHA forecasts the share of renewable energy sources in the electricity sector to reach 5.50% or 985 MW in 2015, comprising of biomass (38.00%), solid water (17.00%), small hydro (24.00%), biogas (12.00%) and solar energy (9.00%). Under the recently announced Budget 2016, SEDA Malaysia will offer a quota of 100 MW per year under the Net Energy Metering Scheme to encourage the use of solar PV. The Net Energy Metering Scheme allows electricity generated from solar PV systems to be consumed in site (i.e. for self-consumption) and this would reduce buying electricity from the National Power Grid.

Key Market Drivers, Trends and Development

Economic growth drives demand for electricity

Electricity is an integral infrastructural element for economic growth and a main input for production activities. Electricity underpins a wide range of products and services that improve the quality of life, increases productivity and promotes entrepreneurial activity. Thus electricity consumption is positively and highly correlated with per capita gross domestic production ("GDP"). Further economic development in a nation leads to higher electricity consumption per capita.

Over the period of 1980 to 2013, Malaysia's per capita demand for electricity increased from 626 kWh to 4,110 kWh as a result of population growth, progressive urbanisation and globalisation trends. Over the same period, Malaysia's per capita GDP increased from RM4,136 to RM34,020. Despite recent economic challenges, Malaysia's economy has rebounded since 2008 to post an admirable GDP growth rate of 6.0% in 2014.

Malaysia's growth trajectory is outlined in the ETP and the Eleventh Malaysia Plan (2016 – 2020) which strive to transform the country into a high income nation by 2020. The ETP in particular, focuses on 12 national key economic areas, namely oil, gas and energy, palm oil and rubber, healthcare, business services, communications content and infrastructure, agriculture, wholesale and retail, financial services, tourism, electronics and electrical, education and Greater Kuala Lumpur/Klang Valley that will drive economic growth for the nation. The Government of Malaysia has also committed to the establishment of five (5) economic growth corridors to promote free trade. These corridors are the Iskandar Development Region in South Johor, Northern Corridor Economic Region, East Coast Economic Region, Sabah Development Corridor and Sarawak Corridor of Renewable Energy.

These initiatives put in place a number of strategies and areas identified for development that span across various sectors of the economy and identify key growth areas that would add value to the economy. The demand for electricity will expand in tandem with the development of these sectors. Given the fact that electricity plays a key role in powering growth, the electricity supply industry in Malaysia is expected to experience growth in the coming years, as a direct result of economic growth within the country.

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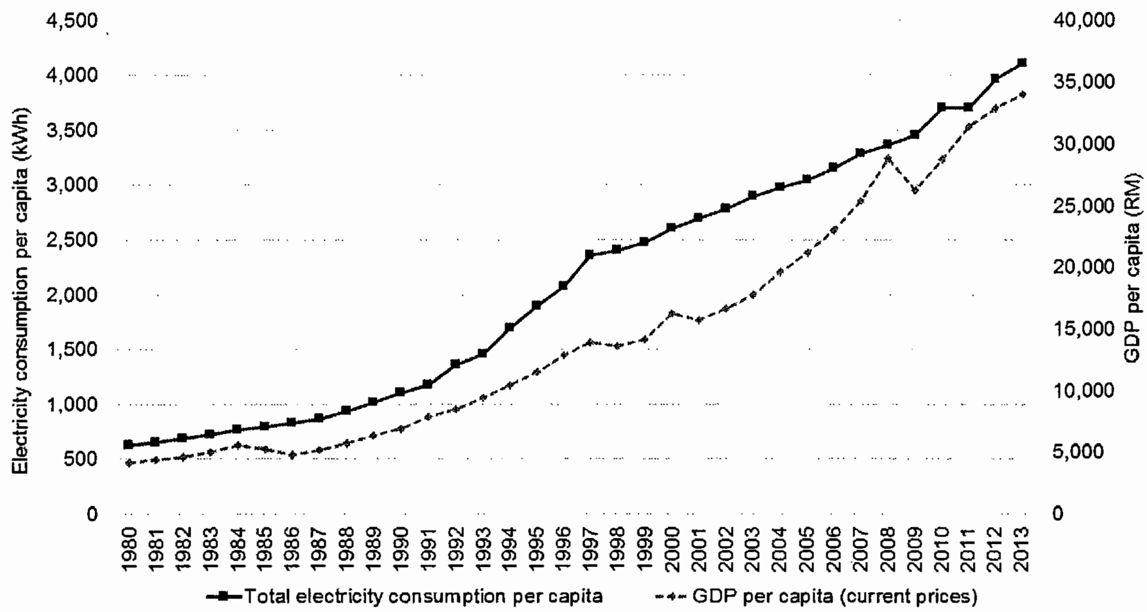
Solar PV energy utility industry in Malaysia – electricity consumption per capita and GDP per capita [a]



[a] *Latest available figures as at 29 December 2015*

Source: Energy Commission Malaysia, International Monetary Fund

Government-driven initiatives to promote renewable energy

Economic growth shares a strong correlation with the consumption of utilities such as electricity. As a country develops, the pace of development and its growth trajectory determine the pattern with which demand for electricity changes. Economic and infrastructural development increases demand for electricity as it is required to power new residential and commercial property developments, industrial activity, as well as public amenities such as street lighting and public transportation networks.

Malaysia is blessed with renewable energy resources such as biogas, biomass, small hydropower and solar resulting from its strategic geographical location and natural landscape. These renewable energy sources can be leveraged to enhance sustainability of energy supply. Under the 10MP, Malaysia targets to achieve a renewable energy goal of 985 MW by 2015 that will contribute 5.5% to the nation's electricity generation mix. In order to achieve this, the Government will:

- introduce an FiT of 1% that will be incorporated into the electricity tariffs of consumers to support the development of renewable energy, where the FiT mechanism will allow electricity generated from renewable energy sources including solar power to be sold to utility companies at a fixed premium price and for a specific duration; and
- establish a renewable energy fund from the FiT that will be administered by SEDA Malaysia, an agency under KeTTHA to support the development of renewable energy.

The FiT mechanism is a commonly used mechanism to boost the development of renewable energy, where it allows electricity generated from indigenous renewable energy sources to be sold to authorised utility companies at a fixed premium price for a specific duration. FiT mechanisms often include a tariff degression system where the price declines over time in order to encourage reductions in technology cost as technology matures. The primary goal of FiT is to provide a cost-based compensation to renewable energy producers, offer price certainty, and long term contracts that improve the bankability of renewable energy projects. The FiT mechanism is able to deliver socio-economic results, in that it contributes to employment and GNI via the renewable energy industry growth, as well as provides energy security and climate change mitigation. In Malaysia, solar power has been identified as one (1) of the renewable energy sources that is eligible under FiT.

Malaysia's FiT mechanism obliges distribution licensees to procure energy from feed-in approval holders, where rates to be paid are predetermined in the Schedule of the Renewable Energy Act 2011 [Act 725]. By guaranteeing access to the national electricity grid and setting a favourable price per unit of generated energy, the FiT mechanism promotes renewable energy as a viable long term investment for companies, industries and individuals. The effective duration in which the renewable energy can be sold to distribution licensees differs based on source, where biogas and biomass have an effective period of 16 years while small hydropower and solar PV have an effective period of 21 years.

The FiT mechanism is financed by the Renewable Energy Fund that was established under the Renewable Energy Act 2011 [Act 725], and is derived from the imposition of an additional 1% surcharge on the electricity bills of TNB consumers. Nevertheless, domestic consumers who consume up to 300 kWh of electricity per month are exempted from contributing to this fund. Collection of the additional 1% surcharge contribution to the Renewable Energy Fund became effective on 1 December 2011. On 2 December 2013, the Government increased the surcharge contribution from 1% to 1.6%, and imposed this on consumers in East Malaysia as well. Thus, renewable energy projects in Sabah and the Federal Territory of Labuan will also be able to benefit from the FiT mechanism and Renewable Energy Fund commencing 1 January 2014.

Under the ETP, the Government plans to build up the capacity for solar power in Malaysia. By 2020, solar power is targeted to contribute to a minimum of 220 MW as per the target under the National Renewable Energy Policy. Thus, an approximate 4 gigawatt ("GW") of additional power capacity needs to be established in Peninsular Malaysia to meet the rising demand for electricity in addition to maintaining a healthy power reserve margin. Solar power is a viable energy alternative in Malaysia arising from its advantages of independence from fossil fuels, zero carbon gas emissions, increased energy security, high job creation potential and significant foreign direct investment. Further, Malaysia enjoys abundant supply of natural sunlight which has yet to be fully tapped.

According to the ETP, centralised solar power generated by solar power plants (as opposed to distributed solar power generated by solar panels installed on rooftops) is expected to be an economically viable option by 2017 or 2018 as capital costs of installing solar generation installations lowers by 4% to 10% annually. Nevertheless this timeline will depend on external factors, among others such as the rate of reduction in the cost for solar power and the price of gas for power generation. Based on the assumption that centralised solar power reaches cost parity with gas between 2015 and 2020, the overall GNI contribution from solar power generation in 2020 could potentially grow to RM460 million as a result of the creation of an additional 1,900 employment opportunities.

The Government's efforts to promote renewable energy including solar power aim at ensuring energy security for the country as Malaysia strives to achieve the status of high-income economy. This will lead to a lower dependency on fossil fuels while increasing the nation's power generation capacity. This move towards ensuring that Malaysia's energy future is green, sustainable and diverse will bode well for the renewable energy market in Malaysia.

Increased use of electrical and electronic products generates increased demand for electricity

Electrical and electronic products have a varied and wide application in consumer, commercial and industrial environments. In the recent decade alone, electrical and electronic products have evolved in terms of technology and functionality, and are key components in consumer retail, medical, manufacturing, and telecommunications industries. The medical industry for instance, relies on electronic medical equipment for patient diagnostics, monitoring and treatment. The manufacturing industry today also largely consists of fully or semi-automated manufacturing facilities, and thus electronic machinery and equipment form an integral component of manufacturing activities. Consumers are dependent on electrical and electronic products for communication, entertainment, food preparation and preservation, as well as to carry out domestic chores. Further product innovation and replacement, technology migration and low cost of product ownership of existing electrical and electronic products in the market shall lead to greater adoption and penetration of electrical and electronic products, where electricity supply will be key in ensuring the operability of these devices and/or machinery.

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4 PROSPECTS AND OUTLOOK FOR PUC FOUNDER (MSC) BERHAD

Energy supply in Malaysia, as measured by total installed capacity, increased from 24,831 MW in 2010 to 30,644 MW in 2013 at a CAGR of 7.26%. Growth in energy supply is directly impacted by growth in demand for electricity. For the period between 2010 and 2013, electricity demand in Malaysia, as measured by sales of electricity, grew from 99,485 GWh to 116,104 GWh at a CAGR of 5.28%. SMITH ZANDER projects electricity demand in Malaysia to increase from 116,104 GWh in 2013 to 145,500 GWh in 2017 at a CAGR of 5.80% on the back of economic growth and greater usage of electrical and electronic products.

Total installed capacity for renewable energy is a measure of total supply of renewable energy power. Total installed capacity for commissioned renewable energy installations under the FiT mechanism increased from 100.71 MW in 2012 to 292.52 MW in 2014 at an impressive CAGR of 70.43%. Over the same period, total installed capacity for commissioned solar PV installations increased from 31.55 MW to 203.18 MW at a staggering CAGR of 153.77%. The contribution of commissioned solar PV installations over total commissioned renewable energy installations in the country has more than doubled from 31.33% in 2012 to 69.46% in 2014, indicating the rise in potential of solar power as a key renewable power source in Malaysia.

Renewable energy was announced as the fifth fuel in the 8MP, and subsequently in the 10MP, it was targeted that renewable energy shall contribute to 5.5% of Malaysia's total electricity generated by 2015. The Renewable Energy Act 2011 [Act 725] was ratified to promote investments in renewable energy, as well as provide a structured approach via the FiT mechanism to encourage individuals and companies to actively participate in supplying renewable energy to Malaysia's national electricity grid.

The FiT mechanism also provides for a captive demand market for renewable energy in that feed-in approval holders (communities, individuals and companies) have guaranteed access to the national electricity grid whereby power utility firms are legally obliged to accept all electricity generated by feed-in approval holders at a contractually fixed FiT rate for an effective period. Feed-in approval holders (individuals and companies) of solar PV are guaranteed access to Malaysia's national electricity grid for a period of 21 years at FiT rates that are higher than FiT rates offered for biogas, biomass and small hydropower).

The annual power generation for commissioned solar PV installations increased from 4.71 GWh in 2012 to 178.33 GWh in 2014 at a CAGR of 515.32%. Comparatively, annual power generation for other commissioned renewable energy installations, comprising biomass, biogas and small hydropower, increased from 137.74 GWh to 346.71 GWh over the same period at a CAGR of 58.65%. Annual power generation for commissioned solar PV installations is a measure of total demand for solar power.

In terms of contribution to total annual power generation for commissioned renewable energy installations, the annual power generation for commissioned solar PV installations has risen from 3.31% in 2012 to 33.97% in 2014, in tandem with the increase in commissioned solar PV installations, marking the significance and increasing prospects in actual demand for solar power as a renewable energy.

Anticipating greater demand for electricity following the Government's target to achieve the status of high income nation by 2020, a total of over 9,000 MW of installed capacity comprising renewable and non-renewable energy sources is expected to come become operational between 2015 and 2020. Under the FiT mechanism, a total of 485.04 MW of renewable energy capacity is expected to become operational by 2018, where solar PV comprises 61.84 MW (12.75% of total renewable energy power generation for plants in progress). Plants in progress refers to installations that have been granted with feed-in approvals under the FiT mechanism but have yet to achieve the FiT commencement date.

The future prospects of PUC Founder (MSC) Berhad will be driven by the projected growth in electricity demand in line with the nation's economic development and Government initiatives to promote solar power, which has provided impetus for the rise in solar PV installations and strong growth in annual power generation for solar PV installations, particularly given the high FiT rates and longer FiT contract duration offered to feed-in approval holders of solar power.

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FURTHER INFORMATION

1. SHARE CAPITAL

(i) Save for the Rights ICULS, Warrants-B, Warrants-A and the new PUCF Shares to be issued pursuant to the conversion of the ICULS, the exercise of the Warrants-B and the exercise of the Warrants-A, no other securities will be allotted or issued on the basis of this AP later than twelve (12) months after the date of issue of this AP.

(ii) We have only one (1) class of shares, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another as at the date of this AP.

(iii) Save as disclosed in Section 3 of Appendix II of this AP there are no securities in our Company that have been issued or agreed to be issued, as partly or fully paid-up for a consideration in cash or otherwise in cash, within two (2) years preceding the date of this AP.

(iv) As at the date of this AP, save as disclosed below and our Entitled Shareholders who will be entitled to the Provisional Allotment under the Rights Issue of ICULS with Warrants, no other person has been or is entitled to be given an option to subscribe for any securities of our Company:

(a) 132,787,036 outstanding Warrants-A in issue in PUCF pursuant to the Deed Poll-A as at LPD. Each Warrant-A carries the right to subscribe for one (1) new PUCF Share during the ten (10) years exercise period of Warrant-A up to 25 December 2024 at an exercise price of RM0.10 per Warrant-A.

2. REMUNERATION OF DIRECTORS

The following provisions are reproduced from our Company's Articles of Association. Terms defined in our Articles of Association shall have the same meanings when used herein unless they are otherwise defined herein or the context otherwise requires.

Article 94

(1) The fees payable to the Directors (except salaries payable to executive Directors for their services) shall from time to time be determined by a resolution of the Company in general meeting. Provided that such fees shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

(2) The Directors shall also be paid such travelling, hotel and other expenses properly and reasonably incurred by them in the execution of their duties including any such expenses incurred in connection with their attendance at meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company as the Directors may determine.

(3) Save as provided in Article 94(1) hereof, an executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another but shall not include a commission on or percentage of turnover) as the Directors may determine.

(4) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover.

(5) Any fee paid to an Alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 95

(1) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from him usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a Committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or by a percentage of profits (applicable only if he is an executive Director) or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors, provided that no Director shall be remunerated by a commission on or percentage of turnover.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Directors have no knowledge of any proceedings pending or threatened against the our Group or of any fact likely to give rise to any proceedings which might adversely and materially affect the financial position or business of our Group.

4 MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts (not being contracts entered into in the ordinary course of business) entered into by our Group within two (2) years immediately preceding the LPD.

(i) Sale and Purchase Agreement dated 14 January 2015 made between KUB Malaysia Berhad ("**Vendor**") and Founder Pay Sdn Bhd (a wholly owned subsidiary of PUCF) ("**Purchaser**"), whereby the Vendor will sell and the Purchaser will purchase the Vendor's rights title and interests to the said Property for a total cash consideration of RM5,500,000.00.

"the said Property" means a parcel of corporate office known as Parcel No C201 Level 2 of Block C Type A2 in a commercial development known as Oasis Ara Damansara and bearing postal address Unit C-2-01, Level 2, Capital 3, Oasis Square, No 2. Jalan PJU 1A/7A, Ara Damansara, PJU 1A, 47301 Petaling Jaya, Selangor Darul Ehsan.

(ii) Sale and Purchase Agreement dated 22 January 2015 made between RM Megamas Sdn Bhd ("**Vendor**") and MESB ("**Purchasers**"), in respect of an acquisition of all that piece of industrial land held under title HS (D) 52052 PT 30506 Bandar Sungai Petani Daerah Kuala Muda with an area measuring approximately 10,117.1 square metres by the Purchaser for a total cash consideration of RM1,557,270.00.

(iii) Intellectual Property License Agreement dated 30 January 2015 between Allchina.cn Ltd ("**Licensor**") and PictureWorks (M) Sdn Bhd ("**Licensee**"), whereby the Licensor has agreed to license their software and licensed intellectual property ("**Licensed Intellectual Property**") to the Licensee and the Licensee agrees to accept the license of the Licensed Intellectual Property subject to the terms and conditions of the Agreement for a period of twenty four (24)-months from 30 January 2015 ("**Term**"). In consideration of the license, the Licensee shall pay the Licensor a license fee of RM1,200,000.00 only per annum, equivalent to a total cash sum of RM2,400,000.00 for the entire Term.

(iv) Renewable Energy Purchase Agreement dated 22 June 2015 between TNB and MESB as the FIA holder, whereby the FIA holder shall sell and deliver and TNB shall purchase and accept the Metered Renewable Energy for a concession period of twenty one (21) years at a FIT rate as specified in the FIA or such other rate as specified in the written confirmation from SEDA.

(v) Sale and Purchase Agreement dated 1 September 2015 between Founder Energy Sdn Bhd ("**Vendor**") and PUCF ("**Purchaser**") whereby the Vendor will sell and the Purchaser will purchase 300,000 ordinary shares of RM1.00 each in EPP Solution Sdn Bhd for a cash consideration of RM638,971.00.

(vi) Sale and Purchase Agreement dated 1 September 2015 between Founder Energy Sdn Bhd ("**Vendor**") and PUCF ("**Purchaser**") whereby the Vendor will sell and the Purchaser will purchase 5,100,000 ordinary shares of RM1.00 each in RedHot Media Sdn Bhd for a cash consideration of RM6,552,045.00.

(vii) Sale and Purchase Agreement dated 1 September 2015 between Red Media Asia Ltd ("**Vendor**") and Redhot Media (HK) Limited *(currently known as Founder Energy Global Limited)* ("**Purchaser**") whereby the Vendor will sell and the Purchaser will purchase 12,630,431 ordinary shares of RM1.00 each in Founder Energy Sdn Bhd for a cash consideration of RM9,317,833.00.

(viii) Contract dated 18 November 2015 between Gen Master Manufacturing Sdn Bhd ("**Client**") and Founder Energy Sdn Bhd ("**Contractor**") whereby the Client has appointed the Contractor to design, develop, procure, supply, install and construct a 420 kilowatt peak (nominal) grid-connected PV installations together with all ancillary works for a period from 18 November 2015 to 31 December 2015 for an agreed contract sum of RM3,967,122.60 in cash.

(ix) Sale and Purchase Agreement dated 2 December 2015 between Aliasgar Bin Mohamad Haniff and others ("**Vendors**") and Maxgreen Energy 2 Sdn Bhd ("**Purchaser**"), where the Vendors have jointly and / or severally agreed to sell and the Purchaser has agreed to purchase all the piece of freehold land held under individual title GM 13014, Lot 28979 Seksyen 67, Bukit Serukam, Bandar Sungai Petani, Daerah Kuala Muda, Kedah measuring approximately 1.6128 hectares for purposes of building and operating solar photovoltaic projects for a purchase price of RM1,302,002.60 in cash.

5. GENERAL

(i) The nature of our Group's business is described in Sections 2 and 7 of Appendix II of this AP. There are no corporations which are deemed related to us by virtue of Section 6 of the Act, except as disclosed in Section 6 of Appendix II of this AP.

(ii) The estimated expenses in relation to the Corporate Exercises of RM1,000,000 will be borne by our Company.

(iii) There are no existing or proposed service contracts between our Directors and our Company or our subsidiaries excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this AP.

(iv) Our Directors are not aware of any material information, including special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Group, except as disclosed in Sections 9 and 11 of this AP.

(v) Save as disclosed in this AP, the financial conditions and operations of our Group are not affected by any of the following:

(a) known trends or known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the liquidity of our Group increasing or decreasing in any material way;

(b) material commitments for capital expenditure of our Group;

(c) unusual or infrequent events or transactions or any significant economic changes that materially affect the amount of reported income from our operations;

(d) known trends or uncertainties that have had, or that our Group reasonably expects will have, a material favourable or unfavourable impact on our revenues or operating income; and

(e) fluctuation in our Group's revenue.

6. CONSENTS

Our Adviser, Due Diligence Solicitors, Company Secretaries, Trustee, Share Registrar, Paying Agent, Bloomberg Finance L.P. and Principal Bankers have given and have not subsequently withdrawn their respective written consents to the inclusion of their names in the form and context in which such names appear in this AP.

Messrs. UHY, our Auditors and Reporting Accountants, have given and have not subsequently withdrawn their written consent to the inclusion of its name, the auditors' report relating to the audited consolidated financial statements for the FYE 31 December 2014, the letter on the Proforma Consolidated Statement of Financial Position of our Company as at 31 December 2014 thereon and all references thereto, in the form and context in which they appear in this AP.

Smith Zander International Sdn Bhd, acting as the Independent Market Researcher, has given and has not subsequently withdrawn its written consent for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they appear in this AP.

7. CONFLICT OF INTEREST

PIVB, Messrs. Cheang & Ariff and Messrs. UHY, have given their respective confirmations that they have no directorship with our Group nor any equity and / or financial relationship with our Group, our Directors and / or our substantial shareholders that may give rise to a situation of conflict of interest in their capacity as the Principal Adviser, Due Diligence Solicitors and Reporting Accountants, respectively, in connection with the Rights Issue of ICULS with Warrants.

Pacific Trustees Berhad has given its confirmation that it has no directorship with our Group nor any equity and / or financial relationship with our Group, our Directors and / or our substantial shareholders that may give rise to a situation of conflict of interest in its capacity as the Trustee for the holders of the ICULS to be issued under the Rights Issue of ICULS with Warrants.

Smith Zander International Sdn Bhd has given its confirmation that it has no directorship with our Group nor any equity and / or financial relationship with our Group, our Directors and / or our substantial shareholders that may give rise to a situation of conflict of interest in its capacity as the Independent Market Researcher in connection with the Rights Issue of ICULS with Warrants.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection at our Registered Office from Mondays to Fridays (excluding public holidays) during business hours for a period of twelve (12)-months from the date of this AP:

(i) our Memorandum and Articles of Association;

(ii) audited consolidated financial statements of PUCF for the two (2) FYEs 31 December 2013 and 31 December 2014;

(iii) our proforma consolidated statement of financial position as at 31 December 2014 together with the Reporting Accountants' report thereon as set out in Appendix III of this AP;

(iv) our latest unaudited consolidated financial statements for the FPE 30 September 2015 as set out in Appendix V of this AP;

(v) the letter of Undertaking by RHIL dated 12 October 2015 as referred to in Section 4 of this AP;

(vi) our Directors' Report as set out in Appendix VI of this AP;

(vii) the letters of consent and conflict of interest as referred to in Sections 6 and 7 respectively of this Appendix;

(viii) the Trust Deed constituting the ICULS;

(ix) the Deed Poll-B constituting the Warrants-B;

(x) the material contracts referred to in Section 4 above; and

(xi) the IMR Report prepared by Smith Zander International Sdn Bhd, the Independent Market Researcher, in relation to the Corporate Exercises.

9. RESPONSIBILITY STATEMENTS

(i) Our Directors have seen and approved this AP together with the NPA and RSF and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable inquires and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading; and

(ii) PIVB, being our Principal Adviser, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue of ICULS with Warrants.

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NOTICE OF PROVISIONAL ALLOTMENT OF RIGHTS SHARES WITH WARRANTS

TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 19 JANUARY 2016 ("AP") SHALL HAVE THE SAME MEANINGS WHEN USED IN THIS NOTICE OF PROVISIONAL ALLOTMENT ("NPA") UNLESS OTHERWISE STATED. THE PROVISIONAL ALLOTMENT (AS DEFINED HEREIN) AS CONTAINED IN THIS NPA IS A PRESCRIBED SECURITY PURSUANT TO SECTION 14(5) OF THE SECURITIES INDUSTRY (CENTRAL DEPOSITORIES) ACT, 1991 ("SICDA") AND AMENDMENTS OR ANY RE-ENACTMENT MADE THERETO FROM TIME TO TIME, AND THEREFORE, THE SICDA (INCLUDING ALL AMENDMENTS THEREOF) AND THE RULES OF BURSA MALAYSIA DEPOSITORY SDN BHD (165570-W) ("BURSA DEPOSITORY") SHALL APPLY IN RESPECT OF DEALINGS IN THE PROVISIONAL ALLOTMENT.

方正集团
FOUNDER
PUC FOUNDER (MSC) BERHAD
(Company No. 451734-A)
(Incorporated in Malaysia under the Company Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO RM83,901,476.75 NOMINAL VALUE OF THREE (3)-YEAR, 4%, IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") AT 100% OF THE NOMINAL VALUE OF RM0.05 EACH ("RIGHTS ICULS") ON THE BASIS OF TWENTY EIGHT (28) RM0.05 NOMINAL VALUE OF THE RIGHTS ICULS FOR EVERY TWENTY (20) EXISTING ORDINARY SHARES OF RM0.10 EACH IN PUC FOUNDER (MSC) BERHAD ("PUCF" OR "COMPANY") ("PUCF SHARE(S)" OR "SHARE(S)") HELD AT 5.00 P.M. ON 19 JANUARY 2016 ("ENTITLEMENT DATE") TOGETHER WITH UP TO 419,507,384 FREE NEW DETACHABLE WARRANTS ("WARRANTS-B") ON THE BASIS OF SEVEN (7) WARRANTS-B FOR EVERY TWENTY EIGHT (28) RIGHTS ICULS SUBSCRIBED FOR PAYABLE IN FULL UPON ACCEPTANCE ("RIGHTS ISSUE OF ICULS WITH WARRANTS")

Adviser

PUBLIC INVESTMENT BANK BERHAD (20027-W)
A Participating Organisation Of Bursa Malaysia Securities Berhad
(Wholly-owned Subsidiary Of Public Bank Berhad)

To: Our Entitled Shareholders

Dear Sir/Madam,

Our Board of Directors ("**Board**") has provisionally allotted to you, in accordance with the approval of Bursa Malaysia Securities Berhad (635998-W) ("**Bursa Securities**") via its letter dated 6 November 2015, the approval of the Securities Commission Malaysia via its letter dated 8 December 2015 and the ordinary resolution passed at the Extraordinary General Meeting of our Company convened on 29 December 2015 in relation to the Rights Issue of ICULS with Warrants-B, the number of Rights ICULS with Warrants-B as indicated below ("**Provisional Allotment**").

We wish to advise you that the following Provisional Allotment have been confirmed by Bursa Depository and upon acceptance, the Rights ICULS with Warrants-B, will be credited into your Central Depository System ("**CDS**") account(s), subject to the terms and conditions stated in the AP and the Rights Subscription Form ("**RSF**") issued by our Company.

The Provisional Allotment are allotted subject to the terms and conditions stated in the AP. Bursa Securities has already prescribed our securities listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Allotment are prescribed securities and as such, all dealings in the Provisional Allotment will be by way of book entries through CDS accounts and will be governed by the SICDA (including all amendments thereof) and the Rules of Bursa Depository.

ALL RIGHTS ICULS AND WARRANTS-B TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE OF ICULS WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS ICULS AND WARRANTS-B INTO THE CDS ACCOUNTS OF OUR SHAREHOLDERS WHOSE NAMES APPEAR IN OUR RECORD OF DEPOSITORS ON ENTITLEMENT DATE ("ENTITLED SHAREHOLDERS") AND/OR THEIR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE). NO PHYSICAL ICULS CERTIFICATES AND WARRANT CERTIFICATES WILL BE ISSUED.

Our Board reserves the right to accept any Excess Rights ICULS with Warrants-B application, in full or in part, without assigning any reason thereto. It is the intention of our Board to allot the Excess Rights ICULS with Warrants-B, if any, applied for under Part II of the RSF on a fair and equitable basis as they deem fit and expedient and in the best interest of our Company. The basis of allotment of the Excess Rights ICULS with Warrants-B will be in the following order of priority:

(i) firstly, to minimise the incidence of odd lots;
(ii) secondly, after the occurrence of (i) above, for allocation to our Entitled Shareholders who have applied for the Excess Rights ICULS with Warrants-B on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;
(iii) thirdly, after the occurrence of (i) and (ii) above, for allocation to our Entitled Shareholders who have applied for the Excess Rights ICULS with Warrants-B on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights ICULS with Warrants-B application; and
(iv) lastly, after the occurrence of (i), (ii) and (iii) above, for allocation to the renouncee(s)/transferee(s) who have applied for the Excess Rights ICULS with Warrants-B on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights ICULS with Warrants-B application.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER

NUMBER OF PUCF SHARES HELD AT 5.00 P.M. ON 19 JANUARY 2016	NUMBER OF RIGHTS ICULS PROVISIONALLY ALLOTTED TO YOU	NUMBER OF WARRANTS-B ATTACHED TO THE RIGHTS ICULS PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE (AT RM0.05 PER RIGHTS ICULS) (RM)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement date	:	Tuesday, 19 January 2016 at 5.00 p.m.
Last date and time for:		
Sale of provisional allotment of rights	:	Wednesday, 27 January 2016 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Tuesday, 2 February 2016 at 4.00 p.m.
Acceptance and payment	:	Friday, 5 February 2016 at 5.00 p.m. *
Excess application and payment	:	Friday, 5 February 2016 at 5.00 p.m. *

* or such later date and time as our Board may decide and announce not less than two (2) market days before the stipulated date and time.

By order of our Board
Lim Seck Wah (MAICSA 0799845)
Tang Chi Hoe (Kevin) (MAICSA 7045754)
Company Secretaries

Share Registrar
MEGA CORPORATE SERVICES SDN BHD (187984-H)
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail,
50250 Kuala Lumpur,
Malaysia
Helpdesk Tel No.: 03-2692 4271
Fax No.: 03-2732 5388

THIS NPA IS DATED 19 JANUARY 2016

RIGHTS SUBSCRIPTION FORM

TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 19 JANUARY 2016 ("AP") SHALL HAVE THE SAME MEANINGS WHEN USED IN THIS RIGHTS SUBSCRIPTION FORM ("RSF") AND THE NOTES AND INSTRUCTIONS FOR COMPLETING THIS RSF UNLESS OTHERWISE STATED. THIS RSF IS ISSUED FOR THE PURPOSE OF ACCEPTING THE PROVISIONAL ALLOTMENT (AS DEFINED HEREIN) AND APPLYING FOR THE EXCESS RIGHTS ICULS WITH WARRANTS-B PURSUANT TO THE RIGHTS ISSUE OF ICULS WITH WARRANTS (AS DEFINED HEREIN) OF PUC FOUNDER (MSC) BERHAD ("PUCF" OR "COMPANY"). THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS WELL AS EXCESS APPLICATION AND PAYMENT IS AT 5.00 P.M. ON FRIDAY, 5 FEBRUARY 2016 OR SUCH LATER DATE AND TIME AS THE BOARD OF DIRECTORS OF PUCF MAY DECIDE AND ANNOUNCE NOT LESS THAN TWO (2) MARKET DAYS BEFORE SUCH STIPULATED DATE AND TIME. THIS RSF IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONALLY ALLOTTED RIGHTS ICULS WITH WARRANTS-B STANDING TO THE CREDIT OF HIS/HER CENTRAL DEPOSITORY SYSTEM ("CDS") ACCOUNT.

方正集团
FOUNDER
PUC FOUNDER (MSC) BERHAD
(Company No. 451734-A)
(Incorporated in Malaysia under the Company Act, 1965)

AFFIX A RM10.00 MALAYSIAN REVENUE STAMP HERE

RENOUNCEABLE RIGHTS ISSUE OF UP TO RM83,901,476.75 NOMINAL VALUE OF THREE (3)-YEAR, 4%, IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") AT 100% OF THE NOMINAL VALUE OF RM0.05 EACH ("RIGHTS ICULS") ON THE BASIS OF TWENTY EIGHT (28) RM0.05 NOMINAL VALUE OF THE RIGHTS ICULS FOR EVERY TWENTY (20) EXISTING ORDINARY SHARES OF RM0.10 EACH IN PUC FOUNDER (MSC) BERHAD ("PUCF" OR "COMPANY") ("PUCF SHARE(S)" OR "SHARE(S)") HELD AT 5.00 P.M. ON 19 JANUARY 2016 ("ENTITLEMENT DATE") TOGETHER WITH UP TO 419,507,384 FREE NEW DETACHABLE WARRANTS ("WARRANTS-B") ON THE BASIS OF SEVEN (7) WARRANTS-B FOR EVERY TWENTY EIGHT (28) RIGHTS ICULS SUBSCRIBED FOR PAYABLE IN FULL UPON ACCEPTANCE ("RIGHTS ISSUE OF ICULS WITH WARRANTS")

To: The Board of Directors of PUCF

PART I - ACCEPTANCE OF RIGHTS ICULS WITH WARRANTS-B

In accordance with the terms of this RSF and the AP, I/we* hereby irrevocably accept ………………………………… Rights ICULS with Warrants-B, which were provisionally allotted/renounced/transferred to and accepted by me/us* in accordance with and subject to the Memorandum and Articles of Association of the Company.

I/We* enclose herewith Banker's Draft/Cashier's Order/Money Order/Postal Order No. ……………………………………… for RM ……………………………… in favour of "**PUC FOUNDER (MSC) BERHAD – RIGHTS ICULS ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**", being the full amount payable for the said number of Rights ICULS with Warrants-B accepted (ROUNDED UP TO THE NEAREST SEN), and hereby request for the said Rights ICULS with Warrants-B accepted to be credited into my/our* CDS account as stated below.

NUMBER OF RIGHTS ICULS WITH WARRANTS-B ACCEPTED	TOTAL AMOUNT PAYABLE (AT RM0.05 PER RIGHTS ICULS) (RM)

PART II - APPLICATION FOR EXCESS RIGHTS ICULS WITH WARRANTS-B

In accordance with the terms of this RSF and the AP, I/we* hereby irrevocably apply for ……………………………………… Excess Rights ICULS with Warrants-B, in addition to the Rights ICULS with Warrants-B provisionally allotted/renounced/transferred to and accepted by me/us* as stated above, in accordance with and subject to the Memorandum and Articles of Association of the Company, and agree to accept the same or any other amount that may be allotted to me / us*.

I/We* enclose herewith Banker's Draft/Cashier's Order/Money Order/Postal Order No. ……………………………………… for RM ………………………………… in favour of "**PUC FOUNDER (MSC) BERHAD – EXCESS RIGHTS ICULS ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**", being the full amount payable for the said number of Excess Rights ICULS with Warrants-B applied for (ROUNDED UP TO THE NEAREST SEN), and hereby request for the said Excess Rights ICULS with Warrants-B applied for to be credited into my/our* CDS account as stated below.

NUMBER OF EXCESS RIGHTS ICULS WITH WARRANTS-B APPLIED FOR	TOTAL AMOUNT PAYABLE (AT RM0.05 PER RIGHTS ICULS) (RM)

I/We* authorise you to refund the full amount or the surplus of my/our* subscription monies (without interest) should my/our* application for the Excess Rights ICULS with Warrants-B be unsuccessful or partially successful by ordinary post to me/us* at my/our* own risk.

PART III – DECLARATION

I/We* hereby confirm and declare that:

(i) I/We* have received the AP, the NPA and RSF at a Malaysian address and I/we* hereby accept the Rights ICULS with Warrants-B/and apply for the Excess Rights ICULS with Warrants-B in Malaysia.

(ii) All information provided by me/us* is true and correct;

(iii) all information is identical with the information in the records of Bursa Malaysia Depository Sdn Bhd (165570-W) ("**Bursa Depository**") and further agree and confirm that in the event the said information differs from Bursa Depository's record as mentioned earlier, the exercise of my/our* rights may be rejected; and

- * I am 18 years of age or over.
- * I am/We are* resident(s) of Malaysia.
- * I am/We are* resident(s) of ……………………………………. (country) and having …………………………………… citizenship.
- * I am/We are* nominee(s) of a person who is a *Bumiputera/ *Non-Bumiputera/ *Non-Citizen resident in …………………………………. (country) and having ……………………………………. citizenship.

(iv) My/our* acceptance of the Rights ICULS with Warrants-B/and application for the Excess Rights ICULS with Warrants-B* as stated above does not and will not constitute a breach of any restriction on my/our* holding of PUCF Shares as a result of any of my/our* contractual obligation, or so imposed by statute, law or regulations in force in Malaysia or any other relevant jurisdiction or by any relevant authority, as the case may be

I/We* have read and understood and hereby accept all the terms and conditions set out in this RSF and the AP and further confirm compliance with all the requirements for acceptance as set out therein.

CDS ACCOUNT NO.: | | | | – | | | | – | | | | | | | | | |

NAME AND ADDRESS OF APPLICANT (in block letters as per Bursa Depository's record)	**Signature / Authorised Signatory(ies) (Corporate Body must affix their Common Seal)**
Contact number (mobile/office) …………………………………………………	**Nationality/Place of Incorporation** …………………………………………………
If the Applicant is a natural person (as per Bursa Depository's record) NRIC No. Old : ………………………………………… New : ………………………………………… Passport No. (also state country): …………………………………………	**If the Applicant is a body corporate (as per Bursa Depository's record)** Company No./Registration No.: …………………………………………
Race: (If Malaysian) (Please tick (✓) where appropriate) ☐ Malay ☐ Indian ☐ Chinese ☐ Others (specify) …………………………………	**Type of body corporate (Please tick (✓) where appropriate)** ☐ Government Agencies/ Institutions/Statutory Bodies ☐ Controlled by Non-Malaysians ☐ Controlled by Malaysians (Malays/Natives) ☐ Others (specify) ☐ Controlled by Malaysians (Non-Malays/Non-Natives) …………………………………

** Please delete whichever is not appropriate*

Dated this ………………… day of …………………………………………2016

NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS RSF

THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. All enquiries concerning the Rights Issue of ICULS with Warrants should be addressed to our Share Registrar, Mega Corporate Services Sdn Bhd (187987-H), at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia. **INVESTORS SHOULD READ AND UNDERSTAND THE CONTENTS OF THE AP TO WHICH THIS RSF RELATES BEFORE COMPLETING THIS RSF. IN ACCORDANCE WITH THE CAPITAL MARKETS AND SERVICES ACT 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE AP**. This AP shall be valid for a period of twelve (12) months from 19 January 2016, being the date of issue of the AP.

This RSF, together with the AP and the Notice of Provisional Allotment (collectively referred to as the "**Documents**"), are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue of ICULS with Warrants will not be made or offered or deemed to be made or offered for purchase or subscription, in any countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. No action has been or will be taken to ensure that the Rights Issue of ICULS with Warrants and the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia to consult their legal or other professional advisers as to whether the acceptance, renunciation, or sale or transfer of all or any part of their entitlements to be issued under the Rights Issue of ICULS with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such shareholders should note the additional terms and restrictions as set out in Section 8 of the AP. Neither PUCF, Public Investment Bank Berhad nor any other advisers to the Rights Issue of ICULS with Warrants shall accept any responsibility or liability in the event that any acceptance, renunciation sale or transfer of the provisional allotment of the Rights ICULS with Warrants-B made by the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are residents.

A copy of the AP has been registered with the Securities Commission Malaysia ("**SC**"). A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Our shareholders have approved, amongst others, the Rights Issue of ICULS with Warrants at the Extraordinary General Meeting held on 29 December 2015. Bursa Malaysia Securities Berhad ("**Bursa Securities**") has also vide its letter dated 6 November 2015, granted its approval for the admission of the Rights ICULS and Warrants-B to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights ICULS, Warrants-B and the new ordinary shares to be issued arising from the conversion of the ICULS and the exercise of the Warrants-B on the ACE Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue of ICULS with Warrants. The official listing of and quotation for the said securities will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

The registration of the AP should not be taken to indicate that the SC recommends the Rights Issue of ICULS with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in the AP. The SC has not, in any way, considered the merits of the securities being offered for investment. Admission of the Rights ICULS and Warrants-B to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the ICULS, Warrants-B and the new ordinary shares to be issued arising from the conversion of the ICULS and the exercise of the Warrants-B on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of ICULS with Warrants.

Our Directors have seen and approved all the documentation relating to the Rights Issue of ICULS with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statements in the Documents false or misleading.

Unless otherwise stated, the unit of currency used in this RSF is Ringgit Malaysia ("**RM**") and sen.

INSTRUCTIONS:

(i) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT

This RSF is valid for acceptance until 5.00 p.m. on Friday, 5 February 2016 or such later date and time as our Board of Directors ("**Board**") may decide and announce. Where the closing date for acceptance is extended from the original closing date, an announcement of such extension will be made not less than two (2) market days before the stipulated date and time.

(ii) FULL OR PART ACCEPTANCE OF THE RIGHTS ICULS WITH WARRANTS-B

The Rights ICULS with Warrants-B is renounceable in full or in part. If you wish to accept all or part of your entitlement to the Rights ICULS with Warrants-B provisionally allotted to you ("**Provisional Allotment**"), please complete Part I and Part III of this RSF in accordance with the notes and instructions contained in this RSF, and despatch the completed and signed RSF together with the relevant remittance in RM for the full amount payable in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and must be made payable to "**PUC FOUNDER (MSC) BERHAD – RIGHTS ICULS ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side(s) with your name, contact number and address in block letters together with your CDS account number, to be received by our Share Registrar, Mega Corporate Services Sdn Bhd (187987-H), at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia, not later than 5.00 p.m. on Friday, 5 February 2016 (or such later date and time as our Board may decide and announce not less than two (2) market days before the stipulated date and time). Cheques or any other mode(s) of payment are not acceptable.

If acceptance and payment for the Provisional Allotment is not received by the Share Registrar by the closing date, such Provisional Allotment will be deemed to have been declined and will be cancelled. Our Board will then have the right to allot such Rights ICULS with Warrants-B not taken up, first to applicants applying for Excess Rights ICULS with Warrants-B in the manner as stated in Note (iii) below.

No acknowledgement will be issued for receipt of this RSF or subscription monies in respect of the acceptance of the Rights Issue of ICULS with Warrants. Notices of allotment will be despatched to the successful applicants by ordinary post at the address shown in the Record of Depositors of Bursa Depository at their own risk within eight (8) market days from the last date for acceptance and payment for the Provisional Allotment, or such other period as may be prescribed by Bursa Securities. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar or our Company.

In respect of unsuccessful or partially accepted applications, the full amount or the surplus subscription monies (as the case may be) will be refunded without interest and shall be despatched to you within fifteen (15) market days from the last date for acceptance and payment for the Provisional Allotment by ordinary post to the address shown in the Record of Depositors of Bursa Depository at your own risk.

(iii) EXCESS RIGHTS ICULS WITH WARRANTS-B APPLICATION

If you wish to apply for additional Rights ICULS with Warrants-B in excess of those provisionally allotted to you, please complete Part II of this RSF (in addition to both Part I and Part III) and forward it together with a **separate remittance** for the full amount payable in respect of the Excess Rights ICULS with Warrants-B applied for, to our Share Registrar, Mega Corporate Services Sdn Bhd (187987-H), at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia. Payment for the Excess Rights ICULS with Warrants-B applied for should be made in the same manner as described in Note (ii) above, with remittance in RM made in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and must be made payable to "**PUC FOUNDER (MSC) BERHAD - EXCESS RIGHTS ICULS ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side(s) with your name, contact number and address in block letters together with your CDS account number, to be received by our Share Registrar not later than 5.00 p.m. on Friday, 5 February 2016 (or such later date and time as our Board may decide and announce not less than two (2) market days before the stipulated date and time). Cheques or any other mode(s) of payment are not acceptable.

No acknowledgement will be issued for receipt of this RSF or subscription monies in respect of the Excess Rights ICULS with Warrants-B application. Notices of allotment will be despatched to the successful applicants by ordinary post at the address shown in the Record of Depositors of Bursa Depository at their own risk within eight (8) market days from the last date for application and payment for the Excess Rights ICULS with Warrants-B, or such other period as may be prescribed by Bursa Securities. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar or our Company.

In respect of unsuccessful or partially successful Excess Rights ICULS with Warrants-B applications, the full amount or the surplus subscription monies (as the case may be) will be refunded without interest and shall be despatched to you within fifteen (15) market days from the last date for application and payment for the Excess Rights ICULS with Warrants-B by ordinary post to the address shown in the Record of Depositors of Bursa Depository at your own risk.

Our Board reserves the right to allot the Excess Rights ICULS with Warrants-B, if any, applied for under Part II of this RSF on a fair and equitable basis as they deem fit and expedient and in the best interest of our Company. Our Board reserves the right to accept any Excess Rights ICULS with Warrants-B application, in full or in part, without assigning any reason thereto. The indicative basis of allotment of the Excess Rights ICULS with Warrants-B will be in the following order of priority:

(i) firstly, to minimise the incidence of odd lots;
(ii) secondly, after the occurrence of (i) above, for allocation to our Entitled Shareholders who have applied for the Excess Rights ICULS with Warrants-B on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;
(iii) thirdly, after the occurrence of (i) and (ii) above, for allocation to our Entitled Shareholders who have applied for the Excess Rights ICULS with Warrants-B on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights ICULS with Warrants-B application; and
(iv) lastly, after the occurrence of (i), (ii) and (iii) above, for allocation to the renouncee(s)/transferee(s) who have applied for the Excess Rights ICULS with Warrants-B on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights ICULS with Warrants-B application.

(iv) SALE/TRANSFER OF THE PROVISIONAL ALLOTMENT

The Provisional Allotment are renounceable. If you wish to sell or transfer all or part of your entitlement to the Provisional Allotment to one (1) or more persons, you may do so through your stockbroker without first having to request for a split of the Provisional Allotment standing to the credit of your CDS account(s). To sell or transfer all or part of your entitlement to the Provisional Allotment, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository for the period up to the last date and time for the sale/transfer of the Provisional Allotment.

In selling or transferring all or part of your entitlement to the Provisional Allotment, you need not deliver this RSF or any document to your stockbroker. You are however advised to ensure that there is sufficient Provisional Allotment standing to the credit of your CDS account(s) before selling or transferring.

Renouncee(s)/transferee(s) of the Provisional Allotment may obtain a copy of the AP and this RSF from their stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website (http://www.bursamalaysia.com).

If you have sold or transferred only part of your entitlement to the Provisional Allotment, you may still accept the balance of your entitlement to the Provisional Allotment by completing both Part I and Part III of this RSF and deliver the completed and signed RSF together with the relevant remittance to our Share Registrar in the manner as set out in Note (ii) above.

(v) GENERAL INSTRUCTIONS

(a) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals.
(b) The Provisional Allotment subscribed by you and/or your renouncee(s)/transferee(s) (if applicable) will be credited into your and/or your renouncee(s)'/transferee(s)' respective CDS accounts as stated on this RSF or the exact accounts appearing in Bursa Depository's Record of Depositors.
(c) Any interest or other benefit accruing on or arising from or in connection with any subscription monies shall be for the benefit of our Company and our Company shall not be under any obligation to account for such interest or other benefit to you.
(d) The contract arising from the acceptance of the Provisional Allotment by you shall be governed by and construed in accordance with the laws of Malaysia and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract arising therefrom.
(e) Our Company reserves the right to accept or reject any acceptance and/or application if the instructions hereinabove stated are not strictly adhered to or which are illegible.
(f) You and/or your renouncee(s)/transferee(s) (if applicable) should note that all RSF and remittances lodged with our Share Registrar shall be irrevocable and cannot be subsequently withdrawn.
(g) Malaysian Revenue Stamp (NOT POSTAGE STAMP) of RM10.00 must be affixed on this RSF.