All abbreviations used herein shall have the same meaning as those defined in the "Definitions" page of this AP unless stated otherwise.

THIS AP IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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. If you have sold or transferred all your KEB Shares, you should at once hand this AP together with the NPA and RSF to the agent/broker through whom you effected the sale/transfer for onward transmission to the purchaser/transferee. All enquiries concerning the Rights Issue with Warrants should be addressed to our Share Registrar, Tricor Investor Services Sdn Bhd, at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The Documents relating to the Rights Issue with Warrants are only despatched to our shareholders who have a registered address in Malaysia and whose names appear in our Record of Depositors at 5.00 p.m. on 5 August 2014. The Documents are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue with Warrants and the Documents comply with the laws of countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of Entitled Shareholders and/or their renouncee(s) (if applicable) who are residing in countries or jurisdictions other than Malaysia to immediately consult their legal advisers and other professional adviser as to whether the acceptance, renunciation, sale or transfer of the Provisional Rights Shares with Warrants (as the case may be), would result in the contravention of any laws of such countries or jurisdictions. Neither we, RHB Investment Bank nor Newfields shall accept any responsibility or liability whatsoever to any party in the event that any acceptance, renunciation, sale or transfer of the Provisional Rights Shares with Warrants (as the case may be), made by Entitled Shareholders and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the Entitled Shareholders and/or their renouncee(s) (if applicable) is a resident.

A copy of this AP has been registered with the SC. The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for their contents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at the EGM held on 3 January 2014. Approval has been obtained from Bursa Securities vide its letter dated 15 November 2013 for the admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and the new KEB Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities. Approval has also been obtained from Bursa Securities vide its letter dated 7 May 2014 for an extension of time until 14 November 2014 for our Company to complete the implementation of the Rights Issue with Warrants. The admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of Entitled Shareholders and/or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them. The admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and the new KEB Shares to be issued upon exercise of the Warrants are in no way reflective of the merits of the Rights Issue with Warrants.

Your Board has seen and approved all the documentation relating to the Rights Issue 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.

RHB Investment Bank, being the Principal Adviser, Managing Underwriter and Joint Underwriter for the Rights Issue with Warrants and Newfields, being the Financial Adviser for the Rights Issue with Warrants, acknowledge that, based on all available information, and to the best of their knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

KUMPULAN EUROPLUS BERHAD

(Company No. 534368-A)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF 429,743,823 NEW ORDINARY SHARES OF RM1.00 EACH IN KUMPULAN EUROPLUS BERHAD ("KEB") ("KEB SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.08 PER RIGHTS SHARE, TOGETHER WITH 214,871,911 FREE DETACHABLE WARRANTS ("WARRANT(S)"), ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY FOUR (4) EXISTING KEB SHARES HELD AS AT 5.00 PM ON 5 AUGUST 2014 AND ONE (1) FREE WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED FOR

Principal Adviser, Managing Underwriter and Joint Underwriter

RHB Investment Bank Berhad
(Company No. 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Financial Adviser

Newfields Advisors Sdn Bhd
(Company No. 296051-V)

Joint Underwriters

MIDF Amanah Investment Bank Berhad
(Company No. 23878-X)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Inter-Pacific Securities Sdn Bhd
(Company No. 12738-U)
(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

UOB Kay Hian Securities (M) Sdn Bhd
(Company No. 194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	Tuesday, 5 August 2014 at 5.00 p.m.
LAST DATES AND TIMES FOR:-	
Sale of Provisional Rights Shares with Warrants	Tuesday, 12 August 2014 at 5.00 p.m.
Transfer of Provisional Rights Shares with Warrants	Friday, 15 August 2014 at 4.00 p.m.
Acceptance and payment for Provisional Rights Shares with Warrants	Wednesday, 20 August 2014 at 5.00 p.m.*
Excess application and payment for Excess Rights Shares with Warrants	Wednesday, 20 August 2014 at 5.00 p.m.*

** or such later date and time as your Board may decide in its absolute discretion and announce not less than two (2) Market Days before the stipulated date and time.*

This Abridged Prospectus is dated 5 August 2014

Company No.: 534368-A

All abbreviations used herein shall have the same meaning as those defined in the "Definitions" page of this AP unless stated otherwise.

THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

WE AND OUR ADVISERS FOR THE RIGHTS ISSUE WITH WARRANTS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this AP:-

Act	:	Companies Act, 1965
AP	:	This Abridged Prospectus dated 5 August 2014 in relation to the Rights Issue with Warrants
Board	:	Board of Directors
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CDS	:	Central Depository System, the system established and operated by Bursa Depository for the handling of securities deposited with Bursa Depository
CDS Account(s)	:	Account(s) established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities
CMSA	:	Capital Markets and Services Act, 2007
Concession Agreement	:	The conditional concession agreement dated 2 January 2013 entered into between WCESB and the Government in relation to the WCE Project
Deed Poll	:	The deed poll dated 16 July 2014, constituting the Warrants
Directors	:	Directors of KEB
Disposal	:	Disposal by KEB Builders Sdn Bhd, a wholly-owned subsidiary of KEB Plantations Holdings Sdn Bhd, which in turn is a wholly-owned subsidiary of our Company, of its 10% equity interest held in RPSB to IJM Properties Sdn Bhd for a total cash consideration of RM52,500,000. The Disposal was completed on 24 January 2014
Documents	:	Collectively, the AP, NPA and RSF
EGM	:	Extraordinary general meeting
Entitled Shareholders	:	Our shareholders whose names appear in our Record of Depositors on the Entitlement Date
Entitlement Date	:	5.00 p.m. on 5 August 2014, being the time and date on which our shareholders must be registered in our Record of Depositors in order to be entitled to participate in the Rights Issue with Warrants
EPS	:	Earnings per Share
Excess Application(s)	:	Application(s) for additional Rights Shares with Warrants in excess of an Entitled Shareholder's entitlement under the Rights Issue with Warrants
Excess Rights Shares with Warrants	:	Rights Shares with Warrants which are not taken up or not validly taken up by Entitled Shareholders and/or their renouncee(s)
Foreign Addressed Shareholders	:	Our foreign shareholders on the Entitlement Date who have not provided an address in Malaysia for the service of documents to be issued for purposes of the Rights Issue with Warrants
FPE	:	Financial period ended/ending, as the case may be

DEFINITIONS *(Cont'd)*

FYE	:	Financial year ended/ending, as the case may be
Government	:	Government of Malaysia
IJM	:	IJM Corporation Berhad (104131-A)
IJM Undertaking	:	Written irrevocable unconditional undertaking provided by IJM vide its letter dated 2 January 2014 to subscribe in full for its entitlement under the Rights Issue with Warrants as at the Entitlement Date and such number of Excess Rights Shares with Warrants such that it subscribes for a total of 156,975,376 Rights Shares together with 78,487,688 free Warrants under the Rights Issue with Warrants, either on its own and/or via its renouncee(s)
Inter-Pacific	:	Inter-Pacific Securities Sdn Bhd (12738-U)
Joint Underwriters	:	RHB Investment Bank, MIDF Amanah Investment Bank, Inter-Pacific and UOB Kay Hian
KEB or Company	:	Kumpulan Europlus Berhad (534368-A)
KEB Group or Group	:	Our Company and our subsidiaries
KEB Share(s) or Share(s)	:	Ordinary share(s) of RM1.00 each in KEB
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	16 July 2014, being the latest practicable date prior to the registration of this AP with the SC
LPS	:	Loss per Share
M&A	:	Memorandum and Articles of Association
Market Day(s)	:	Any day from Monday to Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
MIDF Amanah Investment Bank	:	MIDF Amanah Investment Bank Berhad (23878-X)
MWE	:	MWE Holdings Berhad (5713-D)
MWE Undertaking	:	Written irrevocable unconditional undertaking provided by MWE vide its letters dated 6 January 2014 and 14 July 2014 to subscribe in full for its entitlement under the Rights Issue with Warrants as at the Entitlement Date, either on its own and/or via its renouncee(s)
NA	:	Net assets
Newfields or Financial Adviser	:	Newfields Advisors Sdn Bhd (296051-V)
NPA	:	Notice of provisional allotment
Price-Fixing Date	:	16 July 2014, being the date on which we had fixed and announced the issue price for the Rights Shares and exercise price for the Warrants
Provisional Rights Shares with Warrants	:	Rights Shares with attached Warrants provisionally allotted to Entitled Shareholders

DEFINITIONS *(Cont'd)*

Record of Depositors	:	A record of securities holders established by Bursa Depository under Chapter 24 of the Rules of Bursa Depository
RHB Investment Bank or Principal Adviser or Managing Underwriter	:	RHB Investment Bank Berhad (19663-P)
Rights Issue with Warrants	:	Renounceable rights issue of 429,743,823 Rights Shares at an issue price of RM1.08 per Rights Share, together with 214,871,911 free detachable Warrants, on the basis of three (3) Rights Shares for every four (4) existing KEB Shares held as at the Entitlement Date and one (1) free Warrant for every two (2) Rights Shares subscribed for
Rights Shares	:	All or part of the 429,743,823 new KEB Shares to be issued pursuant to the Rights Issue with Warrants
RM and sen	:	Ringgit Malaysia and sen, respectively
RPSB	:	Radiant Pillar Sdn Bhd (501699-W), an indirect 40% associate of our Company
RSF	:	Rights subscription form
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA
SC	:	Securities Commission Malaysia
Share Registrar	:	Tricor Investor Services Sdn Bhd (118401-V)
SICDA	:	Securities Industry (Central Depositories) Act, 1991
TERP	:	Theoretical ex-rights price
TTB	:	Talam Transform Berhad (1120-H) *(formerly known as Trinity Corporation Berhad)*, a 28.99% associate of our Company
Undertakings	:	Collectively, the IJM Undertaking and MWE Undertaking
Underwriting Agreement	:	The underwriting agreement dated 16 July 2014 entered into between our Company and the Managing Underwriter and the Joint Underwriters in relation to the Rights Issue with Warrants
UOB Kay Hian	:	UOB Kay Hian Securities (M) Sdn Bhd (194990-K)
VWAP	:	Volume-weighted average market price
Warrants	:	All or part of the 214,871,911 free detachable warrants to be issued pursuant to the Rights Issue with Warrants

DEFINITIONS *(Cont'd)*

WCE Project	:	The development of 233 kilometres of tolled highway from Banting, Selangor to Taiping, Perak (including 40 kilometres to be constructed later) pursuant to the Concession Agreement. For information purposes, the construction of additional 40 kilometres of highway refers to upgrading works for part of the existing federal road known as FR 73 Perak (from Parit to Seputih with a total length of nine (9) kilometres) and construction works for a 31 kilometre single carriageway highway which will connect Changkat Keruing and Parit in the State of Perak. Such construction will only be carried out by our Company (i) if the level of service for the relevant part of the federal road known as Federal Road 5 falls below the level of service stipulated in the Concession Agreement; or (ii) on the 10^{th} anniversary of the date of issuance of *Sijil Kesempurnaan Pembinaan Lebuh Raya*; and is subject to a separate agreement to be entered into between WCESB and the Government. If WCESB and the Government are unable to agree on the terms and conditions of the agreement, the Government shall have discretion to appoint any party to undertake the upgrading works and construction works.
WCESB	:	West Coast Expressway Sdn Bhd (389870-P), an 80%-owned subsidiary of our Company

All references to "**our Company**" in this AP are to KEB and references to "**our Group**" are to our Company and our subsidiaries, collectively.

All references to "**you**" and "**your**" in this AP are to our Entitled Shareholders. References to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company and where the context otherwise requires, shall include our subsidiaries.

Words incorporating the singular shall, where applicable, include the plural and *vice versa*. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include a corporation, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as amended from time to time or re-enacted. Any reference to a time or day in this AP shall be a reference to Malaysian time, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company such as quarterly results and annual reports, are due to rounding.

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APPENDICES

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CORPORATE DIRECTORY

OUR BOARD

Name *(Designation)*	Address	Nationality	Profession
Dato' Abdul Hamid Bin Mustapha *(Chairman/Independent Non-Executive Director)*	No 27, Jalan Kubah U8/53 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Datuk Oh Chong Peng *(Independent Non-Executive Director)*	No 5, Laman Setiakasih Lapan Off Jalan Setiakasih Lapan Bukit Damansara 50490 Kuala Lumpur	Malaysian	Company Director
U Chin Wei *(Independent Non-Executive Director)*	No 41, Jalan Setiabistari Bukit Damansara 50490 Kuala Lumpur	Malaysian	Company Director
Lee Chun Fai *(Non-Independent Non-Executive Director)*	53, Jalan SS22A/1 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Tang King Hua *(Non-Independent Non-Executive Director)*	11-7-1, Persiaran Gurney 10250 Penang	Malaysian	Company Director
Tan Sri Datuk Wira Pang Tee Chew *(Non-Independent Non-Executive Director)*	No. 23, Jalan OZ 31 Ozana Villa Bukit Katil 75450 Melaka	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Datuk Oh Chong Peng	Chairman	Independent Non-Executive Director
Dato' Abdul Hamid Bin Mustapha	Member	Chairman/Independent Non-Executive Director
U Chin Wei	Member	Independent Non-Executive Director
Tang King Hua	Member	Non-Independent Non-Executive Director

COMPANY SECRETARY : Raw Koon Beng (MIA 8521)
Suite 2.12, Level 2, Menara Maxisegar
Jalan Pandan Indah 4/2
Pandan Indah
55100 Kuala Lumpur
Tel. No.: 03 – 4296 2000

REGISTERED OFFICE AND HEAD OFFICE : Suite 2.12, Level 2, Menara Maxisegar
Jalan Pandan Indah 4/2
Pandan Indah
55100 Kuala Lumpur
Tel. No.: 03 – 4296 2000
Fax. No.: 03 – 4294 5072
Website: www.keb.com.my

CORPORATE DIRECTORY *(Cont'd)*

SHARE REGISTRAR	:	Tricor Investor Services Sdn Bhd Level 17, The Gardens North Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel. No.: 03 – 2264 3883 Fax No.: 03 – 2282 1886
AUDITORS AND REPORTING ACCOUNTANTS FOR THE RIGHTS ISSUE WITH WARRANTS	:	Baker Tilly Monteiro Heng (AF0117) Chartered Accountants Baker Tilly MH Tower Level 10, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur Tel. No.: 03 – 2297 1000 Fax No.: 03 – 2282 9980
SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS	:	Cheang & Ariff 273A Jalan Medan Tuanku 50300 Kuala Lumpur Tel. No.: 03 – 2691 0803 Fax. No.: 03 – 2692 8533
PRINCIPAL BANKERS	:	RHB Investment Bank Berhad Level 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03 – 9287 3888 Fax No.: 03 – 9287 2233/3355 Malayan Banking Berhad L1-03, L1-06, L2-03, Level 1 & 2 Menara Maxisegar Jalan Pandan Indah 4/2 Pandan Indah 55100 Kuala Lumpur Tel. No.: 03 – 4297 4844/4845/4846/4841 Fax No.: 03 – 4297 4842
PRINCIPAL ADVISER AND MANAGING UNDERWRITER FOR THE RIGHTS ISSUE WITH WARRANTS	:	RHB Investment Bank Berhad Level 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03 – 9287 3888 Fax No.: 03 – 9287 2233/3355
JOINT UNDERWRITERS	:	RHB Investment Bank Berhad Level 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03 – 9287 3888 Fax No.: 03 – 9287 2233/3355

CORPORATE DIRECTORY *(Cont'd)*

JOINT UNDERWRITERS *(Cont'd)*	: MIDF Amanah Investment Bank Berhad Level 21, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03 – 2173 8888 Fax No.: 03 – 2173 8737
	Inter-Pacific Securities Sdn Bhd West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03 – 2117 1888 Fax No.: 03 – 2117 4910
	UOB Kay Hian Securities (M) Sdn Bhd Suite 19.01, 19th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03 – 2147 1888 Fax No.: 03 – 2147 1889
FINANCIAL ADVISER FOR THE RIGHTS ISSUE WITH WARRANTS	: Newfields Advisors Sdn Bhd Suite 17.1, Level 17, Menara Weld 76 Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03 – 2031 0010 Fax No.: 03 – 2031 2531
STOCK EXCHANGE LISTING	: Main Market of Bursa Securities

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Company No.: 534368-A

KUMPULAN **EUROPLUS** BERHAD

(Company No. 534368-A)
(Incorporated in Malaysia under the Act)

Registered Office
Suite 2.12, Level 2
Menara Maxisegar
Jalan Pandan Indah 4/2
Pandan Indah
55100 Kuala Lumpur

5 August 2014

Board of Directors
Dato' Abdul Hamid Bin Mustapha *(Chairman/Independent Non-Executive Director)*
Datuk Oh Chong Peng *(Independent Non-Executive Director)*
U Chin Wei *(Independent Non-Executive Director)*
Lee Chun Fai *(Non-Independent Non-Executive Director)*
Tang King Hua *(Non-Independent Non-Executive Director)*
Tan Sri Datuk Wira Pang Tee Chew *(Non-Independent Non-Executive Director)*

To: Our Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF 429,743,823 RIGHTS SHARES AT AN ISSUE PRICE OF RM1.08 PER RIGHTS SHARE, TOGETHER WITH 214,871,911 FREE DETACHABLE WARRANTS, ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY FOUR (4) EXISTING KEB SHARES HELD AS AT THE ENTITLEMENT DATE AND ONE (1) FREE WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED FOR

1. INTRODUCTION

On 12 August 2013, RHB Investment Bank and Newfields had, on behalf of your Board, announced that our Company proposes to undertake, amongst others, a renounceable rights issue of 429,743,823 Rights Shares together with 214,871,911 free detachable Warrants, on the basis of three (3) Rights Shares for every four (4) existing KEB Shares held as at the Entitlement Date and one (1) free Warrant for every two (2) Rights Shares subscribed for.

On 15 November 2013, RHB Investment Bank had, on behalf of your Board, announced that Bursa Securities had, vide its letter dated 15 November 2013, approved the following:-

(i) admission of the Warrants to the Official List of Bursa Securities;

(ii) listing of and quotation for:-

  (a) 429,743,823 Rights Shares together with 214,871,911 Warrants to be issued pursuant to the Rights Issue with Warrants; and

  (b) 214,871,911 new KEB Shares to be issued pursuant to the exercise of the Warrants,

on the Main Market of Bursa Securities.

The approval by Bursa Securities is subject to, amongst others, the following conditions:-

	Conditions imposed	Status of compliance
(1)	Our Company and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	Noted.
(2)	Our Company and RHB Investment Bank to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be complied.
(3)	Our Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed; and	To be complied.
(4)	Our Company to furnish Bursa Securities on a quarterly basis, a summary of the total number of Shares listed pursuant to the exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied.

At our EGM held on 3 January 2014, our shareholders had approved, amongst others, the Rights Issue with Warrants. A certified true extract of the ordinary resolution pertaining to the Rights Issue with Warrants passed by our shareholders at the aforesaid EGM is set out in Appendix I of this AP.

On 8 May 2014, RHB Investment Bank had, on behalf of your Board, announced that Bursa Securities had, vide its letter dated 7 May 2014 approved an extension of time until 14 November 2014 for our Company to complete the implementation of the Rights Issue with Warrants pursuant to paragraph 6.62(1) of the Listing Requirements.

On 7 May 2014, RHB Investment Bank had, on behalf of our Company, submitted a variation application to the SC for a variation to the requirements under Paragraph 8(c) of Appendix 8 of the Prospectus Guidelines – Abridged Prospectus ("**Paragraph 8(c)**"), which stipulates that each material contract disclosed or document referred to in the AP and, in the case of contracts not in writing a memorandum which gives full particulars of the contracts, must be made available for inspection at a specified place in Malaysia for a period of at least 12 months from the date of the abridged prospectus.

In view that the Concession Agreement which was entered into between WCESB and the Government contains certain confidentiality clauses which stipulate that the Concession Agreement and all matters pertaining thereto shall be considered as confidential matter and shall not be disclosed to any third party without prior mutual agreement except where as determined by the Government. WCESB had vide its letter dated 14 February 2014 sought the consent of the Government to allow our Company to make available the Concession Agreement for inspection by our Company's Entitled Shareholders at our registered office for a period of 12 months from the date of this AP pursuant to the requirements of Paragraph 8(c) of Appendix 8 of the Prospectus Guidelines – Abridged Prospectus. The Government had vide its letter to WCESB dated 10 March 2014 informed that it was unable to consider our Company's request to make available the Concession Agreement for inspection by our Company's Entitled Shareholders. The Government had subsequently vide its letter to WCESB dated 7 April 2014 informed our Company that it was unable to consider our Company's request based on the Official Secrets Act 1972.

In this regard, RHB Investment Bank had, on behalf of our Company, sought for a variation to the requirements under Paragraph 8(c) ("**Variation**") to allow our Company to seek the consent of the Government on behalf of any Entitled Shareholder who wishes to inspect the Concession Agreement.

Subsequently, the SC had vide its letter dated 11 July 2014, approved the Variation, subject to the following condition:-

Condition imposed		Status of compliance
Our Company shall submit an application to the Government to seek its consent for the requesting shareholder(s) ("**Requesting Shareholder(s)**") to inspect the Concession Agreement ("**Consent Application**") in the following manner:-		
(i)	during the acceptance period for the Rights Issue with Warrants, our Company shall submit the Consent Application to the Government on the following business day after the receipt of an official request from the Requesting Shareholder(s); and	To be complied.
(ii)	after the close of the acceptance period for the Rights Issue with Warrants, our Company shall submit the Consent Application to the Government within seven (7) days after the receipt of an official request from the Requesting Shareholder(s).	To be complied.

Entitled Shareholders who wish to inspect the Concession Agreement should refer to Section 7 of Appendix VI of this AP for further details.

On 16 July 2014, RHB Investment Bank had, on behalf of your Board, announced that:-

(i) the issue price for the Rights Shares has been fixed at RM1.08 per Rights Share;

(ii) the exercise price for the Warrants has been fixed at RM1.18 for each new KEB Share; and

(iii) the Entitlement Date has been fixed at 5.00 p.m. on 1 August 2014, which was subsequently amended to 5.00 p.m. on 5 August 2014 vide the announcement made on 18 July 2014.

For information purposes, your Board has appointed Newfields as our Company's Financial Adviser for, amongst others, the Rights Issue with Warrants to assist and advise our Company on our fundraising proposal. The fundraising proposal is aimed at raising the necessary funds for our Company's investment into WCESB, to partially fund the WCE Project. In its capacity as Financial Adviser, Newfields have also assisted our Company in the co-ordination of the work streams with the Principal Adviser and other professional advisers to ensure the timely implementation of the Rights Issue with Warrants.

The admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and the new KEB Shares to be issued upon exercise of the Warrants will commence after, amongst others, the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them.

No person is authorised to give any information or make any representation not contained in this AP in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us, RHB Investment Bank or Newfields.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

In accordance with the terms of the Rights Issue with Warrants as approved by our shareholders, and subject to the terms of this AP and the accompanying documents, we shall provisionally allot 429,743,823 Rights Shares together with 214,871,911 free detachable Warrants to the Entitled Shareholders on the basis of three (3) Rights Shares for every four (4) existing KEB Shares held as at the Entitlement Date and one (1) Warrant for every two (2) Rights Shares subscribed for.

The issue price for the Rights Shares of RM1.08 per Rights Share is payable in full upon acceptance.

As an Entitled Shareholder, you will find enclosed with this AP, a NPA setting out the number of Provisional Rights Shares with Warrants for which you are entitled to subscribe for under the terms of the Rights Issue with Warrants and a RSF, which is to be used for the acceptance of your Provisional Rights Shares with Warrants as well as to apply for Excess Rights Shares with Warrants if you choose to do so.

In determining the Entitled Shareholders' entitlements to the Provisional Rights Shares with Warrants, fractional entitlements, if any, will be dealt with in such manner and on such terms and conditions as your Board in its absolute discretion deems fit or expedient or in the best interest of our Company.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, Entitled Shareholders can subscribe for and/or renounce their entitlements to the Provisional Rights Shares with Warrants in full or in part. Entitled Shareholders who renounce all or part of their entitlements to the Rights Shares shall be deemed to have renounced the accompanying entitlement to the Warrants. If Entitled Shareholders decide to accept only part of their entitlement to the Rights Shares, they shall be entitled to the Warrants in the proportion of their acceptance to their entitlement to the Rights Shares.

For the avoidance of doubt, the Warrants are issued free to the Entitled Shareholders and/or their renouncee(s) (if applicable) who subscribe for the Rights Shares. The Rights Shares and the Warrants are not separately renounceable. The Warrants shall be immediately detached from the Rights Shares upon issuance and shall be separately traded on the Main Market of Bursa Securities.

The Rights Shares with Warrants which are not taken up or not validly taken up shall be made available for Excess Applications by the other Entitled Shareholders and/or their renouncee(s) (if applicable) in the manner set out in Section 11.3 of this AP. It is the intention of your Board to allocate the Excess Rights Shares with Warrants, if any, in a fair and equitable manner, and on such basis as it may deem fit or expedient or in the best interest of our Company.

The Rights Issue with Warrants is not undertaken on a minimum level of subscription basis. Further details of the shareholders' undertakings and underwriting arrangement are set out in Section 10 of this AP.

The Rights Shares and the Warrants will, upon allotment and issue, be credited directly into the respective CDS Accounts of Entitled Shareholders and/or their renouncee(s) (if applicable) who have successfully subscribed for such Rights Shares with Warrants. No physical share certificate or warrant certificate will be issued to Entitled Shareholders and/or their renouncee(s) (if applicable) nor will any physical share certificate be issued for the new KEB Shares to be issued upon exercise of the Warrants.

Our Company will allot and issue the Rights Shares and Warrants, despatch a notice of allotment to you and/or your renouncee(s) (if applicable) and make an application for the quotation for the Rights Shares and Warrants within eight (8) Market Days from the last date of acceptance and payment for the Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities. The Rights Shares and the Warrants will then be quoted on the Main Market of Bursa Securities two (2) Market Days after the application for quotation of the Rights Shares and Warrants is made to Bursa Securities.

2.2 Basis of determining the issue price for the Rights Shares and exercise price for the Warrants

The issue price for the Rights Shares has been fixed at RM1.08 per Rights Share, which represents a discount of approximately 8.47% to the TERP of KEB Shares of RM1.18 based on the five (5)-day VWAP of KEB Shares up to and including 14 July 2014, being the Market Day immediately preceding the Price-Fixing Date, of approximately RM1.26 ("**5-Day VWAP**").

The issue price for the Rights Shares was determined by your Board after taking into consideration the prevailing market conditions, the par value of KEB Shares, the historical share price and the TERP of KEB Shares based on the 5-Day VWAP as well as the gross proceeds to be raised from the Rights Issue with Warrants.

The exercise price for the Warrants has been fixed at RM1.18, which is equivalent to the TERP of KEB Shares based on the 5-Day VWAP. The exercise price for the Warrants was determined by your Board after taking into consideration the prevailing market conditions, the historical share price and the TERP of KEB Shares based on the 5-Day VWAP.

2.3 Ranking of the Rights Shares and new KEB Shares to be issued pursuant to the exercise of the Warrants

The Rights Shares and the new KEB Shares to be issued pursuant to the exercise of the Warrants shall upon allotment and issue, rank *pari passu* in all respects with the then existing KEB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to our shareholders, the entitlement date of which is prior to the allotment date of the Rights Shares and new KEB Shares to be issued pursuant to the exercise of the Warrants respectively.

2.4 Salient terms of the Warrants

The salient terms of the Warrants to be issued pursuant to the Rights Issue with Warrants are as follows:-

Terms		Details
Number of Warrants	:	214,871,911 Warrants to be issued in conjunction with the Rights Issue with Warrants to the Entitled Shareholders of KEB on the basis of one (1) Warrant for every two (2) Rights Shares successfully subscribed.
Form and denomination	:	The Warrants will be issued in registered form and will be detached from the Rights Shares upon issuance and will be separately traded on Bursa Securities.
Exercise Price	:	RM1.18 per new KEB Share.
Exercise Period	:	The Warrants may be exercised any time over a period of two (2) years including and commencing from the issue date of the Warrants. Any Warrants not exercised during the Exercise Period will thereafter lapse and become void.
Exercise Rights	:	Each Warrant entitles the registered holder to subscribe for one (1) new KEB Share at the Exercise Price during the Exercise Period and shall be subject to adjustments in accordance with the Deed Poll.

Terms		Details
Mode of exercise	:	The registered holder of the Warrant is required to lodge an exercise form with our Company's registrar, duly completed, signed and stamped together with payment of the Exercise Price by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia.
Mode of transfer	:	The Warrants are transferable by an instrument of transfer in the usual or common form or such other form as the Directors of KEB and Bursa Securities may approve.
Deed Poll	:	The deed poll dated 16 July 2014 constituting the Warrants.
Board Lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new KEB Shares at any time during the Exercise Period, or such denomination as determined by Bursa Securities.
Rights of Warrant holder(s)	:	Warrant holder(s) are not entitled to vote in any general meeting of KEB or to participate in any distribution and/or offer of further securities in our Company unless and until the Warrant holder becomes a shareholder of our Company by exercising his/her Warrants.
Ranking of new Shares to be issued arising from the exercise of Warrants	:	The new Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing KEB Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the said new Shares.
Adjustment in the Exercise Price and/or number of Warrants	:	The Exercise Price and/or number of unexercised Warrants may be adjusted by the Directors of our Company, in consultation with its professional advisers, in the event of alteration to the share capital of our Company, capital distribution or issue of shares or any other events in accordance with the provisions of the Deed Poll.
Rights in the event of winding-up, amalgamation and/ or reconstruction	:	Where a resolution has been passed for a members' voluntary winding up of our Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then (a) for the purpose of such a winding up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holders, or some persons designated by them for such purposes by a special resolution, shall be a party, the terms of such winding up, compromise or arrangement shall be binding on all the Warrant holders; and (b) in any other case and subject to the provisions of the Deed Poll, every Warrant holder shall be entitled to elect to be treated as if he/she had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the subscription rights represented by his/her Warrants to the extent specified in the subscription forms and be entitled to receive out of the assets of our Company which would be available in liquidation as if he/she had on such date been the holder of the new Shares to which he/she would have become entitled to pursuant to such exercise.
Modification	:	Save as expressly provided in the Deed Poll, no amendment or addition may be made to the provisions of the Deed Poll without the sanction of a special resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of our Company, will not be materially prejudicial to the interests of the Warrant holders.

Terms		Details
Listing	:	Approval has been obtained from Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities and for the listing of and quotation for the Warrants and new KEB Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.
Governing Law	:	Laws and regulations of Malaysia.

2.5 Details of other corporate exercises

Save for the Rights Issue with Warrants, your Board has confirmed that as at LPD, our Company does not have any other corporate proposal which has been approved by our shareholders and/or relevant authorities that is pending completion.

3. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants will enable our Company to raise the requisite funds to partially finance the WCE Project in the manner as set out in Section 4 of this AP, which in turn is expected to provide a steady source of earnings to our Group moving forward.

After due consideration of the various methods of fund-raising such as the issuance of private debt securities or bank borrowings as well as the capital structure of our Company, your Board is of the opinion that the Rights Issue with Warrants is the most appropriate means of raising funds for the following reasons:-

(a) the Rights Issue with Warrants will enable our Company to raise the requisite funds without incurring additional interest expense, as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing;

(b) the Rights Issue with Warrants will involve the issuance of new KEB Shares without diluting shareholders' percentage shareholdings provided that all Entitled Shareholders subscribe in full for their respective entitlements under the Rights Issue with Warrants;

(c) the Rights Issue with Warrants will provide Entitled Shareholders with an opportunity to further participate in the prospects and future growth of our Group by subscribing to the Rights Shares with Warrants;

(d) the Rights Issue with Warrants would also increase our Group's shareholders' funds and strengthen our balance sheet whilst the enlarged share base is expected to enhance the liquidity of our Shares on the Main Market of Bursa Securities; and

(e) the Warrants attached to the Rights Shares are expected to provide Entitled Shareholders with an incentive to subscribe for the Rights Shares. The Entitled Shareholders who subscribe for the Rights Shares may also benefit from the potential capital appreciation of the Warrants which will be traded separately from the KEB Shares on the Main Market of Bursa Securities. In addition, our Company would also be able to raise further proceeds as and when any of the Warrants are exercised.

4. UTILISATION OF PROCEEDS

The total amount of gross proceeds to be raised pursuant to the Rights Issue with Warrants, based on the issue price of RM1.08 per Rights Share and the intended manner of utilisation of the said proceeds are as follows:-

	Note	Amount RM'000	Timeframe for utilisation*
- Injection as equity, convertibles and/or subordinated advances into WCESB	(a)	357,000	Within 12 months
- Repayment of bank borrowings	(b)	92,035	Within 12 months
- Working capital and contingencies	(c)	8,088	Within 12 months
- Defray estimated expenses relating to the Disposal and Rights Issue with Warrants	(d)	7,000	Within six (6) months
Total		**464,123**	

Notes:-

* *From the date of completion of the Rights Issue with Warrants.*

(a) *On 2 January 2013, WCESB signed a Concession Agreement with the Government in relation to the WCE Project, whereby WCESB is required to fulfil the conditions precedent of the Concession Agreement within nine (9) months from the date of execution of the Concession Agreement. On 23 December 2013, WCESB received a confirmation from the Government that the conditions precedent of the Concession Agreement have been fulfilled and the effective date of the Concession Agreement is on 20 December 2013. The salient terms of the Concession Agreement is set out in Section 5 of this AP.*

The WCE Project involves the development of 233 kilometres of tolled highway from Banting, Selangor to Taiping, Perak. The construction of the WCE Project is expected to commence in the third quarter of 2014 and the construction period is expected to take five (5) years.

The project cost for the WCE Project (excluding the 40 kilometres to be constructed later) is approximately RM5.9 billion which will be funded via RM1.2 billion equity, convertibles and/or subordinated advances from the shareholders of WCESB and the balance will be funded via borrowings, including the Government support loan of RM2.24 billion, borrowings from licensed financial institutions and the issuance of debt securities. The equity injection into WCESB, which will be made in stages over the construction period of the West Coast Expressway, will be carried out on a pro-rata basis amongst the shareholders of WCESB and hence will not have any effect on the shareholdings structure of WCESB. Based on our Company's 80% equity interest in WCESB, our Company is required to inject RM960.0 million in the form of equity, convertibles and/or subordinated advances into WCESB, which was/will be funded in the following manner:-

(i) *our Company undertook a private placement exercise involving the issuance of 52,000,000 KEB Shares at an issue price of RM1.11 per KEB Share ("**Private Placement**") which was completed on 31 July 2013. The total proceeds from the Private Placement amounted to RM57.72 million, of which approximately RM57.37 million was utilised for equity injection into WCESB in September 2013, whilst the balance was utilised to defray expenses relating to the Private Placement;*

(ii) *RM70.0 million via a term loan;*

(iii) *RM357.0 million via the proceeds to be raised from the Rights Issue with Warrants; and*

(iv) *the balance of RM475.63 million shall be partially funded via the proceeds from the exercise of the Warrants, if any, and other sources of funds which are deemed suitable and appropriate at that juncture.*

(b) *As at 30 June 2014, our Group's bank borrowings stood at RM119.71 million. RM92.0 million of the total gross proceeds has been allocated for the repayment of bank borrowings which were undertaken by our Company for the refinancing of our Group's borrowings (which was previously utilised for our Group's working capital purposes, which included amongst others, preliminary expenses for the WCE Project and repayment of creditors) and part financing for the subscription of shares in WCESB. Based on the actual cost of borrowings of approximately 6.7% per annum, the repayment of such bank borrowings is expected to result in an annual interest savings of approximately RM6.17 million to our Company.*

(c) *Working capital and contingencies will be utilised to finance the day-to-day operations of our Group such as payment to trade creditors, salary and wages, other payables and other contingency expenses, if any.*

(d) *The expenses relating to the Disposal and Rights Issue with Warrants comprise, amongst others, the estimated professional fees and fees payable to the relevant authorities, underwriting commission, expenses to convene the EGM, printing, despatch and advertising expenses as well as other miscellaneous charges. Any variation in the actual utilisation from the estimated amount will be adjusted to or from the amount allocated for working capital.*

The proceeds from the Rights Issue with Warrants will be placed in deposits with financial institutions and/or short-term money market instrument(s) in the event that the proceeds are not immediately utilised.

The Warrants will not raise any immediate proceeds as they will be issued free to Entitled Shareholders and/or their renouncee(s) who subscribe for the Rights Shares under the Rights Issue with Warrants. The proceeds arising from the exercise of the Warrants in the future, the quantum of which is dependent upon the actual number of Warrants exercised, shall be utilised for the future funding requirements of the WCE Project.

Based on the issuance of 214,871,911 Warrants and the exercise price of RM1.18 per new KEB Share, our Company is expected to raise approximately RM253.5 million from the full exercise of the Warrants.

5. SALIENT TERMS OF THE CONCESSION AGREEMENT

The salient terms of the Concession Agreement are as follows:-

(i) The WCE Project is a build-operate-transfer project with a concession period of 50 years (“**Concession Period**”). The Concession Period will be extended for another ten (10) years if the agreed targeted internal rate of return (“**IRR**”) is not achieved (calculation of actual IRR will be in year 49).

(ii) The key roles and responsibilities of WCESB under the Concession Agreement include, amongst others, the following:-

- (a) undertake the design and construction of the West Coast Expressway (including upgrading works);
- (b) supply and install tolling and other equipment (including telecommunication equipment) at the toll plazas and manage, operate and maintain the same on the West Coast Expressway during the Concession Period;
- (c) demand, collect and retain toll for its own benefit from all vehicles liable to pay toll using the West Coast Expressway during the operating period as specified in the Concession Agreement;
- (d) subject to all prevailing relevant laws in respect thereof, exclusively design, construct, manage, operate and maintain the facilities or buildings for commercial purposes, constructed or to be constructed, as approved by the Government (“**Ancillary Facilities**”) during the Concession Period and to retain the income received or receivable and derived therefrom;
- (e) operate, manage and maintain (including, without limitation, utility charges incurred thereby) the West Coast Expressway during the Concession Period;
- (f) design, construct, operate, manage and maintain the office to be built by WCESB for the operation, management and maintenance of the West Coast Expressway and the supervision buildings;
- (g) undertake all other activities incidental to the performance of the construction works, the Ancillary Facilities, the management, operation and maintenance referred to in the Concession Agreement; and
- (h) WCESB shall be responsible for obtaining the necessary financing for the purposes of construction, operation, management and maintenance of the West Coast Expressway and the Ancillary Facilities.

(iii) For the purpose of supporting the WCE Project, the Government agreed to provide WCESB a Government support loan in the maximum principal amount of RM2.24 billion ("**GSL**") at an interest rate of 4% per annum (capitalised annually) subject to a separate agreement to be executed between the Government and WCESB.

(iv) The land acquisition cost of up to RM980 million for the WCE Project will be borne by the Government. WCESB shall submit its land acquisition plans to the Government for the concession area ("**Land Acquisition Plans**") and the Government shall make available the land required in the manner set out in the Concession Agreement. If the Government requests for any amendment to the Land Acquisition Plans, the Government shall use its best endeavours to make available any additional land which may be required by the amended plans.

If any delay by the Government in making available the land required and the delay is not more than eighteen (18) months after the submission of the Land Acquisition Plans or the date the land required is gazetted under Section 8 of the Land Acquisition Act 1960, the Concession Period shall not be extended and WCESB shall not be entitled to any form of compensation. However, if the delay is more than eighteen (18) months after the submission of the Land Acquisition Plans or the date the land required is gazetted under the said Section 8, then the Government may extend the Concession Period for a period it deems reasonable or the Government may provide WCESB with other remedy or relief as may be determined by the Government provided that:-

(a) such extension of the Concession Period shall not be applicable in relation to:-

(i) any acquisition of additional land requested by WCESB; or

(ii) any land previously identified and included in the Land Acquisition Plans but subsequently discovered to be land to be compulsorily acquired by the Government under the Land Acquisition Act 1960 due to WCESB's fault or negligence; and

(b) WCESB shall not be entitled to any form of remedy or relief whatsoever if the delay by the Government does not result in delay of completion of the whole West Coast Expressway.

(v) The construction works of the WCE Project will be implemented by WCESB through an open tender presided over by a tender committee.

(vi) WCESB shall, before the commencement of the construction works for any section of the West Coast Expressway ("**Relevant Section(s)**"), provide a performance bond to the Government in an amount which is equivalent to five per centum (5%) of the contract value of the Relevant Section(s) ("**Performance Bond**"). If WCESB appoints any contractor to carry out the construction works, WCESB shall ensure that such contractor provide a similar Performance Bond to WCESB provided that WCESB shall assign the same to the Government, to guarantee the due performance of the construction works.

If a demand is made under any Performance Bond which results in the amount available under the Performance Bond is less than five per centum (5%) of the contract value of the Relevant Section(s), a further Performance Bond shall be issued to the Government before continuing further with the construction works.

(vii) Liquidated and ascertained damages of RM100,000 shall be paid by WCESB to the Government for each day of delay of construction if the construction is not completed by the agreed completion date.

(viii) Any savings to the costs of the construction works shall be utilised to review the GSL amount, if the GSL amount has not been fully disbursed, or for other purposes as may be determined by the Government;

(ix) Toll revenue in excess of the agreed projected toll revenue (as set out in the Concession Agreement) will be shared as follows:-

(a) during the GSL tenure, 70% of the excess revenue will be utilised as repayment or prepayment of the GSL; and

(b) after the settlement of the GSL, on the basis of 30:70 between the Government and WCESB if the targeted IRR is not achieved and 70:30 if the actual IRR is more than the targeted IRR.

(x) Toll revenue in excess of the agreed projected toll revenue shall be utilised to repay the GSL and other financing facilities obtained by the Company prior to payment of dividends to WCESB's shareholders.

(xi) Further toll increment is subject to a toll review mechanism (as set out in the Concession Agreement).

(xii) Penalties will be imposed in the event WCESB fails to fulfil its maintenance obligations (based on certain key performance indicators) as specified in the Concession Agreement.

(xiii) WCESB shall, on or before the date any existing roads or any part thereof which, before the completion of the construction works, are within the limit of the construction works area ("**Existing Roads**") is made available to WCESB, provide to the Government a maintenance bond (in the form as set out in the Concession Agreement) as security for the due performance of WCESB's maintenance obligations in respect of the Existing Roads. In addition, WCESB shall, on or before the issuance of *Sijil Kesempurnaan Pembinaan* or *Sijil Kesempurnaan Pembinaan Lebuh Raya* (as the case may be), provide to the Government the maintenance bond (in the form as set out in the Concession Agreement) as security for the due performance of WCESB's obligations under the Concession Agreement particularly on the maintenance and structural overlay obligations in respect of the West Coast Expressway or any section(s). The total maintenance bond to be provided to the Government under this paragraph amounts to approximately RM18.698 million.

(xiv) If the road service volume is below acceptable level, WCESB is required to carry out upgrading works at its own cost and expenses to ease traffic congestion.

(xv) The following events may lead to the termination of the Concession Agreement:-

(a) Termination by the Government

The Government shall be entitled to terminate the Concession Agreement if the following event is not remedied within the remedy period, as set out in the Concession Agreement:-

(aa) WCESB fails to commence the construction work of any section(s) of the West Coast Expressway on the relevant construction commencement date;

(bb) WCESB suspends or abandons the whole of the construction works or any part thereof for a continuous period of sixty (60) days;

(cc) WCESB fails to complete the construction works by the date of completion of the construction works (which shall not be later than the relevant construction completion date of the last section) or any extension allowed by the Government;

(dd) WCESB fails to show satisfactory progress of the construction works in accordance with the programme for the undertaking of the construction works, as approved by the Government based on the master implementation programme;

(ee) WCESB fails to carry out the construction works in accordance with the approved design, approved plan and the approval;

(ff) WCESB fails to carry out the maintenance works;

(gg) WCESB fails to upgrade the West Coast Expressway after one (1) year from the date the level of service was identified to have dropped below the level of service stipulated in the Concession Agreement;

(hh) WCESB is in breach of any of its obligations or fails to comply with or perform any of the terms and conditions of the Concession Agreement; or

(ii) WCESB refuses, fails, neglect or ceases to carry on or suspends its obligation under the Concession Agreement,

The Government shall have the right to terminate the Concession Agreement with immediate effect if:-

(aa) WCESB assigns the whole or any part of the Concession Agreement save and except in relation to an assignment as security for the GSL and other financing facilities obtained by WCESB (with the prior approval of the Government);

(bb) WCESB is subject to an order made or a resolution is passed for the winding up of WCESB (except for the purpose of reconstruction or amalgamation not involving the realization of assets in which the interest of creditors are protected);

(cc) WCESB enters into liquidation or a receiver is appointed over the assets of WCESB or WCESB makes an assignment for the benefit of or enters into an arrangement or composition with its creditors or stops payment or is unable to pay its debt;

(dd) WCESB has an execution levied against a substantial portion of WCESB's assets, unless it has instituted proceedings in good faith to set aside such execution;

(ee) WCESB has defaulted its agreement in respect of the GSL; or

(ff) WCESB, its personnel, servants or employees is convicted by a court of law for corruption or unlawful or illegal activities in relation to the Concession Agreement or any other agreement that WCESB may have with the Government.

(b) Termination by WCESB

If the Government, without any reasonable cause, fails to perform or fulfil any of its obligations which adversely affect the right and authority of WCESB to demand, collect and retain toll for WCESB's own benefit (and such event is not remedied within the remedy period), then WCESB may terminate the Concession Agreement.

(c) Expropriation

The Government may also terminate the Concession Agreement, if the Government considers that expropriation of the concession is in the national or public interest or national security.

(d) Termination as a result of Force Majeure

Neither the Government nor WCESB shall be in breach of its obligations under the Concession Agreement if it is unable to perform or fulfill any of its obligations under the Concession Agreement as a result of the occurrence of an event of force majeure not within the control of the party affected, which that party is unable to prevent, avoid or remove. If an event of force majeure has occurred, then the Government and WCESB may mutually terminate the Concession Agreement and neither party shall have any claim against each other upon such termination.

The payment obligations of the parties, where relevant, shall be in accordance to the manner as set out in the Concession Agreement.

(xvi) The Government shall have the right to assume the operational responsibility of WCESB upon the occurrence and during the continuance of any of the events of default by WCESB as set out in the Concession Agreement.

(xvii) There shall be no changes to the:-

(a) shareholders and the shareholding structure of WCESB; and

(b) shareholders and the shareholding structure of the respective shareholders of WCESB save and except where the shareholders is listed and quoted on Bursa Securities,

for a period of five (5) years from the date the *Sijil Kesempurnaan Pembinaan Lebuh Raya* is issued to WCESB.

Any intention to change the shareholder and the shareholding structure shall require the prior written approval of the Government.

Notwithstanding the above, WCESB may, subject to the prior written approval of the Government and all relevant authorities and the renegotiation of the terms and conditions of the Concession Agreement, apply for its shares to be listed and quoted on the official list of Bursa Securities and to make any change to WCESB's shareholding structure for such purpose.

The Concession Agreement also requires WCESB to have an issued and paid-up share capital of not less than RM200 million throughout the Concession Period. In this respect, WCESB has increased its issued and paid-up share capital to RM200 million on 17 September 2013.

For information purposes, in respect of Section 5(v) above, the Government had on 19 May 2014, approved the appointment of a consortium comprising of IJM Construction Sdn Bhd ("**IJMC**") and KEB (known as the "**Consortium IJMC-Keuro**") as the Turnkey/Engineering and Procurement Contractor ("**EPC Contractor**") for the construction of the WCE Project for a fixed sum contract not exceeding RM5.044 billion. Within this sum, the construction works of RM2.216 billion will be carried out on an open tender basis. The remaining construction works amounting to RM2.828 billion will be executed by IJMC and the value of construction thereof will be adjudicated by an independent cost consultant approved by the Government.

6. RISK FACTORS

In addition to the other information contained in this AP, you should carefully consider the following risk factors (which may not be exhaustive) before subscribing for or investing in the Rights Shares with Warrants:-

6.1 Risks relating to the Rights Issue with Warrants

6.1.1 Investment risk

The market price of our Shares is influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of our Shares, the outlook of the property development and construction sector, changes in regulatory requirements or market conditions, our financial performance and fluctuations in our Group's operating results and revenue levels, announcements of developments relating to our Group's business and potential payment of dividends by our Group.

In view of this, there can be no assurance that the Rights Shares will trade above the issue price for the Rights Shares or our TERP upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

On the other hand, the market price of the Warrants may be influenced by, amongst others, the market price of our Shares, the remaining exercise period and the volatility of our Shares. There can be no assurance that the Warrants will be "in-the-money" during the exercise period.

6.1.2 No prior market for the Warrants

There is no prior market for the Warrants, hence there can be no assurance that an active market for the Warrants will be developed or sustained after the listing of the Warrants.

6.1.3 Capital market risk

The performance of our local bourse is influenced by external factors such as the performance of regional and world bourses, flow of foreign funds and prices of certain commodities. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country, interest rates, foreign exchange policies as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes on Bursa Securities, thus adding risk to the market price of our Shares and Warrants.

Notwithstanding this, it should be noted that our Group's financial performance is not dependent on and has no direct correlation with the performance of our Shares on the local bourse.

6.1.4 Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to risk which could lead to it being aborted or delayed which include, amongst others, the following events:-

(a) one (1) or more of the undertaking parties for whatever reason, being unable to fulfil the obligations under the Undertakings as disclosed in Section 10.1 of this AP; or

(b) force majeure such as flood, earthquake, storm and epidemic, which are beyond the control of our Company, our Principal Adviser and/or our Financial Adviser, arising prior to or during the implementation of the Rights Issue with Warrants; or

(c) the Managing Underwriter and Joint Underwriters exercise their rights under the Underwriting Agreement to terminate their commitments and discharge themselves from their obligations for any reason whatsoever.

In the event that the Rights Issue with Warrants is aborted, all monies received in respect of all applications for any Rights Shares with Warrants will be refunded in full (without interest) immediately to Entitled Shareholders and/or their renouncee(s) (if applicable) who have applied for the Rights Shares with Warrants. Whilst our Company will take all necessary steps to ensure the successful implementation of the Rights Issue with Warrants, there can be no assurance that the abovementioned events will not result in a delay in or abortion of the Rights Issue with Warrants.

6.1.5 Potential dilution

Entitled Shareholders who do not or are not able to subscribe for all or part of the Rights Shares with Warrants provisionally allotted to them will have their proportionate percentage of shareholdings and voting interests in our Company reduced accordingly.

6.2 Risks relating to our Group

6.2.1 Risks associated with property development

Our Group is subject to risks inherent in the property development sector which include, amongst others, timely commencement and/or completion of projects, satisfactory performance by building contractors appointed to complete the development projects, availability of labour and building materials, fluctuations in the prices of raw materials, intensity of competition for strategically located and reasonably priced land banks, competition with respect to selling prices and types of properties, demand and supply for properties, changes in the general economic and business conditions as well as the legal and environmental framework in the property development industry.

Notwithstanding the above, your Board is confident that these business risks can be mitigated through, amongst others, efficient project management, close monitoring of work progress in order to ensure timely completion of the property development projects, continued fostering of long-term relationships with reliable suppliers or building contractors, effective human resource planning and developing innovative marketing strategies to remain competitive.

Our property development business is undertaken by RPSB, our indirect 40% associate company. The remaining 60% stake in RPSB is held by IJM Land Berhad, a 64% owned subsidiary of IJM. As at LPD, IJM has an effective equity interest of approximately 48.44% in our property development business vide its 38.4% indirect equity interest held through IJM Land Berhad and 10.04% indirect equity interest held through its 25.10% equity interest in our Company.

The IJM group of companies ("**IJM Group**") has vast experience and expertise in property development, having undertaken a wide array of diverse property development projects including townships and integrated developments, comprising residential, retail and office properties as well as recreational facilities. In view of IJM's effective equity interest of 48.44% in our property development business, your Board believes that our Group will be able to leverage on the experience and expertise of IJM Group in the property development business.

6.2.2 Risks associated with construction

Our Group is subject to risks inherent in the construction sector which include, amongst others, procuring and/or maintaining all requisite licences, permits and certificates for our current business operations, satisfactory performance by the appointed sub-contractors to ensure timely completion of construction works based on their contractual timeline, fluctuations in construction costs and shortage of construction materials such as cement and steel bars.

Non-renewal of our Group's licences, permits and certificates and/or changes imposed by the relevant authorities on the terms and conditions of licensing may have a material adverse impact on our business operations, hence affecting our financial position. In addition, any major and unexpected increase in construction material or labour costs may result in our contractors having to re-negotiate their contract sums to enable them to complete their contractual obligations. Any unexpected increase in construction costs would affect our profit margins.

Although our Group has not experienced any difficulty in obtaining and maintaining the requisite licences and permits in the past and does not foresee any potential issue arising from the renewal of our existing permits and licences, there is no assurance that the existing licences and permits will be renewed, or renewed within the anticipated timeframe, or that any new licences required by our Group will be obtained in a timely manner.

To ensure satisfactory performance by the appointed sub-contractors, our Group will closely monitor the progress of their works and will endeavour to foster long-term relationships with reliable sub-contractors to ensure competitive pricing as well as reliable performance for both our existing and future development/construction projects. To mitigate the risk of costs overrun, our Group will also endeavour to establish long-term relationships with suppliers for construction materials and where necessary, make bulk purchase of construction materials to avoid unexpected increase in the prices of construction materials and reduce the risk of shortage of material supplies.

6.2.3 Risks associated with the WCE Project

The WCE Project is subject to various factors which may affect the future financial performance of our Group. Such factors include, amongst others, the timeliness of the completion of the WCE Project, costs overrun due to delays in completion of the project, actual commencement of its toll operations, actual traffic volume and costs of operating and maintenance of the West Coast Expressway.

Further details on the risks associated with the WCE Project are as follows:-

(i) Delays in completion and fulfilment of obligations under the Concession Agreement

One of the salient terms of the Concession Agreement include the payment of liquidated and ascertained damages by WCESB to the Government amounting to RM100,000 for each day of delay if the construction is not completed by the agreed completion date.

In addition, WCESB is also required to fulfil other obligations throughout the Concession Period, which includes, amongst others, submitting to the Government progress reports on construction works, quality control tests and environmental monitoring reports, details of progress expenditure, maintenance, inspection and survey reports at various intervals (as stipulated in the Concession Agreement) as well as any other information relating to construction works, as the Government may request.

Failure to fulfil any of its obligations as set out above would result in penalties, payable by WCESB to the Government, for each day of delay. Such penalties contemplated ranges between RM500 to RM1,000 per day.

Notwithstanding this, your Board is of the view that WCESB will be able to leverage on the expertise of IJM Group on the construction and management of the WCE Project. IJM Group has developed a reputable track record in the construction, management and operations of infrastructure projects and expressways vide its involvement in the New Pantai Expressway, the Besraya Expressway and the Kajang-Seremban Expressway. In addition, the progress of the WCE Project will be closely monitored by our Group.

As at LPD, IJM has an effective equity interest of approximately 40.08% in WCESB and the WCE Project vide its 20.00% indirect equity interest in WCESB held by its wholly-owned subsidiary, Road Builder (M) Holdings Berhad and 20.08% indirect equity interest held through its 25.10% equity interest in our Company.

(ii) Toll rates

The West Coast Expressway will derive its revenue from the collection of toll charges from vehicles using the expressway. Like other toll-road concessionaires, WCESB is exposed to the risk that the Government may defer toll rates increment for a variety of reasons, including economic difficulties in Malaysia and negative consumer perceptions of increases in toll rates.

However, this risk is mitigated vide the Concession Agreement which provides for compensation provisions under such circumstances. Further, based on our Company's enquiry with our major shareholder, IJM, which has prior experience in concessions, our Company understands that IJM have not experienced any incident whereby they have been unable to claim for compensation provided for in the concession agreement.

(iii) Traffic volume

Along with the toll rates, traffic volume is one of the primary determinants of WCESB's revenue moving forward, which to a large extent is dependent on factors outside our control. The leading factors affecting traffic volume has historically been, and is expected to continue to be, the level of economic activity in Malaysia, prevalence of automobile ownership in Malaysia, price of petrol and other transportation fuels and alternative routes or modes of transportation.

Whilst traffic growth rate is expected to remain positive, as set out in Section 7.2.2 of this AP, there can be no assurance that any significant adverse trend affecting any of the major factors above as well as those set out in Section 7.2.2 of this AP will not have a significant adverse effect on traffic volumes along the West Coast Expressway.

(iv) Financing and interest rate risk

As set out in Section 4 of this AP, the project cost for the WCE Project (excluding the 40 kilometres to be constructed later) is approximately RM5.9 billion which will be funded via RM1.2 billion equity, convertibles and/or subordinated advances from the shareholders of WCESB and the balance will be funded via borrowings, including the Government support loan of RM2.24 billion.

In addition to the Government support loan which bears an interest rate of 4% per annum, WCESB will be required to arrange for external financing amounting to RM2.46 billion to fund the WCE Project at different stages of the construction period. Whilst WCESB has made various arrangements for bank borrowings as well as for the issuance of debt securities, such arrangements are still subject to the execution/issuance of formal financing documentations and the consent of the Government (as stipulated in the Concession Agreement).

Upon WCESB drawing down on the aforesaid borrowings, our Group could potentially be exposed to fluctuations in interest rates which, in turn could lead to higher borrowing costs and affect our Group's future results of operations and financial performance as well as our ability to service our repayment obligations.

In order to mitigate such risks, our Group will continue to liase with our Group's financiers as well as the Government to finalise the financing documentations in a timely manner. Our Group will also closely monitor and continuously review our Group's debt portfolio, which includes taking into consideration our Group's gearing level, interest costs as well as cash flows in achieving an overall optimal capital structure.

(v) Operating and maintenance cost

WCESB's operating costs relating to the operation and maintenance of the expressway and capital expenditure requirements may increase due to, amongst others, the standards of maintenance of road safety applicable to the expressway as prescribed by the relevant regulatory authorities becoming more stringent, extensive or frequent restoration of the expressway in the event of higher axle loading, traffic volume or environmental stress as well as any increase in the cost of materials, labour and supplies.

There can be no assurance that any increase in such costs will not have a significant adverse effect on our Group's financial results. To mitigate this risk, quotations will be obtained prior to placing orders and tendering process for major expenses will be in place to minimise costs.

(vi) Events of default which may lead to termination of the Concession Agreement

Section 5 (xv) of this AP sets out a list of events of default which could lead to the Concession Agreement being terminated by the Government. Such events include, amongst others, (i) WCESB failing to commence and complete the construction works of any sections of the West Coast Expressway on the relevant construction commencement and completion dates; (ii) WCESB failing to show satisfactory progress of the construction works in accordance with the works programme; (iii) WCESB being in breach of any of its obligations or fails to comply with or perform any of the terms and conditions of the Concession Agreement; and (iv) WCESB or its employees being convicted by a court of law for corruption or unlawful activities in relation to the Concession Agreement.

For information purposes, WCESB had also been accorded similar rights under the Concession Agreement whereby WCESB may terminate the Concession Agreement if the Government, without any reasonable cause, fails to perform or fulfil any of its obligations which adversely affect the right and authority of WCESB to demand, collect and retain toll for WCESB's own benefit (and such event is not remedied within the remedy period).

The Concession Period for the WCE Project is 50 years and will be extended for another ten (10) years if the agreed targeted IRR is not achieved. Early termination of the Concession Agreement will have a material adverse impact on the earnings of our Group as we may be unable to recover all or part of our cost of investment and generate sufficient cash flows for the repayment of borrowings.

In order to mitigate such risk, our Group will closely monitor the progress of the WCE Project and will continue to engage in constant communication with the relevant authorities in order to keep abreast with any potential developments affecting the WCE Project. Further, WCESB will be able to leverage on the expertise of IJM Group on the construction and management of the WCE Project, as detailed in Section 6.2.3(i) of this AP.

6.2.4 Dependence on key personnel

Our success depends to a significant extent on the abilities and continuing efforts of our Directors and key management. The loss of any of these persons without a suitable replacement, or our inability to attract and retain qualified and skilled key management, could adversely affect our continued ability to remain competitive which may then adversely affect our businesses, financial conditions, results of operations and prospects.

To this end, we will endeavour to offer a competitive compensation package and provide relevant training to retain our key personnel as well as attract and retain qualified experienced personnel who are essential towards addressing our succession plan. Notwithstanding this, there can be no assurance that these measures will always prove to be successful in retaining key management and personnel or ensuring a smooth transition should changes occur.

6.2.5 Political, economic and regulatory risk

Political and economic conditions as well as regulatory developments in Malaysia could have a material effect on the financial performance of our Group. These political, economic and/or regulatory conditions or development include (but are not limited to) risk of war, change in political leadership and environment, unfavourable changes in Government policies, nationalisation and changes in interest rate or legislation.

While our Group continues to take measures to mitigate these risks including close monitoring of the Government's masterplan in respect of long-term economic and development policies so that we can stay ahead as well as capitalise on any regulatory changes in the industry in which our Group operates, there can be no assurance that any changes to the political, economic and regulatory factors will not have a material and adverse effect on the business and prospects of our Group.

6.3 Forward-looking statement

Certain statements in this AP are historical in nature and are not necessarily reflective of future results, which are subject to uncertainties. Unless stated otherwise, all forward-looking statements are based on the estimates and assumptions made by us. Although we believe that these forward-looking statements and assumptions are reasonable, they are subject to risks known and unknown, as well as uncertainties and uncontrollable events that may cause the actual performance and results to differ significantly from the future results, performance or achievements expressed or implied in such forward-looking statements.

There can be no assurance that any of these forward-looking statements can be realised. As a result, such forward-looking statements should not be interpreted as a warranty or representation by our Company or any other person that the plans and objectives of our Group will be accomplished.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

7.1 Overview and outlook of Malaysia's economy

Global economic activity expanded at a moderate pace in the first quarter of 2014. The United States economy experienced a slower growth, mainly due to unusually adverse weather conditions. In the euro area, the recovery was supported by modest improvements in exports, while domestic demand remained sluggish due to structural constraints. Growth in several Asian economies expanded at a slower pace as domestic demand was affected by country-specific developments.

The Malaysian economy registered a strong growth of 6.2% in the first quarter of 2014 (fourth quarter ("**4Q**") 2013: 5.1%), driven by a stronger expansion in domestic demand and a turnaround in net exports. On the supply side, the major economic sectors grew further, supported by both domestic and trade activities. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.8% (4Q 2013: 1.9%).

Private consumption growth remained strong at 7.1% (4Q 2013: 7.4%) in the first quarter, supported by stable employment conditions and continued wage growth. Growth in public consumption increased to 11.2% (4Q 2013: 5.2%), reflecting higher Government spending on supplies and services. Gross fixed capital formation grew by 6.3% (4Q 2013: 6.5%), driven by robust private sector capital spending amidst a contraction in public investment growth. Growth in private investment remained strong at 14.1% (4Q 2013: 16.6%), underpinned by capital spending in the manufacturing and services sectors. Public investment declined by 6.4% (4Q 2013: -1.4%), reflecting the contraction in capital spending by both the Federal Government and the public enterprises.

On the supply side, growth was supported by the major economic sectors. The services sector expanded further, driven by the improvement in finance and insurance and sustained growth in consumption- and production-related services. Growth in the manufacturing sector was underpinned by the strong performance in the export-oriented industries. The construction sector recorded stronger growth, driven mainly by the residential sub-sector. Meanwhile, the agriculture sector registered higher growth, underpinned by the production of food crops while the mining sector registered a lower decline due to a smaller contraction in the output of crude oil.

Going forward, recovery in the global economy is expected to continue. International trade will be supported by the continued recovery in the advanced economies. In Asia, while domestic demand is expected to moderate, it will continue to underpin the overall performance of these economies, with additional support coming from the improving external conditions. Continued uncertainty over the monetary policy in key advanced economies, economic developments in both the advanced and emerging market economies, as well as geopolitical developments, are likely to generate continued volatility in the global financial markets.

For the Malaysian economy, growth will remain anchored by domestic demand, with additional support from the improvement in the external environment. Exports will continue to benefit from the recovery in the advanced economies while private domestic demand is expected to remain the key driver of the overall growth. Going forward, the Malaysian economy is therefore expected to remain on a steady growth path.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2014, Bank Negara Malaysia)

7.2 Overview and outlook of the industries in which our Group is involved in

Our Group's business activities had predominantly been in the construction of residential properties, manufacturing of resinated felt and property development, through our associated company, RPSB. Pursuant to the WCE Project, our Group's business activities have also expanded to include the tolling industry.

The overview and outlook of the respective industries in Malaysia are set out in the ensuing sections.

7.2.1 Construction and property development

The construction sector experienced robust growth in the first quarter of 2014 (18.9%; 4Q 2013: 9.8%), driven mainly by the residential sub-sector. Stronger growth performance in the non-residential and civil engineering sub-sectors provided further support to the sector. The strong growth in the residential sub-sector was supported by construction of high-rise projects, particularly in the Klang Valley, Penang and Johor. Growth in the non-residential sub-sector was underpinned by the construction of commercial and industrial projects.

Meanwhile, expansion in the civil engineering sub-sector reflected continued progress in rail, utility, and road projects such as the Klang Valley mass rapid transit, the light rail transit ("**LRT**") extension, Tanjung Bin and Janamanjung power plants and the expansion of lanes at the North-South Expressway.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2014, Bank Negara Malaysia)

The construction sector is expected to continue recording high growth, albeit at a more moderate pace in 2014, as the completion of several large civil engineering projects will more than offset the progress in existing projects in the transport, utility, and oil and gas sectors. Although several highway and power plant projects are expected to commence in 2014, these projects are not expected to provide significant support to overall growth in the construction sector in 2014.

(Source: Bank Negara Malaysia Annual Report 2013)

The property market performed moderately with lesser in number of transactions but at higher value. The year 2013 recorded 381,130 transactions worth RM152.37 billion as opposed to 427,520 transactions worth RM142.84 billion in 2012, indicating a reduction of 10.9% in volume and an increase of 6.7% in value.

The year 2013 observed a fair and sustainable sales performance of 45.1% (2012: 47.7%), as units launched decreased by 14.9% (2013: 48,617; 2012: 57,162 units). The overhang situation continued to improve as the number of residential overhang dropped further to 13,547 units in 2013 (2012: 15,091; 2011: 19,607 units). On the contrary, the overhang value increased from RM4.74 billion to RM4.80 billion this year. On the supply side, completion of residential, shop and industrial sub-sectors improved with 8.3%, 18.2% and 15.8% increments respectively. Similarly, construction activities for residential, shop and industrial sub-sectors continued to grow with more starts and new planned supply.

The Malaysian property market recorded a moderate growth which saw a contraction of 10.9% in volume but with a marginal increase of 6.7% in value. The residential sub-sector continued to spearhead the property market activities, taking up 64.6% share. Bank Negara Malaysia's pre-emptive strategies to preserve household sector resilience through application of 70% loan-to-value ratio on third housing loans onwards as well as guidelines on responsible funding, had gradually impacted the housing market.

Market activities softened across the board with all sub-sectors recording decreases in the transaction activity. The commercial sub-sector led with 16.5% followed by the industrial sub-sector 15.7%, agricultural sub-sector 12.4%, residential sub-sector 9.7% and development land by 6.8%. By market share, the residential sub-sector continued to dominate with 64.6% and trailed by agricultural (18.5%), commercial (9.0%), development land (5.6%) and industrial sub-sectors (2.2%).

In terms of value, with exception to development land and agricultural sub-sectors which declined by 8.8% and 7.0% respectively, all other sub-sectors sustained growth albeit at a smaller pace. Commercial, residential and industrial sub-sectors grew by 28.0%, 6.3% and 2.7% respectively.

The property market activity is expected to be driven largely by the residential sector. Affordable housing is foreseen to remain in focus in the coming years. The Government is concerned over soaring house prices, inadequate supply of houses and difficulty in getting financing especially for the low and medium income groups. Thus, the 2014 Budget continue to address housing supply through 1Malaysia Housing Programme, Syarikat Perumahan Nasional Berhad and National Housing Department (National Registration Department of Malaysia).

In the commercial property sub-sector the outlook for shopping complex and purpose built office is expected to be challenging with increasing supply of space and slower take-up rate. The performance of shopping complexes is expected to be moderated in tandem with the bleak Business Condition Index (BCI) and Consumer Sentiment Index (CSI). As for the office sub-sector, it is expected that occupancy and rental will sustain in the coming year until the completion of mega developments. The leisure sub-sector is expected to benefit from continuous efforts and initiatives taken to attract more tourists into the country.

In the industrial sub-sector, there are emerging signs of improvement. More investments are expected to flow into the country in 2014 given the number of on-going and upcoming projects. As at November 2013, the entry projects are estimated at RM106.00 billion. Projects to be implemented include the construction of the West Coast Expressway and double-tracking projects from Ipoh to Padang Besar, and later from Gemas to Johor Bahru. In the oil and gas sector, among projects to be undertaken by Petronas include the Sabah Ammonia Urea Project (SAMUR) in Sipitang, the integrated oil and gas production development project in Kebabangan and the regasification terminal project in Lahad Datu, all located in Sabah whilst the Refinery and Petrochemical Integrated Development Project (RAPID) is in Pengerang, Johor. In addition, the Regional Economic Corridors projects are estimated at RM1.6 billion. These projects are anticipated to spur industrial development and drive the country's economy to a more competitive level.

Considering all the concerted efforts taken by the Government to stimulate the national economy which would have direct or indirect impact on the property sectors, the property market on the whole is expected to remain resilient in the coming year.

(Source: Press Release: Malaysian Property Market 2013, Valuation & Property Services Department, Ministry of Finance Malaysia)

7.2.2 Tolling

The performance of the tolling industry in Malaysia is correlated to traffic growth in the country. Factors which contribute to traffic growth include, amongst others, the increase in number of motor vehicles, population growth and GDP growth. The following table sets out the growth rates for the aforesaid factors from 2010 to 2013:-

	Motor vehicles		**Population**		**GDP**	
	Number of motor vehicles	**Annual growth rate**	**Size**	**Annual growth rate**	**GDP value**	**Annual growth rate**
	(million)	**(%)**	**(million)**	**(%)**	**(RM'mil)**	**(%)**
2010	20.19	6.2	28.59	1.8	797,327	11.8
2011	21.40	6.0	29.06	1.6	885,339	11.0
2012	22.70	6.1	29.52 (1)	1.6	941,949 (2)	6.4
2013	23.71	4.4	29.95 (2)	1.5	986,733 (1)	4.8

Notes:-

(1) *Provisional figure as indicated in the Monthly Statistical Bulletin Malaysia, April 2014, Department of Statistics Malaysia.*

(2) *Estimate figure as indicated in the Monthly Statistical Bulletin Malaysia, April 2014, Department of Statistics Malaysia.*

(Sources: Transport Statistics Malaysia for years 2010-2013, Ministry of Transport Malaysia and Monthly Statistical Bulletin Malaysia, April 2014 and October 2013, Department of Statistics Malaysia)

Despite the year-on-year growth in number of vehicles, population and GDP, there has been a noticeable decline in the growth rates for GDP since 2012 and the number of motor vehicles in 2013.

Notwithstanding this, the higher annual GDP growth rates in 2010 and 2011, as illustrated above, were largely attributable to the recovery of the global economy, from one of the deepest economic downturns in modern history. Growth in 2010 and 2011 was largely driven by various measures taken by the Government to spur both private and public spending, which included the 52 Private Finance Initiatives over the Tenth Malaysia Plan (10MP) period as well as the implementation of private sector projects under the National Key Economic Areas. *(Source: Economic Report 2010/2011, Ministry of Finance Malaysia)* GDP growth has since moderated. Whilst the economy expanded at a lower pace in 2013 as a result of weaker external environment in the first half of the year, domestic demand remained resilient throughout the year, led by robust private sector activity *(Source: BNM Annual Report 2013)* and in the first quarter of 2014, the economy continued to register strong growth of 6.2% (4Q 2013: 5.1%), driven by a stronger expansion in domestic demand and a turnaround in net exports. Further details on the overview and outlook of the Malaysian economy is set out in Section 7.1 of this AP.

On the other hand, your management believes that the decline in growth rate for motor vehicles in 2013 is largely attributable to cautious spending by consumers of motor vehicles, in anticipation of lower car prices in line with the impending announcement of the revised National Automotive Policy ("**NAP**"), which was then under review. The NAP was subsequently announced on 20 January 2014 and prices of motor vehicles have now settled in. Notwithstanding this, whilst your management anticipates the number of motor vehicles to continue growing, such growth is expected to moderate over time, given that population growth averages at 1.62% over the past four (4) years.

Premised on the above and with 23.71 million registered motor vehicles in 2013 and still growing, traffic growth is expected to remain positive going forward.

(Source: Management of KEB)

7.2.3 Manufacturing

The manufacturing sector expanded by 6.8%, in the first quarter of 2014 (4Q 2013: 5.2%), supported by stronger performance of the export-oriented industries and continued expansion of the domestic-oriented industries. The export-oriented industries advanced by 6.9% (4Q 2013: 6.8%), in line with better external trade performance during the quarter. Growth was driven primarily by the electronics and electrical (E&E) cluster, particularly semiconductors. Domestic-oriented industries grew by 7.2% (4Q 2013: 8%), supported by the consumer related cluster, particularly transport equipment. Overall capacity utilization rate in the manufacturing sector was sustained at 78% (4Q 2013: 80%). Export and domestic-oriented industries were operating at 79% and 75% of total capacity respectively (4Q 2013: 82% and 73% respectively).

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2014, Bank Negara Malaysia)

The outlook for the manufacturing sector remains favourable, led by the export-oriented industries, which are expected to record higher growth in 2014, in line with the improvement in external demand.

(Source: Bank Negara Malaysia Annual Report 2013)

7.3 Prospects of our Group

Construction and tolling

As set out in Section 4 of this AP, WCESB had on 2 January 2013 signed a Concession Agreement with the Government in relation to the WCE Project. On 23 December 2013, WCESB received the confirmation from the Government that the conditions precedent of the Concession Agreement have been fulfilled and the effective date of the Concession Agreement is on 20 December 2013. On 19 May 2014, the Government approved the appointment of Consortium IJMC-Keuro as the EPC Contractor for the construction of the WCE Project for a fixed sum contract not exceeding RM5.044 billion.

The WCE Project involves the development of 233 kilometres of tolled highway from Banting, Selangor to Taiping, Perak (including 40 kilometres to be constructed later). The WCE Project is expected to provide an alternative route for road users and is planned and designed to be connected to the existing highways such as Shah Alam Expressway ("**KESAS**"), South Klang Valley Expressway ("**SKVE**"), North Klang Valley Expressway ("**NKVE**"), Kuala Lumpur-Kuala Selangor Expressway ("**LATAR**") and New North Klang Straits Bypass ("**SHAPADU**") in order to maximise coverage to major cities, townships and industrial areas as well as to provide the road users of the West Coast Expressway savings in travelling time and costs. The WCE Project is also expected to provide a safer route to coastal areas and avoid mountainous terrains in Jelapang – Kuala Kangsar area of the North South Expressway. For information purposes, the construction of additional 40 kilometres of highway refers to upgrading works for part of the existing federal road known as FR 73 Perak (from Parit to Seputih with a total length of nine (9) kilometres) and construction works for a 31 kilometre single carriageway highway which will connect Changkat Keruing and Parit in the State of Perak. Such construction will only be carried out by our Company (i) if the level of service for the relevant part of the federal road known as Federal Road 5 falls below the level of service stipulated in the Concession Agreement; or (ii) on the 10th anniversary of the date of issuance of *Sijil Kesempurnaan Pembinaan Lebuh Raya*; and is subject to a separate agreement to be entered into between WCESB and the Government. Nonetheless, in the event WCESB and the Government are unable to agree on the terms and conditions of the agreement, the Government shall have discretion to appoint any party to undertake the upgrading works and construction works.

The WCE Project is a build-operate-transfer project with a concession period of up to a maximum of 60 years. The construction of the WCE Project is expected to commence in the third quarter of 2014 and will take five (5) years for completion. The project cost for the WCE Project (excluding the 40 kilometres to be constructed later) is approximately RM5.9 billion and revenue from toll collections is expected to commence in 2018.

In order to ensure the successful completion of the WCE Project, WCESB have assembled a project management team to undertake the WCE Project and the appointment of Consortium IJMC - Keuro as the EPC Contractor for the construction of the WCE Project would also enable our Company to leverage on the manpower, skills and technical resources of IJM, which has a proven track record in undertaking projects of this nature.

Furthermore, our Chief Executive Officer, namely Dato' Neoh Soon Hiong, who is also the Chief Executive Officer and Director of WCESB, has vast experience in highway concession and operation. He was with the Public Works Department for over 10 years and subsequently joined PLUS Expressways Berhad as an engineer in its Maintenance Management Department in 1990. In 1995, he was transferred to Metramac Corporation Sdn Bhd and served as an engineer until he joined Besraya (M) Sdn Bhd ("**BSB**") as a Project Manager in 1997. His subsequent appointments included Head of Operations of BSB (1999-2000), General Manager of BSB and New Pantai Expressway Sdn Bhd ("**NPE**") (2001-2004), Executive Director of BSB and NPE (2004-2006), Managing Director of NPE and BSB (2006-2011), and Chief Executive Officer of Lebuhraya Kajang-Seremban Sdn Bhd (2007-2011) ("**LEKAS**"). BSB and NPE are wholly-owned subsidiaries of Road Builder (M) Holdings Bhd, which in turn is a wholly-owned subsidiary of IJM.

He was appointed as the Chief Executive Officer of WCESB after he retired as the Head of IJM Toll Division in 2011. He has more than 20 years' experience in highway concession and operation. In addition, our major shareholder, namely IJM, fully owns and operates several urban toll concessions in Malaysia, namely the Sungai Besi Highway, NPE and LEKAS. The vast experience of our Chief Executive Officer and our major shareholder will provide our Group with the necessary expertise to construct and operate the West Coast Expressway.

Upon commencement of toll collection at the West Coast Expressway, its operations are expected to enhance the future profitability and improve the financial position of our Group as this is one of the key projects that is expected to drive our Group's financial performance and place it on a better financial standing.

Property development

Bandar Rimbayu Sdn Bhd, a wholly-owned subsidiary of RPSB, is the developer of a township known as Bandar Rimbayu. Bandar Rimbayu is a 1,879-acre Green Building Index certified premier township development. It is located about three (3) kilometres south of Kota Kemuning in Shah Alam, Selangor and is strategically located adjacent to matured neighbourhoods like Subang Jaya, USJ, Kemuning Utama, Puchong, Shah Alam and Klang.

The Bandar Rimbayu development comprises mixed residential components and commercial hub. The commercial hub is expected to have shopping malls, boutique shops, office suites, hotel, serviced apartments, private education institutions and medical institutions. The township has good connectivity to Shah Alam, Klang, Port Klang, Putrajaya, Cyberjaya, Puchong, Subang Jaya and Damansara as well as to the Kuala Lumpur International Airport via five (5) major highways, namely the KESAS, SKVE, Expressway Lingkaran Tengah ("**ELITE**") and Lebuhraya Kemuning Shah Alam ("**LKSA**") as well as the West Coast Expressway when it is completed.

The launch of Phase 1, Phase 2 and the first 40% of Phase 3 of the township took place in March 2013, August 2013 and May 2014 respectively. As at LPD, the take-up rates for Phase 1, Phase 2 and the first 40% of Phase 3 are 93%, 73% and 78% respectively. Phase 1 and Phase 2 comprise of double storey terrace houses whilst Phase 3 comprises of linked semi-detached and single storey bungalows.

The proposed future launches of Bandar Rimbayu over the next three (3) years are as follows:-

Phase	Tentative launch date^	Type of property	Total units^
Phase 4	September 2014	Linked house	110
Phase 5	March 2015	Linked house	231
Phase 6	September 2015	Shops and serviced apartments	482
Phase 7	March 2016	Linked house	625
Phase 8	September 2016	Linked house	208
Phase 9	March 2017	Shops and serviced apartments	450

Note:-

^ *The above proposed launches are tentative only as at LPD and are subject to, amongst others, market conditions as well as the take-up rates for each phase.*

This township is to be developed over 15-20 years and our 40% equity interest held in RPSB is expected to contribute positively to the future consolidated financial results of our Group.

Manufacturing

The manufacturing activities of our Group have been undertaken by our subsidiary, namely Asian Resinated Felt Sdn Bhd ("**ARFSB**"), which is one of the only two (2) felt manufacturers in Malaysia. ARFSB is the first resin plant in Malaysia to support the automotive industry. The main products of ARFSB are used for, amongst others, insulation in air conditioning, ventilation ducts and other home appliances such as Hi-Fi speaker boxes, carpet underlay and ceiling.

Whilst our manufacturing segment had in the past three (3) financial years generated consistent and sustainable revenue to our Group, your Board will continue to explore new opportunities to distribute its products to other industries other than the existing automotive and air-conditioning industries, to further expand the level of operations of ARFSB, moving forward.

In summary, we are optimistic of our future prospects in light of our future plans and the overall outlook of the economy and the industries which our Group is operating in.

(Source: Management of KEB)

8. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Share capital

The proforma effects of the Rights Issue with Warrants on the issued and paid-up share capital of our Company are set out below:-

	Number of Shares	RM
As at LPD	572,991,765	572,991,765
To be issued pursuant to the Rights Issue with Warrants	429,743,823	429,743,823
	1,002,735,588	1,002,735,588
To be issued pursuant to the full exercise of the Warrants	214,871,911	214,871,911
Enlarged issued and paid-up share capital	**1,217,607,499**	**1,217,607,499**

8.2 NA per Share and gearing

The proforma effects of the Rights Issue with Warrants on the consolidated NA and gearing of our Company based on the latest audited consolidated statement of financial position of our Company as at 31 March 2014 are as follows:-

		(I)	(II)
	Audited as at 31 March 2014	**After the Rights Issue with Warrants**	**After (I) and assuming full exercise of the Warrants**
	(RM'000)	**(RM'000)**	**(RM'000)**
Share capital	572,992	1,002,736	1,217,608
Reserves			
- Share premium	42,345	42,345 [(c)(d)]	134,740 [(f)]
- Foreign exchange	870	870	870
- Warrants reserve	-	53,718 [(d)]	-
- Accumulated losses	(489,509)	(515,848) [(d)]	(515,848)
NA/ Shareholders' funds^	126,698	583,821	837,370
Number of Shares outstanding ('000)	572,992	1,002,736	1,217,608
NA per Share (RM) [(a)]	0.22	0.58	0.69
Interest-bearing borrowings	122,253	30,218 [(e)]	30,218
Gearing (times) [(b)]	0.96	0.05	0.04

Notes:-

^ *Attributable to the owners of our Company.*

(a) *Calculated based on NA over the number of Shares outstanding.*

(b) *Calculated based on total interest-bearing borrowings over the NA.*

(c) *Based on the issue price of RM1.08 per Rights Share and after deducting estimated expenses amounting to approximately RM6.0 million in relation to the Rights Issue with Warrants.*

(d) *Based on the indicative fair value of the Warrants as at LPD of RM0.25, which will be partly debited from our Company's share premium account and the balance will be charged to accumulated losses. The accumulated losses of our Group also include the estimated expenses in relation to the Disposal amounting to approximately RM1.0 million.*

(e) *After the repayment of bank borrowings amounting to approximately RM92.0 million using the proceeds to be raised from the Rights Issue with Warrants.*

(f) *Based on the exercise price of RM1.18 per Warrant.*

As set out in Sections 4 and 6.2.3(iv) of this AP, the WCE Project (excluding the 40 kilometres to be constructed later) will be partially funded via borrowings over the construction period. For information and illustrative purposes only, assuming that the total borrowings amounting to approximately RM4.7 billion is fully drawndown, the gearing of our Group shall increase from 0.04 times (after the Rights Issue with Warrants and assuming full exercise of the Warrants) to approximately 5.65 times. However, our Group's actual gearing, at the point of the respective drawdowns of our borrowings, will depend on, amongst others, our Group's financial performance from 1 April 2014 onwards as well as our Group's capital structure.

8.3 Earnings and EPS

Based on our Group's audited consolidated financial statements for the fourteen (14)-months FPE 31 March 2014, the proforma effects of the Rights Issue with Warrants on our loss attributable to owners of our Company and LPS for the fourteen (14)-months FPE 31 March 2014 are as follows:-

		(I)	(II)
	Audited for the fourteen (14)-months FPE 31 March 2014	**After the Rights Issue with Warrants**	**After (I) and assuming full exercise of the Warrants**
Loss attributable to owners of our Company (RM'000)	(33,027)	(34,027) [(a)]	(34,027)
Number of Shares outstanding ('000)	572,992	1,002,736 [(b)]	1,217,608
LPS (sen) ^	(5.76)	(3.39)	(2.79)

Notes:-

^ *Calculated based on loss attributable to owners of our Company over the number of Shares outstanding.*

(a) *After taking into consideration the estimated expenses in relation to the Disposal amounting to approximately RM1.0 million but excludes the interest savings arising from the repayment of borrowings of RM92.0 million via the proceeds of the Rights Issue with Warrants.*

(b) *Assuming that the Rights Shares had been issued as at 31 March 2014.*

The LPS of our Group is expected to be further diluted arising from the number of new KEB Shares to be issued pursuant to the exercise of Warrants.

However, as RM92.0 million of the total proceeds to be raised from the Rights Issue with Warrants will be utilised to repay our Group's bank borrowings, this will result in an annual interest savings of approximately RM6.17 million to our Group, based on the actual cost of borrowings of approximately 6.7% per annum.

In addition to the above, as part of the proceeds to be raised from the Rights Issue with Warrants will also be utilised for injection as equity, convertibles and/or subordinated advances into WCESB, which in turn will be utilised to partially fund the WCE Project, the Rights Issue with Warrants is expected to contribute positively to the future earnings of our Group after completion of the WCE Project.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Your Board is of the opinion that based on our Group's available banking facilities, our Group's cash balance, internally generated funds from our operations as well as the proceeds to be raised from the Rights Issue with Warrants, our Group will have adequate working capital for a period of 12 months from the date of this AP to meet our present and foreseeable future requirements.

9.2 Borrowings

As at 30 June 2014, our Group had total outstanding borrowings of approximately RM119.71 million all of which are interest-bearing and from local financial institutions, details of which are as follows:-

	Facility amount RM'000	Outstanding amount RM'000	Effective interest (%)^/ Type of interest rate	Maturity	Purpose of financing
Short term borrowings:-					
- Term loans	4,769	2,443	9.53/Floating rate	31 July 2014*	Working capital
	19,000	19,000	17.23/Fixed rate	31 July 2014@	Working capital
	150,000	92,035	6.58/Floating rate	31 August 2014@	Refinancing of existing borrowings and part financing for the subscription of shares in WCESB
- Trust receipts	6,000	4,277	10.03/Floating rate	#	Imports/purchase of machinery/equipment and performance guarantee
- Bank overdrafts	1,000	1,950	9.53/Floating rate	#	Working capital
	n/a	1	n/a	n/a	n/a
Total		**119,706**			

Notes:-

n/a *Not available. The outstanding amount of RM1,000 relates to an old credit facility which has expired and which our Company is disputing.*

^ *Effective interest is determined based on the weighted average interest costs incurred by our Group.*

* *The outstanding amount will be fully settled by early August 2014.*

@ *Our Company is currently negotiating with the respective financial institutions for an extension of the maturity date of the said facilities.*

\# *The facility is overdue and will only be discharged upon resolution of the legal action initiated by TTB against the relevant financial institution, further details of which are set out in Section 9.3 of this AP.*

As at LPD, we do not have any non-interest bearing borrowings.

There has been no default on payment of either interest and/or principal sums in respect of any borrowing throughout the past fourteen (14)-months FPE 31 March 2014, and the subsequent financial period up to LPD.

9.3 Contingent liabilities

Save as disclosed below, as at LPD, there is no contingent liability incurred or known to be incurred by our Group, which in the opinion of your Board, upon becoming enforceable, will or may have a material impact on the profits or NA value of our Group:-

	RM'000
A subsidiary i.e. Keuro Leasing Sdn Bhd was indebted to a bank for an amount of approximately RM6.2 million. The bank had on 7 September 2010 auctioned and disposed of a piece of land belonging to TTB, which was used as the security for the borrowing, at an auction price which is below the market value of the land. TTB is taking legal action against the bank for the difference between the auction price and the market value of the land. In the event that TTB is unable to succeed in its claim, our Group may be liable for the amount claimed by TTB.	33,700
Total	**33,700**

9.4 Material commitments

As at LPD, there is no material commitment incurred or known to be incurred by our Group, which in the opinion of your Board, will or may have a material impact on the financial position of our Group.

10. SHAREHOLDERS' UNDERTAKING AND UNDERWRITING ARRANGEMENT

10.1 Shareholders' undertaking

IJM and MWE, being the major shareholders of our Company, have provided their Undertakings for the Rights Issue with Warrants. The entitlements of IJM and MWE under the Rights Issue with Warrants and the number of Rights Shares to be subscribed for pursuant to the Undertakings based on their shareholdings in our Company as at LPD are as follows:-

	As at LPD		Entitlement under the Rights Issue with Warrants		Excess Rights Shares to be subscribed for pursuant to the Undertakings		Total Rights Shares and Warrants to be subscribed for pursuant to the Undertakings			
	No. of KEB Shares	%	No. of Rights Shares	% *	No of Excess Rights Shares	% *	No. of Rights Shares	% *	No. of Warrants	% *
IJM	143,845,300	25.10	107,883,975	25.10	49,091,401 #	11.42	156,975,376	36.53	78,487,688	36.53
MWE	141,400,000	24.68	106,050,000	24.68	-	-	106,050,000	24.68	53,025,000	24.68

Notes:-

* *Based on 429,743,823 Rights Shares and 214,871,911 Warrants to be issued pursuant to the Rights Issue with Warrants.*

\# *Pursuant to the IJM Undertaking, IJM has undertaken to subscribe in full for its entitlement under the Rights Issue with Warrants as at the Entitlement Date and such number of Excess Rights Shares with Warrants such that it subscribes for a total of 156,975,376 Rights Shares together with 78,487,688 free Warrants under the Rights Issue with Warrants, either on its own and/or via its renouncee(s). The number of excess Rights Shares to be subscribed has been included for illustrative purposes only and may change depending on its actual shareholding in our Company as at the Entitlement Date.*

The aforementioned shareholders have confirmed via their Undertakings that they have the financial means and sufficient resources to subscribe in full for their respective number of Rights Shares set out in the table above and will make full payment for all such Rights Shares upon subscription in accordance with the terms and conditions of this AP.

RHB Investment Bank has verified the sufficiency of financial resources of the aforementioned shareholders to subscribe for their respective number of Rights Shares undertaken as set out in the table above.

10.2 Underwriting arrangement(s)

On 16 July 2014, our Company had entered into the Underwriting Agreement with the Managing Underwriter and Joint Underwriters to underwrite up to 166,718,447 Rights Shares together with 83,359,223 free Warrants (**"Underwritten Rights Shares"**) for which no undertaking has been procured, representing approximately 38.79% of the total Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants. The underwriting commission of 1.30% and the managing underwriting fee of 0.50% of the value of the Underwritten Rights Shares based on the issue price of RM1.08 per Rights Share will be borne by our Company.

The number of Underwritten Rights Shares underwritten by each Joint Underwriter is as follows:-

Joint Underwriters	Agreed proportion of Underwritten Rights Shares	No. of Underwritten Rights Shares	No. of attached Warrants
	(%)		
RHB Investment Bank	83.31	138,888,888	69,444,444
Inter-Pacific	5.58	9,311,041	4,655,521
UOB Kay Hian	5.55	9,259,259	4,629,629
MIDF Amanah Investment Bank	5.55	9,259,259	4,629,629
Total	**100**	**166,718,447**	**83,359,223**

In view of the underwriting arrangement made by our Company, there will not be any implication under the Malaysian Code on Take-Overs and Mergers 2010 as well as the public shareholding spread of our Company in the event that the Entitled Shareholders other than IJM and MWE do not subscribe for their respective entitlements under the Rights Issue with Warrants.

For information purposes, Newfields Capital Sdn Bhd, the holding company of Newfields, being the Financial Adviser to our Company for the Rights Issue with Warrants, will purchase up to RM80,000,000 in value of Rights Shares together with free Warrants (representing 74,074,074 Rights Shares together with 37,037,037 free Warrants, at the issue price of RM1.08 per Rights Share) from RHB Investment Bank, in the event that the Rights Issue with Warrants is undersubscribed.

11. PROCEDURES FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such Provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for such Provisional Rights Shares with Warrants that you have been provisionally allotted as well as to apply for any Excess Rights Shares with Warrants if you choose to do so. This AP and the RSF are also available on Bursa Securities' website (www.bursamalaysia.com).

FULL PROCEDURES FOR THE ACCEPTANCE OF AND PAYMENT FOR AND SALE/TRANSFER OF YOUR ENTITLEMENT TO THE PROVISIONAL RIGHTS SHARES WITH WARRANTS AS WELL AS EXCESS APPLICATION ARE SET OUT IN THIS SECTION AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS AP AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS AP.

11.1 Acceptance and payment

If you wish to accept all or part of your entitlement to the Provisional Rights Shares with Warrants, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Acceptances which do not strictly conform to the terms of this AP or the RSF or the notes and instructions contained therein or which are illegible may not be accepted at the absolute discretion of your Board.

Each completed and signed RSF together with the relevant payment must be delivered by hand or despatched by ordinary post (at your own risk) to our Share Registrar at the following address:-

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Tel. No.: 03 – 2264 3883
Fax No.: 03 – 2282 1886

so as to arrive not later than **5.00 p.m.** on **20 August 2014**, being the last date and time for acceptance and payment, or such later date and time as your Board may decide in its absolute discretion and announce not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any reasons require another copy of the RSF, you may obtain additional copies of the RSF from all Malaysian stockbroking companies, Bursa Securities' website (www.bursamalaysia.com), our Share Registrar at the address stated above or our registered office at the following address:-

Suite 2.12, Level 2,
Menara Maxisegar
Jalan Pandan Indah 4/2
Pandan Indah
55100 Kuala Lumpur

Tel. No.: 03 – 4296 2000
Fax No.: 03 – 4294 5072

Only one (1) RSF can be used for acceptance of the Provisional Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of the Provisional Rights Shares with Warrants standing to the credit of more than one (1) CDS Account. If successful, the Rights Shares with Warrants accepted by you will be credited into the respective CDS Accounts where the Provisional Rights Shares with Warrants are standing to the credit.

If you do not wish to accept your entitlement to the Provisional Rights Shares with Warrants in full, you are entitled to accept part of your entitlement to the Provisional Rights Shares with Warrants. The minimum number of the Provisional Rights Shares with Warrants that can be accepted or the minimum number of Excess Rights Shares with Warrants which can be applied for is one (1) Rights Share. However, you should take note that, in order to be entitled to one (1) Warrant, you must subscribe for two (2) Rights Shares. Fractions of a Rights Share and/or Warrant arising from the Rights Issue with Warrants will be dealt with in such manner and on such terms and conditions as your Board in its absolute discretion deems fit or expedient or in the best interest of our Company. You should take note that a trading board lot comprises 100 Rights Shares and 100 Warrants respectively.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Provisional Rights Shares with Warrants accepted in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia and must be made payable to "**KEB RIGHTS SHARES ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and address in block letters and your CDS Account number. The payment must be made in the exact amount. Any excess or insufficient payment and payment other than in the manner stated in this AP may be rejected at the absolute discretion of your Board. Cheques or any other mode of payments not prescribed herein are not acceptable.

NO ACKNOWLEDGEMENT WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR FOR THE RECEIPT OF THE RSF OR THE APPLICATION MONIES IN RESPECT OF THE ACCEPTANCE OF THE PROVISIONAL RIGHTS SHARES WITH WARRANTS. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RIGHTS SHARES WITH WARRANTS SHALL BE CREDITED INTO YOUR CDS ACCOUNT AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS STATED IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

If the acceptance of and payment for the Provisional Rights Shares with Warrants allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by **5.00 p.m.** on **20 August 2014**, being the last date and time for acceptance and payment, or such later date and time as your Board may decide in its absolute discretion and announce not less than two (2) Market Days before the stipulated date and time, the provisional entitlement to you will be deemed to have been declined and will be cancelled. Such Rights Shares with Warrants not taken up shall first be made available for Excess Application in the manner as set out in Section 11.3 of this AP and if undersubscribed, any remaining Rights Shares with Warrants will be taken up by the Joint Underwriters.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. YOUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN. IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS STATED IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS.

11.2 Sale/transfer of Provisional Rights Shares with Warrants

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, as an Entitled Shareholder, you may wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants to one (1) or more than one (1) person immediately through your stockbroker(s) without first having to request for a split of the Provisional Rights Shares with Warrants standing to the credit of your CDS Account(s).

To sell/transfer all or part of your entitlement to the Provisional Rights Shares with Warrants, you may sell such entitlement on the open market or transfer such entitlement to such person(s) 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 Rights Shares with Warrants.

In selling/transferring all or part of your entitlement to the Provisional Rights Shares with Warrants, you need not deliver any document, including the RSF, to your stockbroker(s). You are however, advised to ensure that there is sufficient Provisional Rights Shares with Warrants standing to the credit of your CDS Account(s) for settlement of the sale/transfer.

Purchaser(s) of the Provisional Rights Shares with Warrants may obtain a copy of this AP and the RSF from all Malaysian stockbroking companies, Bursa Securities' website (www.bursamalaysia.com), our Share Registrar or our registered office.

If you have sold/transferred only part of your entitlement to the Provisional Rights Shares with Warrants, you may still accept the balance of your entitlement to the Provisional Rights Shares with Warrants by completing Parts I(A) and II of the RSF and forwarding the RSF together with the appropriate remittance for the full amount payable for the balance of the Rights Shares with Warrants accepted to our Share Registrar in accordance with the instructions as set out in Section 11.1 of this AP.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

11.3 Excess Application

If you wish to apply for additional Rights Shares with Warrants in excess of those provisionally allotted to you, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II of the RSF) and forwarding the RSF, together with a **separate** remittance for the full amount payable in respect of the Excess Rights Shares with Warrants applied for to our Share Registrar so as to arrive not later than **5.00 p.m.** on **20 August 2014**, being the last date and time for the application and payment, or such later date and time as your Board may decide in its absolute discretion and announce not less than two (2) Market Days before the stipulated date and time.

Payment for the Excess Rights Shares with Warrants applied for shall be made in the same manner described in Section 11.1 of this AP except that the banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia and must be made payable to "**KEB EXCESS RIGHTS SHARES ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and address in block letters and your CDS Account number. The payment must be made in the exact amount. Any excess or insufficient payment and payment other than in the manner stated in this AP may be rejected at the absolute discretion of your Board. Cheques or any other mode of payments not prescribed herein are not acceptable.

Your Board will allot the Excess Rights Shares with Warrants, if any, in a fair and equitable manner, and on such basis as it may deem fit or expedient or in the best interest of our Company. The indicative basis for the allotment of the Excess Rights Shares with Warrants is as follows:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;

(iii) thirdly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants application; and

(iv) fourthly, for allocation to transferee(s) and/or renouncee(s) who have applied for Excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants application.

Nevertheless, your Board reserves the right to allot any Excess Rights Shares with Warrants applied under Part I(B) of the RSF in such manner as your Board deems fit or expedient or in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of your Board as set out in Section 11.3(i) – (iv) above are achieved. Your Board also reserves the right to accept any Excess Application in full or in part, without assigning any reason.

NO ACKNOWLEDGEMENT WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR FOR THE RECEIPT OF THE EXCESS APPLICATION OR THE APPLICATION MONIES IN RESPECT THEREOF. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RIGHTS SHARES WITH WARRANTS SHALL BE CREDITED INTO YOUR CDS ACCOUNT AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS STATED IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE AND TIME FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN. IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS STATED IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE AND TIME FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS.

11.4 Acceptance by renouncees

As a renouncee, the procedures for acceptance, selling/transferring of the Provisional Rights Shares with Warrants, applying for the Excess Rights Shares with Warrants and/or payment is the same as that which is applicable to Entitled Shareholders as described in Sections 11.1 to 11.3 of this AP.

Renouncees may obtain a copy of this AP and the RSF from all Malaysian stockbroking companies, Bursa Securities' website (www.bursamalaysia.com), our Share Registrar or our registered office.

RENOUNCEE(S) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

11.5 CDS Account

Bursa Securities has already prescribed the KEB Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants are prescribed securities and as such, all dealings in the Rights Shares with Warrants will be by book entry through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares with Warrants.

The acceptance of the Provisional Rights Shares with Warrants by you or any purchaser of the rights thereof shall mean consent to receiving such Rights Shares and Warrants as prescribed securities which will be credited directly into the respective CDS Accounts.

All Excess Rights Shares with Warrants allotted shall be credited directly into the CDS Accounts of the successful applicants.

11.6 Foreign Addressed Shareholders

The Documents are not intended to be (and will not be) issued to comply with the laws of countries or jurisdictions other than the laws of Malaysia and have not been (and will not be) lodged, registered or approved pursuant to or under any applicable securities legislation (or with or by any regulatory authorities or other relevant bodies) of any laws of any countries or jurisdictions other than the laws of Malaysia.

The Documents are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue with Warrants will not be made or offered in any countries or jurisdictions other than Malaysia. Further, the distribution of the Documents and the acceptance of the Rights Issue with Warrants in certain countries or jurisdictions may be restricted or prohibited under the relevant laws of the respective countries or jurisdictions. Accordingly, the Rights Shares with Warrants will not be sold, directly or indirectly, and neither the Documents nor advertisement in connection with the Rights Issue with Warrants will be distributed or published in or from any countries or jurisdictions except under circumstances that will result in compliance with any applicable rules and regulations of any such countries or jurisdictions. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Shares with Warrants in any jurisdiction other than Malaysia or to any person to whom it would be unlawful to make such offer, solicitation or invitation.

As such, the Documents will not be despatched to Foreign Addressed Shareholders unless they have provided an address in Malaysia for the service of the Documents by the Entitlement Date. However, Foreign Addressed Shareholders may collect the Documents in person from our Share Registrar's office, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents. Such collection may be done during normal business hours from Mondays to Fridays (except public holidays) from the date hereof until **5.00 p.m.** on **20 August 2014** (or such later date and time as your Board may decide in its absolute discretion and announce not less than two (2) Market Days before the stipulated date and time).

However, Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) into whose possession the Documents may come or to whom such Rights Issue with Warrants are made are required to inform themselves of, and observe all applicable laws of other jurisdiction which may prohibit or restrict the issue, circulation or distribution of the Documents to them or which may prohibit or restrict the offering, solicitation or invitation to subscribe for securities under the Documents pursuant to the relevant laws of the countries or jurisdictions they are subjected to. Entitled Shareholders and/or their renouncee(s) (if applicable) who are residing in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and other professional adviser as to whether the acceptance, renunciation, sale or transfer of the Provisional Rights Shares with Warrants (as the case may be), would result in the contravention of any laws of such countries or jurisdictions in which Entitled Shareholders and/or their renouncee(s) (if applicable) is a resident.

Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants to the extent that it would be lawful to do so. Neither we, our Share Registrar, RHB Investment Bank, Newfields, the Joint Underwriters nor any other experts ("**Parties**") to the Rights Issue with Warrants would, in connection with the Rights Issue with Warrants, be responsible for any breach of the laws of countries or jurisdictions other than the laws of Malaysia to which the Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) is or might be subject to and he/she shall be solely responsible to seek advice as to the laws of the countries or jurisdictions to which they are or may be subject to. The Parties shall not accept any responsibility or liability whatsoever to any party in the event that any acceptance, renunciation, sale or transfer of the Provisional Rights Shares with Warrants (as the case may be) made by Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the Entitled Shareholders and/or their renouncee(s) (if applicable) is a resident. Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of their entitlement or to any net proceeds thereof.

Our Company will assume that the Rights Issue with Warrants and the acceptance thereof by Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) would be in compliance with the terms of the Rights Issue with Warrants and would not be in breach of the laws of any countries or jurisdictions. Our Company will further assume that Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) had accepted the Rights Issue with Warrants in Malaysia and will at all applicable times be subject to the laws of Malaysia.

By signing any of the RSF accompanying this AP, Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) the Parties (or if it is a broker-dealer or custodian acting on behalf of its customer, such customer has confirmed to it that such customer has so represented, acknowledged and declared in respect of itself) that:-

(i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any countries or jurisdictions to which that the Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) are or may be subject to;

(ii) Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;

(iii) Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) are not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation, be in breach of the laws of any countries or jurisdictions to which that person is or may be subject to;

(iv) Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) are aware that the Provisional Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any way in accordance with all applicable laws in Malaysia;

(v) Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) have respectively received a copy of the Documents and have had access to such financial and other information and have been provided with the opportunity to pose such questions to the representatives of the Parties and receive answers thereto as they deem necessary in connection with their decision to subscribe or purchase the Rights Shares with Warrants; and

(vi) Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Warrants.

However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements. The Provisional Rights Shares with Warrants relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Shares with Warrants available for Excess Application by Entitled Shareholders and/or their renouncee(s) (if applicable).

12. TERMS AND CONDITIONS

The Rights Issue with Warrants is governed by the terms and conditions set out in the Documents.

13. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully
For and on behalf of the Board
KUMPULAN EUROPLUS BERHAD

DATO' ABDUL HAMID BIN MUSTAPHA
Chairman/Independent Non-Executive Director

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 3 JANUARY 2014

KUMPULAN EUROPLUS BERHAD
(Company No. 534368-A)
(Incorporated in Malaysia)

Extract of the Minutes of the Extraordinary General Meeting held at Selangor 3 Function Room, Dorsett Grand Subang Hotel, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Friday, 3 January 2014 at 10.30 a.m.

ORDINARY RESOLUTION 2
PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 429,743,823 NEW ORDINARY SHARES OF RM1.00 EACH IN KUMPULAN EUROPLUS BERHAD ("KEB" OR "COMPANY") ("KEB SHARES") ("RIGHTS SHARES") TOGETHER WITH 214,871,911 FREE DETACHABLE WARRANTS ("WARRANT(S)"), ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY FOUR (4) KEB SHARES HELD AND ONE (1) FREE WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED FOR ON AN ENTITLEMENT DATE TO BE DETERMINED LATER

IT WAS RESOLVED:-

THAT subject to the passing of Ordinary Resolution 3 and Special Resolution 1 and subject to all approvals being obtained from the relevant authorities and/or relevant parties, including the approval of Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the Rights Shares and Warrants, authority be and is hereby given to the Board of Directors of the Company ("Board") to allot (provisionally or otherwise) by way of a renounceable rights issue of 429,743,823 Rights Shares together with 214,871,911 Warrants to the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined by the Board, and/or to their renouncee(s), on the basis of three (3) Rights Shares for every four (4) existing KEB Shares held and one (1) Warrant for every two (2) Rights Shares subscribed for on such entitlement date and at an issue price to be determined and announced by the Board ("Proposed Rights Issue with Warrants");

THAT the Rights Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing KEB Shares, save and except that such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders, the entitlement date of which is prior to the allotment date of the Rights Shares;

THAT any Rights Shares and Warrants which are not taken up or validly taken up or which are not allotted for any reason whatsoever shall first be made available for excess shares application;

THAT the Board be and are hereby authorised to allot and issue such appropriate number of new KEB Shares to be credited as fully paid-up upon full payment arising from any exercise by the holders of the Warrants of their rights in accordance with the provisions of the deed poll constituting the Warrants to be executed by the Company ("Deed Poll") and such new KEB Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing KEB Shares, save and except that such new KEB Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders, the entitlement date of which is prior to the allotment date of the new KEB Shares;

THAT approval be and is hereby given for the Company to utilise the proceeds of the Proposed Rights Issue with Warrants for the purposes set out in the Circular, and the Board be and are hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board shall in their absolute discretion deem fit, necessary, expedient and/or appropriate and in the best interest of the Company;

-2-

KUMPULAN EUROPLUS BERHAD (Company No. 534368-A)
Extract of Minutes of the Extraordinary General Meeting held on 3 January 2014

THAT the Board be and are hereby empowered and authorised to:-

(a) deal with any fractional entitlement and fraction of the KEB Shares that may arise from the Proposed Rights Issue with Warrants in such manner as they shall at their absolute discretion deem fit or expedient and in the best interest of the Company;

(b) execute, sign and enter into the Deed Poll with full power to assent to any condition, modification or amendment as they deem fit, necessary or expedient or as may be imposed by any relevant authorities, and full power to implement and give effect to the terms and conditions of the Deed Poll and in the best interest of the Company;

(c) from time to time hereafter, to approve and give effect to any adjustment, variation, modification or amendment to the Deed Poll in accordance with and subject to the terms therein (including but not limited to the exercise price of the Warrants), to issue and allot such additional number of Warrants pursuant to the adjustments under the Deed Poll, and to issue and allot such additional number of KEB Shares to be credited as fully paid-up upon full payment arising from the exercise of such additional Warrants, and all such new KEB Shares shall, upon issuance and allotment, rank *pari passu* in all respect with the then existing KEB Shares, save and except that such new KEB Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders, the entitlement date of which is prior to the allotment date of such new KEB Shares; and

(d) execute or enter into agreements, deeds or arrangements as the Board may deem necessary or expedient, including but not limited to an underwriting agreement for the underwriting of the Proposed Rights Issue with Warrants, and to take all such necessary steps to give effect to the aforesaid Proposed Rights Issue with Warrants with full power to consent to and to adopt such conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities in respect of the Proposed Rights Issue with Warrants and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants in the best interest of the Company,

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares and Warrants to be issued pursuant to or in connection with the Proposed Rights Issue with Warrants have been fully allotted and issued in accordance with the terms of the Proposed Rights Issue with Warrants.

CERTIFIED TRUE & CORRECT

DATO' ABDUL HAMID BIN MUSTAPHA	**RAW KOON BENG (MIA 8521)**
Director	Secretary

Date: 25 March 2014

INFORMATION ON OUR COMPANY

1. HISTORY OF THE BUSINESS

Our Company was incorporated in Malaysia under the Act as a private limited company under the name of Gala 2000 Sdn Bhd on 9 December 2000. On 19 April 2001, our Company's name was changed to Kumpulan Europlus Sdn Bhd. Subsequently, our Company converted to a public limited company and assumed our present name on 18 June 2001. Our Company commenced operations on 3 November 2003, after the implementation of the rationalisation and merger exercise between Europlus Berhad ("**Europlus**"), TTB and our Company pursuant to a scheme of arrangement under Section 176 of the Act ("**Merger**"). Under the Merger that was announced on 15 June 2001, the property businesses of Europlus and TTB will be consolidated under TTB, whilst the non-property businesses of both Europlus and TTB will be rationalised and consolidated under KEB. Europlus was delisted from the then Main Board of the Kuala Lumpur Stock Exchange ("**KLSE**") (now known as the Main Market of Bursa Securities) and its listing status was transferred to our Company. Our Company was listed on the then Main Board of KLSE on 17 November 2003.

2. PRINCIPAL ACTIVITIES

Our Company is principally involved in investment holding whilst the principal activities of our subsidiaries and associates are set out in Section 6 of this Appendix.

3. SHARE CAPITAL AND MOVEMENT IN SHARE CAPITAL

3.1 Share capital

Our authorised and issued and paid-up share capital as at LPD are as follows:-

	No. of KEB Shares	Par value	Total
		(RM)	(RM)
Authorised	3,000,000,000	1.00	3,000,000,000
Issued and paid-up share capital	572,991,765	1.00	572,991,765

3.2 Movement in share capital

The changes in our issued and fully paid-up share capital for the past three (3) years prior to LPD are as follows:-

Date of allotment	No. of KEB Shares allotted	Par value	Type of issue/ Consideration	Cumulative issued and paid-up capital
	('000)	(RM)		('000)
26 July 2013	52,000	1.00	Private placement/cash	572,992

4. SUBSTANTIAL SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

For illustrative purposes only, our substantial shareholders' direct and indirect shareholdings in our Company before and after the Rights Issue with Warrants based on our register of substantial shareholders as at LPD are as follows:-

(a) Assuming that all Entitled Shareholders subscribe in full for their respective entitlements under the Rights Issue with Warrants

	As at LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	<---------Direct---------->		<--------Indirect-------->		<---------Direct---------->		<--------Indirect-------->		<---------Direct---------->		<--------Indirect-------->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
IJM	143,845,300	25.10	-	-	251,729,275	25.10	-	-	305,671,262	25.10	-	-
MWE	141,400,000	24.68	-	-	247,450,000	24.68	-	-	300,475,000	24.68	-	-
United Frontiers Holdings Limited	52,053,600	9.08	-	-	91,093,800	9.08	-	-	110,613,900	9.08	-	-
Pinjaya Sdn Bhd	-	-	141,400,000 (1)	24.68	-	-	247,450,000 (1)	24.68	-	-	300,475,000 (1)	24.68
Tan Sri Dato' Surin Upatkoon	-	-	141,400,000 (2)	24.68	-	-	247,450,000 (2)	24.68	-	-	300,475,000 (2)	24.68
Tan Sri Datuk Wira Pang Tee Chew	20,000	^	52,053,600 (3)	9.08	35,000	^	91,093,800 (3)	9.08	42,500	^	110,613,900 (3)	9.08
Datuk Wira Pang Tee Nam	-	-	52,053,600 (3)	9.08	-	-	91,093,800 (3)	9.08	-	-	110,613,900 (3)	9.08

Notes:-

^ *Negligible.*

(1) *Deemed interested by virtue of its interests in MWE pursuant to Section 6A of the Act.*

(2) *Deemed interested by virtue of his interests in Pinjaya Sdn Bhd pursuant to Section 6A of the Act.*

(3) *Deemed interested by virtue of their interests in United Frontiers Holdings Limited pursuant to Section 6A of the Act.*

INFORMATION ON OUR COMPANY *(Cont'd)*

(b) Assuming that none of the Entitled Shareholders, save for IJM and MWE, subscribe for their respective entitlements under the Rights Issue with Warrants

	As at LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	<---------Direct--------->		<--------Indirect------->		<---------Direct--------->		<--------Indirect------->		<---------Direct--------->		<--------Indirect-------->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
IJM	143,845,300	25.10	-	-	300,820,676 #	30.00	-	-	379,308,364 #	31.15	-	-
MWE	141,400,000	24.68	-	-	247,450,000	24.68	-	-	300,475,000	24.68	-	-
United Frontiers Holdings Limited *	52,053,600	9.08	-	-	52,053,600	5.19	-	-	52,053,600	4.28	-	-
Pinjaya Sdn Bhd	-	-	141,400,000 (1)	24.68	-	-	247,450,000 (1)	24.68	-	-	300,475,000 (1)	24.68
Tan Sri Dato' Surin Upatkoon	-	-	141,400,000 (2)	24.68	-	-	247,450,000 (2)	24.68	-	-	300,475,000 (2)	24.68
Tan Sri Datuk Wira Pang Tee Chew *	20,000	^	52,053,600 (3)	9.08	20,000	^	52,053,600 (3)	5.19	20,000	^	52,053,600 (3)	4.28
Datuk Wira Pang Tee Nam *	-	-	52,053,600 (3)	9.08	-	-	52,053,600 (3)	5.19	-	-	52,053,600 (3)	4.28

Notes:-

* *After the full exercise of the Warrants, United Frontiers Holdings Limited, Tan Sri Datuk Wira Pang Tee Chew and Datuk Wira Pang Tee Nam will cease to be substantial shareholders of KEB.*

^ *Negligible.*

Pursuant to the IJM Undertaking, IJM has undertaken to subscribe in full for its entitlement under the Rights Issue with Warrants as at the Entitlement Date and such number of excess Rights Shares with Warrants such that it subscribes for a total of 156,975,376 Rights Shares together with 78,487,688 free Warrants under the Rights Issue with Warrants, either on its own and/or via its renouncee(s). The number of excess Rights Shares to be subscribed has been included for illustrative purposes only and may change depending on its actual shareholding in our Company as at the Entitlement Date.

(1) *Deemed interested by virtue of its interests in MWE pursuant to Section 6A of the Act.*

(2) *Deemed interested by virtue of his interests in Pinjaya Sdn Bhd pursuant to Section 6A of the Act.*

(3) *Deemed interested by virtue of their interests in United Frontiers Holdings Limited pursuant to Section 6A of the Act.*

5. DIRECTORS AND DIRECTORS' SHAREHOLDINGS

5.1 Particulars of our Directors

The particulars of our Directors as at the LPD are as follows:-

Name/*(Designation)*	**Age**	**Address**	**Nationality**	**Profession**
Dato' Abdul Hamid Bin Mustapha *(Chairman/Independent Non-Executive Director)*	68	No 27, Jalan Kubah U8/53 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Datuk Oh Chong Peng *(Independent Non-Executive Director)*	70	No 5, Laman Setiakasih Lapan Off Jalan Setiakasih Lapan Bukit Damansara 50490 Kuala Lumpur	Malaysian	Company Director
U Chin Wei *(Independent Non-Executive Director)*	63	No 41, Jalan Setiabistari Bukit Damansara 50490 Kuala Lumpur	Malaysian	Company Director
Lee Chun Fai *(Non-Independent Non-Executive Director)*	43	53, Jalan SS22A/1 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Tang King Hua *(Non-Independent Non-Executive Director)*	56	11-7-1, Persiaran Gurney 10250 Penang	Malaysian	Company Director
Tan Sri Datuk Wira Pang Tee Chew *(Non-Independent Non-Executive Director)*	61	No. 23, Jalan OZ 31 Ozana Villa Bukit Katil 75450 Melaka	Malaysian	Company Director

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5.2 Directors' shareholdings

For illustrative purposes only, our Directors' direct and indirect shareholdings in our Company before and after the Rights Issue with Warrants based on our Register of Directors' Shareholdings as at LPD are as follows:-

(a) Assuming that all Entitled Shareholders subscribe in full for their respective entitlements under the Rights Issue with Warrants

	As at LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	<---------Direct---------->		<--------Indirect-------->		<---------Direct---------->		<--------Indirect-------->		<---------Direct---------->		<--------Indirect-------->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Abdul Hamid Bin Mustapha	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Oh Chong Peng	-	-	-	-	-	-	-	-	-	-	-	-
U Chin Wei	30,000	0.01	11,500 (1)	^	52,500	0.01	20,125 (1)	^	63,750	0.01	24,437 (1)	^
Lee Chun Fai	-	-	-	-	-	-	-	-	-	-	-	-
Tang King Hua	-	-	-	-	-	-	-	-	-	-	-	-
Tan Sri Datuk Wira Pang Tee Chew	20,000	^	52,053,600 (2)	9.08	35,000	^	91,093,800 (2)	9.08	42,500	^	110,613,900 (2)	9.08

Notes:-

^ *Negligible.*

(1) *Deemed interested through his spouse, Goh Siew Thing pursuant to Section 134(12)(c) of the Act.*

(2) *Deemed interested by virtue of his interests in United Frontiers Holdings Limited pursuant to Section 6A of the Act.*

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INFORMATION ON OUR COMPANY *(Cont'd)*

(b) Assuming that none of the Entitled Shareholders, save for IJM and MWE, subscribe for their respective entitlements under the Rights Issue with Warrants

	As at LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	<---------Direct--------->		<--------Indirect-------->		<---------Direct--------->		<--------Indirect-------->		<---------Direct--------->		<--------Indirect-------->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Abdul Hamid Bin Mustapha	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Oh Chong Peng	-	-	-	-	-	-	-	-	-	-	-	-
U Chin Wei	30,000	0.01	11,500 (1)	^	30,000	^	11,500 (1)	^	30,000	^	11,500 (1)	^
Lee Chun Fai	-	-	-	-	-	-	-	-	-	-	-	-
Tang King Hua	-	-	-	-	-	-	-	-	-	-	-	-
Tan Sri Datuk Wira Pang Tee Chew	20,000	^	52,053,600 (2)	9.08	20,000	^	52,053,600 (2)	5.19	20,000	^	52,053,600 (2)	4.28

Notes:-

^ *Negligible.*

(1) *Deemed interested through his spouse, Goh Siew Thing pursuant to Section 134(12)(c) of the Act.*

(2) *Deemed interested by virtue of his interests in United Frontiers Holdings Limited pursuant to Section 6A of the Act.*

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6. SUBSIDIARIES AND ASSOCIATES

Our subsidiaries and associates as at LPD are as follows:-

Name of company	Date / Place of incorporation	Issued and paid-up share capital (RM)	Effective equity interest (%)	Principal activities
Subsidiaries				
Ambang Vista Sdn Bhd	17 January 1994/ Malaysia	250,000	100.00	Property investment, development and trading of building materials
Asian Resinated Felt Sdn Bhd	10 July 1991/ Malaysia	(i) 3,060,000 ordinary shares of RM1.00 each (ii) 1,000,000 5% cumulative preference shares of RM1.00 each	82.84	Manufacturing and distribution of resinated felt
Angsana Mestika Sdn Bhd	30 March 2004/ Malaysia	100,000	100.00	Inactive
KEB Management Sdn Bhd	22 July 2000/ Malaysia	2	100.00	Provision of management services
KEB Plantations Holdings Sdn Bhd	28 October 1997/ Malaysia	2	100.00	Inactive
Keuro Leasing Sdn Bhd	29 October 1982/ Malaysia	6,000,000	100.00	Hire purchase, lease financing, letter of credit, money lending and factoring services
Keuro Trading Sdn Bhd	26 June 1985/ Malaysia	500,000	100.00	Inactive
WCESB	12 April 1995/ Malaysia	200,000,000	80.00	Design, construction and development of the WCE Project and managing its toll operations
Held through KEB Plantations Holdings Sdn Bhd				
KEB Builders Sdn Bhd	12 September 1992/Malaysia	750,000	100.00	Construction
Tiasa Ria Sdn Bhd	25 September 2000/Malaysia	300,000	63.00	Inactive

Name of company	Date / Place of incorporation	Issued and paid-up share capital	Effective equity interest	Principal activities
		(RM)	(%)	
Held through KEB Management Sdn Bhd				
Irama Bijak Sdn Bhd	18 September 2000/Malaysia	100,000	70.00	Dormant
Tiasa Ria Sdn Bhd	25 September 2000/Malaysia	300,000	7.00	Inactive
Held through Ambang Vista Sdn Bhd				
Ratus Prestij Sdn Bhd	17 July 1995/ Malaysia	100	100.00	Dormant
Held through Angsana Mestika Sdn Bhd				
Europlus Holdings Sdn Bhd	22 March 2001/ Malaysia	1,000	50.10	Dormant
Held through Keuro Trading Sdn Bhd				
Maximix Sdn Bhd	14 September 1995/Malaysia	2	100.0	Inactive
Held through Maximix Sdn Bhd				
Perkasa Jati Holdings Sdn Bhd	22 July 2000/ Malaysia	25,000	100.00	Inactive
Associates				
TTB	15 March 1920/ Malaysia	844,055,912	28.99	Provision of management services, investment holding and property development
Held through KEB Management Sdn Bhd				
RPSB	21 December 1999/Malaysia	1,000,000	10.00	Investment holding and property development
Held through KEB Builders Sdn Bhd				
RPSB	21 December 1999/Malaysia	1,000,000	30.00	Investment holding and property development
Ambang Usaha Sdn Bhd	20 April 1995/ Malaysia	2	50.00	Construction
Held through RPSB				
Bandar Rimbayu Sdn Bhd	08 January 2002/ Malaysia	300,000	40.00	Property development

7. PROFIT AND DIVIDEND RECORD

Our profit and dividend record based on our audited consolidated financial statements for the past two (2) FYEs 31 January 2012 to 2013 and our audited consolidated financial statements for the fourteen (14)-months FPE 31 March 2014 are as follows:-

	<---------- Audited	----------	---------->	Unaudited
	FYE 31 January 2012	FYE 31 January 2013	Fourteen (14)-months FPE 31 March 2014 *	Annualised fourteen (14)-months FPE 31 March 2014
	(RM'000)	(RM'000)	(RM'000)	
Revenue	19,775	17,857	13,910	11,923
Gross profit	2,824	3,144	2,481	2,127
Earnings/(losses) before interest, taxation, depreciation and amortisation	39,678	(11,556)	(19,477)	(9,527)
Other income	64,971	4,404	56,639	55,716 #
Finance cost	(15,860)	(10,550)	(13,783)	(11,814)
Profit/(Loss) before taxation	28,710	(22,109)	(32,869)	(21,005)
Taxation	(643)	(1,042)	(708)	(607)
Profit/ (Loss) for the financial year/period	28,067	(23,151)	(33,577)	(21,612)
Profit/(Loss) attributable to non-controlling interests	342	40	(550)	(471)
Profit/(Loss) attributable to owners of our Company	27,725	(23,191)	(33,027)	(21,141)
Share of profits/(loss) of associates	17,846	(8,638)	16,749	14,356
Gross profit margin (%)	14.28	17.61	17.84	17.84
Basic EPS/(LPS) (sen) ^	5.3	(4.5)	(6.0)	(3.9)
Diluted EPS/(LPS) (sen) ^	5.3	(4.5)	(6.0)	(3.9)
Gross dividend per KEB Share (sen)	-	-	-	-

Note:-

* *The Company has since FYE 31 January 2013 changed its financial year end to 31 March.*

^ *Computed based on the profit/(loss) attributable to owners of our Company over the weighted average number of KEB Shares in issue for the respective financial year/period.*

\# *The one-off net gain from the Disposal of approximately RM50.18 million has not been annualised as the Disposal was completed on 24 January 2014*

Commentary on past performance

FYE 31 January 2012

For the FYE 31 January 2012, our Group achieved revenue of approximately RM19.78 million, a decrease of 29.36% compared to the revenue of the preceding financial year of approximately RM28.00 million. The lower revenue achieved in the current period was due to lower billings from our Group's construction division as the projects have reached the tail-end during the financial year. Progress billings in respect of our construction projects during the financial year amounted to approximately RM6.3 million (FYE 31 January 2011: RM12.5 million).

Our Group recorded a pre-tax profit of approximately RM28.71 million in the financial year, compared with a pre-tax loss of approximately RM46.49 million in the preceding year. The better performance was attributable to a one-off gain of approximately RM44.20 million arising from the redemption of 346.02 million of loan stocks of RM0.20 nominal value each by TTB and a gain on accretion of equity interest in TTB of approximately RM52.67 million due to conversion of TTB's financial instruments to TTB ordinary shares during the financial year.

FYE 31 January 2013

Our Group recorded revenue amounting to approximately RM17.86 million representing a decrease of 9.71% compared to the revenue of approximately RM19.78 million recorded in the preceding financial year mainly due to lower billings from our Group's construction division as the projects have reached the tail–end. Progress billings in respect of our construction projects during the financial year amounted to approximately RM4.5 million (FYE 31 January 2012: RM6.3 million).

Our Group recorded a pre-tax loss of approximately RM22.11 million compared to the pre-tax profit of approximately RM28.71 million recorded in the preceding financial year mainly due to impairment losses on doubtful trade receivables of approximately RM0.27 million and other receivables of approximately RM6.03 million relating to the sale of building materials, project management fee as well as the sale of investment securities, some of which were recorded since 2002. Such impairments were proposed by our management team in view that the collection of such amounts remain doubtful. In addition to the impairment losses, our Group's pre-tax loss was also attributable to the share of losses in associates, namely TTB and RPSB amounting to approximately RM5.64 million and RM3.05 million respectively, and finance costs of approximately RM10.55 million. On the other hand, the preceding financial year's result was mainly attributable to a one-off gain arising from the redemption of financial instruments and a gain on accretion of equity interest in TTB.

Annualised fourteen (14)-months FPE 31 March 2014

Our Group recorded revenue of approximately RM11.92 million representing a decrease of 33.23% compared to the revenue of approximately RM17.86 million recorded in the FYE 31 January 2013, as annualised progress billings from our Group's construction segment only amounted to approximately RM1.45 million in view that billings were raised only in respect of one (1) project. The decrease in revenue was also attributable to a slight decrease in revenue from our Group's manufacturing segment due to a decline in sales to one (1) of our Group's major customer, who had set up its own felt manufacturing plant during the financial period under review.

Our Group recorded a pre-tax loss of approximately RM21.01 million compared to the pre-tax loss of approximately RM22.11 million recorded in the preceding financial year mainly due to the recognition of an impairment loss amounting to approximately RM64.92 million (annualised for comparison purposes) on our Company's investment in TTB. However, our Group recorded a one-off net gain amounting to approximately RM50.18 million from the Disposal which was completed on 24 January 2014.

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8. HISTORICAL SHARE PRICE

The monthly highest and lowest prices of KEB Shares as traded on the Main Market of Bursa Securities for the past 12 months from August 2013 to July 2014 are as follows:-

	High (RM)	Low (RM)
2013		
August	1.28	1.10
September	1.23	1.16
October	1.33	1.19
November	1.24	1.16
December	1.26	1.18
2014		
January	1.28	1.17
February	1.26	1.16
March	1.26	1.19
April	1.37	1.22
May	1.34	1.26
June	1.30	1.26
July	1.34	1.25
Last transacted market price of KEB Shares on 7 August 2013 *(being the last trading day prior to the date of the announcement of, amongst others, the Rights Issue with Warrants on 12 August 2013)*		1.26
Last transacted market price of KEB Shares on 14 July 2014 *(being the last trading day prior to the Price-Fixing Date)*		1.26
Last transacted market price of KEB Shares on 31 July 2014 *(being the latest practicable date prior to the issuance of this AP)*		1.29
Last transacted market price of KEB Shares on 31 July 2014 *(being the last trading day prior to the ex-date for the Rights Issue with Warrants)*		1.29

(Source: Bloomberg Finance L.P.)

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BAKER TILLY

Baker Tilly Monteiro Heng
Chartered Accountants (AF0117)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia

T : +603 2297 1000
F : +603 2282 9980

info@bakertillymh.com.my
www.bakertillymh.com.my

24 July 2014

The Board of Directors
Kumpulan Europlus Berhad
Suite 2.12, Level 2, Menara Maxisegar
Jalan Pandan Indah 4/2
Pandan Indah
55100 Kuala Lumpur

STRICTLY CONFIDENTIAL

Dear Sirs,

KUMPULAN EUROPLUS BERHAD AND ITS SUBSIDIARIES
Report on the Compilation of the Proforma Consolidated Statements of Financial Position as at 31 March 2014

We have completed our assurance engagement to report on the compilation of the Proforma Consolidated Statements of Financial Position of Kumpulan Europlus Berhad ("KEB" or "the Company") and its subsidiaries ("the Group") as at 31 March 2014 for which the directors of KEB are solely responsible. The Proforma Consolidated Statements of Financial Position consists of the Proforma Consolidated Statements of Financial Position as at 31 March 2014 together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the directors of KEB have compiled the Proforma Consolidated Statements of Financial Position are as described in Note 1 to the Proforma Consolidated Statements of Financial Position ("Applicable Criteria").

The Proforma Consolidated Statements of Financial Position of the Group has been compiled by the directors of KEB to illustrate the impact of the renounceable rights issue of 429,743,823 new ordinary shares of RM1.00 each in KEB ("KEB Share(s)") ("Rights Share(s)") at an issue price of RM1.08 per Rights Share, together with 214,871,911 free detachable warrants ("Warrant(s)"), on the basis of three (3) Rights Shares for every four (4) existing KEB Shares held as at 5.00 p.m. on 5 August 2014 and one (1) free Warrant for every two (2) Rights Shares subscribed for ("Rights Issue with Warrants") on the Group's financial position as at 31 March 2014, as if the Rights Issue with Warrants had taken place at 31 March 2014.

As part of this process, information about the Group's financial position has been extracted by the directors of KEB from the audited financial statements of the Group for the fourteen (14) months financial period ended 31 March 2014, which we reported to the members of KEB on 24 June 2014 without any modification.

KUMPULAN EUROPLUS BERHAD AND ITS SUBSIDIARIES BAKER TILLY

Report on the Compilation of the Proforma Consolidated Statements of Financial Position

Directors' Responsibility for the Proforma Consolidated Statements of Financial Position

The directors of KEB are responsible for compiling the Proforma Consolidated Statements of Financial Position based on the Applicable Criteria.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion whether the Proforma Consolidated Statements of Financial Position has been compiled, in all material respects, by the directors of KEB based on the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420: Assurance Engagements to Report on the Compilation of Proforma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of KEB have compiled, in all material respects, the Proforma Consolidated Statements of Financial Position based on the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Proforma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Proforma Consolidated Statements of Financial Position.

The purpose of Proforma Consolidated Statements of Financial Position included in the Abridged Prospectus of KEB is solely to illustrate the impact of the Rights Issue with Warrants on the unadjusted financial information of the Group as if the Rights Issue with Warrants had occurred or had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Proforma Consolidated Statements of Financial Position has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of KEB in the compilation of the Proforma Consolidated Statements of Financial Position of the Group provide a reasonable basis for presenting the significant effects directly attributable to the Rights Issue with Warrants, and to obtain sufficient appropriate evidence about whether:-

(a) The related proforma adjustments give appropriate effect to those criterias; and

(b) The Proforma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Proforma Consolidated Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Proforma Consolidated Statements of Financial Position.

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

Opinion

In our opinion:-

(i) the Proforma Consolidated Statements of Financial Position of the Group as at 31 March 2014 have been properly compiled on the basis set out in the accompanying notes to the Proforma Consolidated Statements of Financial Position based on the audited consolidated financial statements of the Group for the fourteen (14) months financial period ended 31 March 2014 (which have been prepared in accordance with the Financial Reporting Standards in Malaysia), and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited financial statements for the fourteen (14) months financial period ended 31 March 2014 and the adoption of a new accounting policy as detailed in Note 1.2 of the Proforma Consolidated Statements of Financial Position; and

(ii) each material adjustment made to the information used in the preparation of the Proforma Consolidated Statements of Financial Position is appropriate for the purposes of preparing the Proforma Consolidated Statements of Financial Position.

This report has been prepared solely for inclusion in the Abridged Prospectus of KEB in connection with the Rights Issue with Warrants. As such, this report should not be used, circulated, quoted or otherwise referred to in any document or used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

Baker Tilly Monteiro Heng	Heng Ji Keng
No. AF 0117	No. 578/05/16 (J/PH)
Chartered Accountants	Chartered Accountant

KUMPULAN EUROPLUS BERHAD AND ITS SUBSIDIARIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

The Proforma Consolidated Statements of Financial Position of Kumpulan Europlus Berhad ("KEB" or "the Company") and its subsidiaries ("the Group") as at 31 March 2014 as set out below for which the Board of Directors of KEB are solely responsible, have been prepared for illustrative purposes only to show the effects on the audited consolidated statement of financial position of the Group as at 31 March 2014 had the Rights Issue with Warrants as described in Section 2 been effected on that date, and should be read in conjunction with the notes accompanying to the Proforma Consolidated Statements of Financial Position.

		Proforma I	Proforma II
	Audited Consolidated Statement of Financial Position as at 31 March 2014	After the Rights Issue with Warrants	After I and Assuming Full Exercise of Warrants
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	20,272	20,272	20,272
Infrastructure development expenditure	139,702	139,702	139,702
Investment in associates	105,424	105,424	105,424
Goodwill on consolidation	5,369	5,369	5,369
Total non-current assets	270,767	270,767	270,767
Current assets			
Inventories	1,562	1,562	1,562
Trade and other receivables	41,812	41,812	41,812
Prepayments	106	106	106
Amount due from customers for contract works	181	181	181
Other investments	86,026	86,026	86,026
Deposits placed with licensed banks	4,155	4,155	4,155
Cash and bank balances	5,030	370,118	623,667
Total current assets	138,872	503,960	757,509
TOTAL ASSETS	409,639	774,727	1,028,276

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KUMPULAN EUROPLUS BERHAD AND ITS SUBSIDIARIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 (Continued)

	Audited Consolidated Statement of Financial Position as at 31 March 2014 RM'000	Proforma I After the Rights Issue with Warrants RM'000	Proforma II After I and Assuming Full Exercise of Warrants RM'000
Equity attributable to the owners of KEB			
Share capital	572,992	1,002,736	1,217,608
Reserves			
- Share premium	42,345	42,345	134,740
- Foreign exchange	870	870	870
- Warrants reserve	-	53,718	-
- Accumulated losses	(489,509)	(515,848)	(515,848)
Shareholders' funds	126,698	583,821	837,370
Non-controlling interests	41,592	41,592	41,592
Total equity	168,290	625,413	878,962
Non-current liability			
Deferred tax liabilties	244	244	244
Total non-current liability	244	244	244
Current liabilities			
Trade and other payables	118,232	118,232	118,232
Loans and borrowings	122,253	30,218	30,218
Tax payable	620	620	620
Total current liabilities	241,105	149,070	149,070
Total liabilities	241,349	149,314	149,314
TOTAL EQUITY AND LIABILITIES	409,639	774,727	1,028,276

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KUMPULAN EUROPLUS BERHAD AND ITS SUBSIDIARIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 (Continued)

		Proforma I	Proforma II
	Audited Consolidated Statement of Financial Position as at 31 March 2014 RM'000	After the Rights Issue with Warrants RM'000	After I and Assuming Full Exercise of Warrants RM'000
Number of ordinary shares of RM1.00 each ('000)	572,992	1,002,736	1,217,608
Net assets ("NA") (RM'000) *	126,698	583,821	837,370
NA per ordinary share (RM) *	0.22	0.58	0.69

* *Attributable to the owners of KEB*

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KUMPULAN EUROPLUS BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

1. **Basis of Preparation**

1.1 The Proforma Consolidated Statements of Financial Position of the Group, for which the Board of Directors of KEB are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of the Group as at 31 March 2014 had the Rights Issue with Warrants as described in Section 2 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

1.2 The Proforma Consolidated Statements of Financial Position of the Group have been prepared in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited consolidated financial statements for the fourteen (14) months financial period ended 31 March 2014, which have been prepared in accordance with the Financial Reporting Standards in Malaysia, and the adoption of the following new accounting policy:-

Warrant Reserve

The allocated fair values of free warrants are credited to the warrant reserve, which is non-distributable. The warrant reserve will be transferred to the share premium account upon the exercise of the warrants.

1.3 The audited financial statements of the Company for the fourteen (14) months financial period ended 31 March 2014 were reported by the auditors on 24 June 2014 without any modification.

2. **Rights Issue with Warrants**

2.1 The Board of Directors of KEB have undertaken the renounceable rights issue of 429,743,823 new ordinary shares of RM1.00 each in KEB ("KEB Share(s)") ("Rights Share(s)") at an issue price of RM1.08 per Rights Share, together with 214,871,911 free detachable warrants ("Warrant(s)"), on the basis of three (3) Rights Shares for every four (4) existing KEB Shares held as at 5.00 p.m. on 5 August 2014 and one (1) free Warrant for every two (2) Rights Shares subscribed for ("Rights Issue with Warrants").

2.2 **Utilisation of Proceeds**

The proceeds from the Rights Issue with Warrants will be utilised in the following manner:-

	RM'000
Injection as equity, convertibles and/or subordinated advances into West Coast Expressway Sdn Bhd ("WCESB")	357,000
Repayment of bank borrowings	92,035
Working capital and contingencies	8,088
Defrayment of the estimated expenses relating to the Disposal (as defined in Note 3.1) and the Rights Issue with Warrants	7,000
	464,123

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 (Continued)

3. **Proforma Consolidated Statements of Financial Position**

3.1 **Proforma I**

Proforma I incorporates the effects of the Rights Issue with Warrants on the audited consolidated statement of financial position of the Group as at 31 March 2014 and the defrayment of estimated expenses in relation to the Rights Issue with Warrants.

With the issuance of 214,871,911 Warrants pursuant to the Rights Issue with Warrants, the Group will recognise the fair values of the Warrants of RM53.718 million based on the basis as described below, in which RM28.379 million (after setting off estimated expenses of RM6.0 million in relation to the Rights Issue with Warrants) will be debited to Share Premium Account and the remaining RM25.339 million will be debited to Accumulated Losses Account.

For the preparation of the Proforma Consolidated Statements of Financial Position, the Directors of KEB have allocated a value of RM0.25 per Warrant to the free Warrants based on their fair value of the Warrant extracted from Bloomberg as at 16 July 2014, being the latest practicable date prior to the registration of the Abridged Prospectus. The value of the Warrants is based on the relative fair values of the ordinary shares by reference to the following information extracted from Bloomberg:-

Valuation model	:	Black Scholes
Share price	:	RM1.32
Exercise price	:	RM1.18
Expiry date	:	15 July 2016
Volatility	:	32.188%
Dividend	:	No dividend
Interest free rate	:	3.794%

As the above variables are subject to change upon the implementation of the Rights Issue with Warrants as described in Section 2.1, the actual quantum of the components of the warrant reserve will only be determined upon issuance of the Warrants. As such, the actual quantum may differ from the amount computed above.

The estimated expenses of RM6.0 million in relation to the Rights Issue with Warrants of RM6.0 million will be debited to the Share Premium Account and the expenses of RM1.0 million in relation to the disposal of its 10% equity interest held in Radiant Pillar Sdn Bhd by KEB to IJM Properties Sdn Bhd for a total cash consideration of RM52,500,000 ("Disposal") which was completed on 24 January 2014 will be debited to the Accumulated Losses Account.

The proceeds arising from the Rights Issue with Warrants earmarked for investment into WCESB of RM357.0 million and working capital of RM8.088 million will be included in the Cash and Bank Balances Account.

KUMPULAN EUROPLUS BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 (Continued)

3. **Proforma Consolidated Statements of Financial Position (Continued)**

3.1 **Proforma I (Continued)**

The Rights Issue with Warrants will have the following impact on the audited consolidated statement of financial position of the Group as at 31 March 2014:-

	Increase / (Decrease) Effects on Total Assets RM'000	Effects on Total Equity and Liabilities RM'000
Cash and bank balances	365,088	-
Loans and borrowings	-	(92,035)
Share capital	-	429,744
Warrants reserve	-	53,718
Accumulated losses	-	(26,339)
	365,088	365,088

3.2 **Proforma II**

Proforma II incorporates the cumulative effects of Proforma I and assuming full exercise of the 214,871,911 Warrants at an exercise price of RM1.18 per Warrant.

The full exercise of Warrants will have the following impact on the Proforma Consolidated Statements of Financial Position of the Group as at 31 March 2014:-

	Increase / (Decrease) Effects on Total Assets RM'000	Effects on Total Equity RM'000
Cash and bank balances	253,549	-
Share capital	-	214,872
Share premium	-	92,395
Warrants reserve	-	(53,718)
	253,549	253,549

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KUMPULAN EUROPLUS BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 (Continued)

4. **Movements in Share Capital and Reserves**

	Share Capital			Foreign		
	Number of Shares '000	Amount RM'000	Share Premium RM'000	Exchange Reserve RM'000	Warrants Reserve RM'000	Accumulated Losses RM'000
Audited consolidated statement of financial position as at 31 March 2014	572,992	572,992	42,345	870	-	(489,509)
Arising from the Rights Issue with Warrants						
- proceeds from the Rights Issue with Warrants	429,744	429,744	6,000	-	53,718	(25,339)
- defrayment of estimated expenses in relation to the Disposal and the Rights Issue with Warrants	-	-	(6,000)	-	-	(1,000)
Per Proforma I	1,002,736	1,002,736	42,345	870	53,718	(515,848)
Arising from the full exercise of Warrants						
- proceeds from the full exercise of the Warrants	214,872	214,872	92,395	-	(53,718)	-
Per Proforma II	1,217,608	1,217,608	134,740	870	-	(515,848)

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KUMPULAN EUROPLUS BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 (Continued)

5. **Movements in Cash and Bank Balances**

	RM'000
Audited consolidated statement of financial position as at 31 March 2014	5,030
Arising from the Rights Issue with Warrants	
- proceeds from the Rights Issue with Warrants	464,123
- Repayment of bank borrowings	(92,035)
- defrayment of estimated expenses in relation to the Disposal and the Rights Issue with Warrants	(7,000)
Per Proforma I *	370,118
Arising from the full exercise of the Warrants	
- Proceeds from the full exercise of the Warrants	253,549
Per Proforma II *	623,667

* *Included in the cash and bank balances are amounts totalling RM357.0 million and RM8.088 million resulting from the Rights Issue with Warrants earmarked for investment in WCESB and working capital purposes respectively.*

KUMPULAN EUROPLUS BERHAD AND ITS SUBSIDIARIES

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Kumpulan Europlus Berhad in accordance with a resolution dated 24 July 2014.

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

....
NAME: DATUK OH CHONG PENG
Director

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CERTIFIED TRUE COPY

BAKER TILLY
MONTEIRO HENG

LOCK PENG KUAN
Partner

No. 2819/10/14 (J)

KUMPULAN EUROPLUS BERHAD
(Company No. 534368 – A)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31 MARCH 2014

KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

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KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of Kumpulan Europlus Berhad ("the Company") and its subsidiaries ("the Group") for the financial period ended 31 March 2014.

CHANGE OF FINANCIAL YEAR END

The Company has changed its financial year end from 31 January to 31 March with effect from current financial period ended 31 March 2014.

The financial statements for the current financial period are from 1 February 2013 to 31 March 2014.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of its subsidiaries and associates are disclosed in Note 6 and Note 7 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Loss for the financial period	(33,577)	(91,675)
Attributable to:		
Owners of the Company	(33,027)	(91,675)
Non-controlling interests	(550)	-
	(33,577)	(91,675)

DIVIDEND

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

The directors do not recommend the payment of any dividend in respect of the financial period ended 31 March 2014.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial period, other than as disclosed in Note 25 to the financial statements.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

ISSUE OF SHARES AND DEBENTURES

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

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

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

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

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:-

Dato' Abdul Hamid Bin Mustapha	
Datuk Oh Chong Peng	
U Chin Wei	
Tan Sri Datuk Wira Pang Tee Chew	- appointed on 17 February 2014
Tang King Hua	- appointed on 17 February 2014
Lee Chun Fai	- appointed on 17 February 2014
Loy Boon Chen	- retired on 17 February 2014
Chee Heng Tong	- resigned on 17 February 2014

DIRECTORS (CONTINUED)

In accordance with Article 97 of the Company's Articles of Association, Datuk Oh Chong Peng shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 81 of the Company's Articles of Association, Tan Sri Datuk Wira Pang Tee Chew, Tang King Hua and Lee Chun Fai who were appointed to the board after the last Annual General Meeting shall retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial period in shares of the Company during the financial period ended 31 March 2014 are as follows:-

	Number of ordinary shares of RM1/- each				
	At 1.2.2013 / Date of Appointment	**Bought**	**Sold**	**At 31.3.2014**	
Shares in the Company					
Direct interest					
U Chin Wei	30,000	-	-	30,000	
Tan Sri Datuk Wira Pang Tee Chew	20,000	-	-	20,000	
Indirect interest					
U Chin Wei	11,500	-	-	11,500	#
Tan Sri Datuk Wira Pang Tee Chew	52,053,600		-	52,053,600	^

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

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 22 and Note 26(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

SIGNIFICANT EVENTS

Significant events during the financial period and subsequent to the end of the financial period are disclosed in Note 31 and Note 32 to the financial statements.

AUDITORS

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

On behalf of the Board,

....
DATO' ABDUL HAMID BIN MUSTAPHA
Director

....
DATUK OH CHONG PENG
Director

Kuala Lumpur

Date: 24 June 2014

KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

		Group		Company	
		31.3.2014	31.1.2013	31.3.2014	31.1.2013
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	20,272	19,743	197	-
Infrastructure development expenditure	5	139,702	115,221	-	-
Investment in subsidiaries	6	-	-	163,931	27,170
Investment in associates	7	105,424	165,411	91,463	151,480
Goodwill on consolidation	8	5,369	7,086	-	-
Total non-current assets		270,767	307,461	255,591	178,650
Current assets					
Inventories	9	1,562	1,792	-	-
Trade and other receivables	10	41,812	61,243	34,079	118,262
Prepayments		106	121	-	-
Amount due from customers for contract works	11	181	-	-	-
Other investments	12	86,026	-	-	-
Deposits placed with licensed banks	13	4,155	1,638	1,405	-
Cash and bank balances		5,030	3,192	803	1,112
Total current assets		138,872	67,986	36,287	119,374
TOTAL ASSETS		409,639	375,447	291,878	298,024

KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 (CONTINUED)

		Group		Company	
	Note	31.3.2014 RM'000	31.1.2013 RM'000	31.3.2014 RM'000	31.1.2013 RM'000
Equity attributable to the owners of the Company					
Share capital	14	572,992	520,992	572,992	520,992
Reserves	15	(446,294)	(419,975)	(453,292)	(366,997)
Shareholders' funds		126,698	101,017	119,700	153,995
Non-controlling interests		41,592	7,952	-	-
Total equity		168,290	108,969	119,700	153,995
Non-current liability					
Deferred tax liabilities	16	244	135	-	-
Total non-current liability		244	135	-	-
Current liabilities					
Trade and other payables	17	118,232	128,880	61,143	75,027
Amount due to customers for contract works	11	-	221	-	-
Loans and borrowings	18	122,253	133,549	111,035	69,002
Tax payable		620	3,693	-	-
Total current liabilities		241,105	266,343	172,178	144,029
Total liabilities		241,349	266,478	172,178	144,029
TOTAL EQUITY AND LIABILITIES		409,639	375,447	291,878	298,024

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

KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

		Group		Company	
	Note	1.2.2013 to 31.3.2014 RM'000	1.2.2012 to 31.1.2013 RM'000	1.2.2013 to 31.3.2014 RM'000	1.2.2012 to 31.1.2013 RM'000
Revenue	19	13,910	17,857	-	-
Cost of sales	20	(11,429)	(14,713)	-	-
Gross profit		2,481	3,144	-	-
Other income		56,639	4,404	4,161	4,530
Administrative expenses		(10,758)	(3,982)	(4,131)	(1,794)
Selling and marketing expenses		(612)	(621)	-	-
Other expenses		(83,585)	(5,866)	(78,490)	(39,933)
Finance costs	21	(13,783)	(10,550)	(13,215)	(9,785)
Share of results of associates		16,749	(8,638)	-	-
Loss before taxation	22	(32,869)	(22,109)	(91,675)	(46,982)
Taxation	23	(708)	(1,042)	-	-
Loss for the financial period/year		(33,577)	(23,151)	(91,675)	(46,982)
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
- share of foreign exchange reserves of an associate		1,328	1,966	-	-
Total comprehensive loss for the financial period/year		(32,249)	(21,185)	(91,675)	(46,982)

KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

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

		Group		Company	
		1.2.2013 to 31.3.2014	1.2.2012 to 31.1.2013	1.2.2013 to 31.3.2014	1.2.2012 to 31.1.2013
	Note	RM'000	RM'000	RM'000	RM'000
Loss for the financial period/year attributable to:					
Owners of the Company		(33,027)	(23,191)	(91,675)	(46,982)
Non-controlling interests		(550)	40	-	-
		(33,577)	(23,151)	(91,675)	(46,982)
Total comprehensive loss for the financial period/year attributable to:					
Owners of the Company		(31,699)	(21,225)	(91,675)	(46,982)
Non-controlling interests		(550)	40	-	-
		(32,249)	(21,185)	(91,675)	(46,982)

Loss per ordinary share attributable to owners of the Company (sen)

	Note	1.2.2013 to 31.3.2014	1.2.2012 to 31.1.2013
Basic loss per ordinary share	24	(6.0)	(4.5)
Diluted loss per ordinary share	24	(6.0)	(4.5)

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

KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

		← Attributable to owners of the Company →						
		← Non-distributable →						
Group	**Note**	**Share Capital RM'000**	**Share Premium RM'000**	**Foreign Exchange Reserves RM'000**	**Accumulated Losses RM'000**	**Total RM'000**	**Non-controlling Interests RM'000**	**Total Equity RM'000**
Balance as at 1 February 2012		520,992	36,965	(2,424)	(430,523)	125,010	8,625	133,635
Loss for the financial year		-	-	-	(23,191)	(23,191)	40	(23,151)
Other comprehensive income:								
- Share of foreign exchange reserves of an associate		-	-	1,966	-	1,966	-	1,966
Total comprehensive loss for the financial year		-	-	1,966	(23,191)	(21,225)	40	(21,185)
Transactions with owners:								
Acquisition of additional equity interest in a subsidiary		-	-	-	(2,768)	(2,768)	(2,568)	(5,336)
Issuance of shares to non-controlling interest of a subsidiary		-	-	-	-	-	1,890	1,890
Dividend paid to non-controlling interest of a subsidiary		-	-	-	-	-	(35)	(35)
Total transactions with owners		-	-	-	(2,768)	(2,768)	(713)	(3,481)
Balance as at 31 January 2013		520,992	36,965	(458)	(456,482)	101,017	7,952	108,969

KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014 (CONTINUED)

		← Attributable to owners of the Company →						
		← Non-distributable →						
Group	**Note**	**Share Capital RM'000**	**Share Premium RM'000**	**Foreign Exchange Reserves RM'000**	**Accumulated Losses RM'000**	**Total RM'000**	**Non-controlling Interests RM'000**	**Total Equity RM'000**
Balance as at 1 February 2013		520,992	36,965	(458)	(456,482)	101,017	7,952	108,969
Loss for the financial period		-	-	-	(33,027)	(33,027)	(550)	(33,577)
Other comprehensive income:								
- Share of foreign exchange reserves of an associate		-	-	1,328	-	1,328	-	1,328
Total comprehensive loss for the financial period		-	-	1,328	(33,027)	(31,699)	(550)	(32,249)
Transactions with owners:								
Issuance of shares	14	52,000	5,380	-	-	57,380	-	57,380
Issuance of shares to non-controlling interest of a subsidiary		-	-	-	-	-	34,190	34,190
Total transactions with owners		52,000	5,380	-	-	57,380	34,190	91,570
Balance as at 31 March 2014		572,992	42,345	870	(489,509)	126,698	41,592	168,290

KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

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

		← Non-distributable	→		
Company	**Note**	**Share Capital RM'000**	**Share Premium RM'000**	**Accumulated Losses RM'000**	**Total Equity RM'000**
Balance as at 1 February 2012		520,992	36,965	(356,980)	200,977
Total comprehensive loss for the financial year		-	-	(46,982)	(46,982)
Balance as at 31 January 2013		520,992	36,965	(403,962)	153,995
Total comprehensive loss for the financial period		-	-	(91,675)	(91,675)
Transaction with owners:					
Issuance of shares	14	52,000	5,380	-	57,380
Balance as at 31 March 2014		572,992	42,345	(495,637)	119,700

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

KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	Note	Group		Company	
		1.2.2013 to 31.3.2014	**1.2.2012 to 31.1.2013**	**1.2.2013 to 31.3.2014**	**1.2.2012 to 31.1.2013**
		RM'000	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES:					
Loss before taxation		(32,869)	(22,109)	(91,675)	(46,982)
Adjustments for:					
Bad debts written off		13	17	13	-
Deposit written off		1	-	-	-
Depreciation of property, plant and equipment		564	499	18	-
Dividend income					
- other investments		(1,140)	-	-	-
- subsidiary		-	-	(195)	(33)
Fair value gain on other investment		(188)	-	-	-
Gain on disposal of investment in an associate		(50,176)	-	-	-
Impairment loss on goodwill		1,717	-	-	-
Impairment loss on investment in a subsidiary		-	-	-	78
Impairment loss on investment in an associate		75,740	-	60,017	-
Impairment loss on receivables					
- trade and other receivables		5,796	6,298	3,805	3,453
- subsidiaries		-	-	14,626	36,402
- associate		11	-	11	-
Impairment loss on trade and other receivables no longer required		(2,391)	(811)	(2,341)	(511)
Interest income		(2,697)	(2,867)	(1,625)	(2,840)
Interest expenses		15,525	12,921	13,215	9,785
Loss/(gain) on disposal of property, plant and equipment		8	(223)	-	-
Property, plant and equipment written off		6	68	-	-
Share of results of associates		(16,749)	8,638	-	-
Operating (loss)/profit before changes in working capital		(6,829)	2,431	(4,131)	(648)

KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD 31 MARCH 2014 (CONTINUED)

	Note	Group 1.2.2013 to 31.3.2014 RM'000	Group 1.2.2012 to 31.1.2013 RM'000	Company 1.2.2013 to 31.3.2014 RM'000	Company 1.2.2012 to 31.1.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES: (CONTINUED)					
Changes In Working Capital:					
Inventories		230	(603)	-	-
Receivables		7,821	3,684	2,513	7,699
Payables		(9,646)	18,938	(9,993)	5,946
Associate balances		-	6,379	-	-
Balances with customers for contract works		(402)	1,775	-	-
Cash flows (used in)/generated from operations		(8,826)	32,604	(11,611)	12,997
Interest paid		(194)	(165)	-	-
Income tax paid		(3,752)	(2,671)	-	(584)
Income tax refunded		80	-	-	-
Net cash (used in)/generated from operating activities		(12,692)	29,768	(11,611)	12,413

KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014 (CONTINUED)

		Group		Company	
		1.2.2013 to 31.3.2014	1.2.2012 to 31.1.2013	1.2.2013 to 31.3.2014	1.2.2012 to 31.1.2013
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of additional equity interest in a subsidiary	6	-	(5,336)	(136,761)	(5,336)
Additions to property, plant and equipment		(1,336)	(930)	(215)	-
Dividend received		1,140	-	195	33
Increase in infrastructure development expenditure		(24,273)	(24,611)	-	-
Interest received		2,697	2,867	1,625	2,840
Net change in amount owing by/to subsidiaries		-	-	56,717	(9,478)
Net change in amount owing by/to associates		7,193	17,771	4,948	10,365
Net change in amount owing to directors		-	(200)	-	-
Placement of other investments		(85,838)	-	-	-
Proceeds from disposal of investment in an associate		52,500	-	-	-
Proceeds from disposal of property, plant and equipment		21	1,194	-	-
Net cash used in investing activities		(47,896)	(9,245)	(73,491)	(1,576)

KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014 (CONTINUED)

	Note	Group		Company	
		1.2.2013 to 31.3.2014 RM'000	1.2.2012 to 31.1.2013 RM'000	1.2.2013 to 31.3.2014 RM'000	1.2.2012 to 31.1.2013 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES:					
Dividend paid		-	(35)	-	-
Drawdown of term loan		144,535	-	144,535	-
Interest paid		(15,331)	(12,756)	(13,215)	(9,785)
Proceeds from issuance of shares		57,380	-	57,380	-
Proceeds from issuance of shares to non-controlling interest of a subsidiary		34,190	1,890	-	-
Repayment of borrowings		(156,026)	(7,495)	(102,502)	-
Repayment of finance lease liabilities		-	(81)	-	-
Net cash generated from/(used in) financing activities		64,748	(18,477)	86,198	(9,785)
NET CHANGE IN CASH AND CASH EQUIVALENTS		4,160	2,046	1,096	1,052
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD/YEAR		3,074	1,028	1,112	60
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD/YEAR		7,234	3,074	2,208	1,112
ANALYSIS OF CASH AND CASH EQUIVALENTS:					
Deposits placed with licensed banks		4,155	1,638	1,405	-
Cash and bank balances		5,030	3,192	803	1,112
Bank overdrafts	18	(1,951)	(1,756)	-	-
		7,234	3,074	2,208	1,112

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

KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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

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

The registered office and principal place of business of the Company are located at Suite 2.12, Level 2, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 June 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs")

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

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

New FRSs	
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
Revised FRSs	
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investments in Associates and Joint Ventures
Amendments/Improvements to FRSs	
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 7	Financial Instruments: Disclosures
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 101	Presentation of Financial Statements
FRS 116	Property, Plant and Equipment
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting
New IC Int	
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Int	
IC Int 2	Members' Shares in Co-operative Entities and Similar Instruments

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

(a) Adoption of New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int (Continued)

The adoption of the above new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

FRS 10 Consolidated Financial Statements and FRS 127 Separate Financial Statements (Revised)

FRS 10 replaces the consolidation part of the former FRS 127 *Consolidated and Separate Financial Statements*. The revised FRS 127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with FRS 139 *Financial Instruments: Recognition and Measurement*.

FRS 10 brings about convergence between FRS 127 and SIC-12 *Consolidation-Special Purpose Entities*, which interprets the requirements of FRS 10 in relation to special purpose entities. FRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

The Group adopted FRS 10 in the current financial period. This resulted in changes to the accounting policies as disclosed in Note 2.3(a). The adoption of FRS 10 has no significant impact to the financial statements of the Group.

FRS 12 Disclosure of Interests in Other Entities

FRS 12 is a single disclosure standard for interests in subsidiaries, jointly controlled entities, associates and unconsolidated structured entities. The disclosure requirements in this FRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. The requirements in FRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. FRS 12 disclosures are provided in Note 6 and Note 7 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

(a) Adoption of New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int (Continued)

FRS 13 Fair Value Measurement

FRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a result of the guidance in FRS 13, the Group reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair values measurement of liabilities.

Application of FRS 13 has not materially impacted the fair value measurements of the Group. FRS 13 requires more extensive disclosures. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 28 to the financial statements.

Amendments to FRS 101 Presentation of Financial Statements

The amendments to FRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified to profit or loss at future point in time have to be presented separately from items that will not be reclassified.

The amendments also introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'.

The above amendments affect presentation only and have no impact on the Group's financial position or performance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

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

		Effective for financial periods beginning on or after
New FRS		
FRS 9	Financial Instruments	To be announced by the MASB
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2014
FRS 2	Share-based Payment	1 July 2014
FRS 3	Business Combinations	1 July 2014
FRS 7	Financial Instruments: Disclosures	Applies when FRS 9 is applied
FRS 8	Operating Segments	1 July 2014
FRS 9	Financial Instruments	To be announced by the MASB
FRS 10	Consolidated Financial Statements	1 January 2014
FRS 12	Disclosure of Interests in Other Entities	1 January 2014
FRS 13	Fair Value Measurement	1 July 2014
FRS 116	Property, Plant and Equipment	1 July 2014
FRS 119	Employee Benefits	1 July 2014
FRS 124	Related Party Disclosures	1 July 2014
FRS 127	Separate Financial Statements	1 January 2014
FRS 132	Financial Instruments: Presentation	1 January 2014
FRS 136	Impairment of Assets	1 January 2014
FRS 138	Intangible Assets	1 July 2014
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
FRS 139	Financial Instruments: Recognition and Measurement	Applies when FRS 9 is applied
FRS 140	Investment Property	1 July 2014
New IC Int		
IC Int 21	Levies	1 January 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

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

FRS 9 Financial Instruments

FRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former FRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

Amendments to FRS 3 Business Combinations

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

Amendments to FRS 8 Operating Segments

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

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

Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosure of Interests in Other Entities and FRS 127 Separate Financial Statements

Amendments to FRS 10 introduces an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value through profit or loss in accordance with FRS 139 *Financial Instruments: Recognition and Measurement* instead of consolidating those subsidiaries in its consolidated financial statements. Consequently, new disclosure requirements related to investment entities are introduced in amendments to FRS 12 and FRS 127.

In addition, amendments to FRS 127 also clarifies that if a parent is required, in accordance with paragraph 31 of FRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with FRS 139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

Amendments to FRS 13 Fair Value Measurement

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

Amendments to FRS 13 Fair Value Measurement (Continued)

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

Amendments to FRS 116 Property, Plant and Equipment and FRS 138 Intangible Assets

Amendments to FRS 116 and FRS 138 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:-

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

Amendments to FRS 124 Related Party Disclosures

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

Amendments to FRS 132 Financial Instruments: Presentation

Amendments to FRS 132 does not change the current offsetting model in FRS 132. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the FRS 132 offsetting criteria.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

Amendments to FRS 136 Impairment of Assets

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

(c) MASB Approved Accounting Standards, MFRSs

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

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

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. The Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework when the MFRSs framework is mandated by the MASB.

As at 31 March 2014, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 *Agriculture* and IC Int 15 *Agreements for the Construction of Real Estate* as well as differences in effective dates contained in certain of the existing FRSs. As such, other than those as discussed below, the main effects arising from the transition to the MFRSs Framework has been discussed in Note 2.2(b) to the financial statements. The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effect may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 141 Agriculture

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

IC Int 15 Agreements for the Construction of Real Estate

IC Int 15 establishes that the developer will have to evaluate whether control and significant risks and rewards of the ownership of work in progress, can be transferred to the buyer as construction progresses before revenue can be recognised. The Group is currently assessing the impact of the adoption of this Interpretation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies

(a) Basis of Consolidation

(i) Subsidiaries

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

The Group adopted FRS 10 *Consolidated Financial Statements* in the current financial period. This resulted in changes to the following policies:-

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

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

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

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

(ii) Business Combinations

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(ii) Business Combinations (Continued)

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(v) Associates

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

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

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

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

(vi) Non-controlling interests

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(vii) Transactions eliminated on consolidation

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

(b) Goodwill on Consolidation

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

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

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

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (Continued)

(c) Property, Plant and Equipment and Depreciation

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (Continued)

(d) Infrastructure Development Expenditure

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. Infrastructure development expenditure comprises costs in connection to the concession infrastructure. Infrastructure development expenditure is measured at cost less accumulated amortisation and accumulated impairment loss.

Where the Group provides construction services in exchange for the concession infrastructure, the revenue and costs relating to the construction services are recognised using the stage of completion method.

Upon completion of construction works and commencement of road tolling operations, the infrastructure development expenditure is to be amortised. Amortisation is calculated to write off the cost of intangible assets arising from a service concession arrangement on systematic basis over the estimated useful life.

All interests and fees incurred during the period are capitalised in the infrastructure development expenditure which in turn to be amortised in the profit or loss. Interests and fees incurred after the completion of construction are charged to the profit or loss.

(e) Inventories

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (Continued)

(f) Construction Contracts

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

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

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

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

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

(g) Financial Instruments

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (Continued)

(g) Financial Instruments (Continued)

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

(i) Financial Assets

Financial assets at fair value through profit or loss

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

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

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

Loans and receivables

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

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

Held-to-maturity investments

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (Continued)

(g) Financial Instruments (Continued)

(i) Financial Assets (Continued)

Available-for-sale financial assets

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

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

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

(ii) Financial Liabilities

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

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

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

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

(iii) Financial Guarantee Contracts

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (Continued)

(g) Financial Instruments (Continued)

(iii) Financial Guarantee Contracts (Continued)

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

(iv) Derecognition

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

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

(h) Leases

(i) Finance Leases

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (Continued)

(h) Leases (Continued)

(i) Finance Leases (Continued)

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

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

(ii) Operating Leases

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

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

(i) Borrowing Costs

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (Continued)

(j) Employee Benefits

(i) Short term employee benefits

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

(ii) Post-employment benefits

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

(k) Provision for Liabilities

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

(l) Foreign Currencies

(i) Functional and presentation currency

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

(ii) Functional currency transactions and translations

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (Continued)

(l) Foreign Currencies (Continued)

(ii) Functional currency transactions and translations (Continued)

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

(iii) Foreign Operations

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

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

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

(m) Taxation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (Continued)

(m) Taxation (Continued)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from transaction which is recognised in other comprehensive income or directly in equity, in which case the deferred tax is also charged or credited in other comprehensive income or directly in equity or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(n) Revenue Recognition

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

(i) Construction

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

(ii) Sales of goods

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

(iii) Interest income

Interest income from provisioning of financial facilities is recognised using the sum-of digits method. Interest income on loans and other financing facilities are recognised on accrual basis. Where an account becomes non-performing, interest is suspended and is recognised on a cash basis. Customers' accounts are deemed to be non-performing when repayments are in arrears for more than six months.

Service charges and other related fees on financing facilities extended to customers are recognised on inception of such transactions.

(iv) Management fee

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (Continued)

(n) Revenue Recognition (Continued)

(v) Rental income

Rental income is recognised on accrual basis.

(o) Impairment of Assets

(i) Impairment of Financial Assets

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (Continued)

(o) Impairment of Assets (Continued)

(ii) Impairment of Non-financial Assets

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

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

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

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

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

(p) Cash and Cash Equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (Continued)

(q) Equity Instruments

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

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

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

(r) Operating Segments

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

(s) Fair Value Measurements

From 1 February 2013, the Group adopted FRS 13 *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. In accordance with the transitional provision of FRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of FRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

3.2 Key sources of estimation uncertainty

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

(i) **Impairment of goodwill**

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

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 8 to the financial statements.

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Impairment of investment in subsidiaries and recoverability of amount owing by subsidiaries

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

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

(iv) Impairment of investment in associates and recoverability of amount owing by associates

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

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

In the event that there is no reason to believe that the estimation of the present value of future cash flows of the associate materially exceeds its fair value less costs to sell, the asset's fair value less costs to sell may be used as its recoverable amount.

(v) Impairment of property, plant and equipment

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

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

As at the end of the financial period under review, the directors are of the view that there is no indication of impairment to these assets and therefore no independent professional valuation was procured by the Group and the Company during the financial period to determine the carrying amount of these assets. The carrying amounts of property, plant and equipment are disclosed in Note 4 to the financial statements.

(vi) Impairment of infrastructure development expenditure

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

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

The carrying amount of the infrastructure development expenditure are disclosed in Note 5 to the financial statements.

(vii) Allowance for write down in inventories

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

(viii) Impairment of loans and receivables

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(ix) Taxation

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

(x) Contingent liabilities

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

(xi) Construction contracts

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

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

(xii) Construction revenue recognition in relation to Concession Agreement

In accordance with IC Int 12 Service Concession Agreements, revenue associated with construction works under the Concession Agreement shall be recognised and measured in accordance with FRS 111 Construction Contracts using the percentage of completion method. The directors are required to use judgement in determining the stage of completion, the estimated total construction costs, effective interest rates, as well as the recoverability of the construction contracts. The directors are of the opinion that the application of IC Int 12 does not have any impact to the financial results of the Group during the financial period as the construction works has not commenced.

4. **PROPERTY, PLANT AND EQUIPMENT**

Group 31.3.2014	**Freehold land RM'000**	**Leasehold land RM'000**	**Buildings RM'000**	**Renovation RM'000**	**Plant and machinery RM'000**	**Furniture, fixtures and fittings RM'000**	**Office equipment RM'000**	**Motor vehicles RM'000**	**Total RM'000**
Cost									
At 1 February 2013	117	15,387	15,480	661	10,410	60	962	857	43,934
Additions	-	-	429	624	235	-	48	-	1,336
Disposals	-	-	-	-	-	-	-	(69)	(69)
Write-offs	-	-	-	(104)	-	(2)	(38)	-	(144)
At 31 March 2014	117	15,387	15,909	1,181	10,645	58	972	788	45,057
Accumulated Depreciation									
At 1 February 2013	-	1,986	680	261	9,485	21	703	182	13,318
Depreciation for the financial period	-	37	263	52	135	6	76	203	772
Disposals	-	-	-	-	-	-	-	(40)	(40)
Write-offs	-	-	-	(102)	-	(1)	(35)	-	(138)
At 31 March 2014	-	2,023	943	211	9,620	26	744	345	13,912
Accumulated Impairment loss									
At 1 February 2013/ 31 March 2014	-	10,873	-	-	-	-	-	-	10,873
Carrying amount as at 31 March 2014	117	2,491	14,966	970	1,025	32	228	443	20,272

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 31.1.2013	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery RM'000	Furniture, fixtures and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost									
At 1 February 2012	117	15,387	16,496	655	10,726	208	1,466	717	45,772
Additions	-	-	-	68	341	-	76	445	930
Disposals	-	-	(1,016)	-	(106)	-	-	(305)	(1,427)
Write-offs	-	-	-	(62)	(551)	(148)	(580)	-	(1,341)
At 31 January 2013	117	15,387	15,480	661	10,410	60	962	857	43,934
Accumulated Depreciation									
At 1 February 2012	-	1,954	606	295	9,953	154	1,187	251	14,400
Depreciation for the financial year	-	32	190	26	143	10	81	165	647
Disposals	-	-	(116)	-	(106)	-	-	(234)	(456)
Write-offs	-	-	-	(60)	(505)	(143)	(565)	-	(1,273)
At 31 January 2013	-	1,986	680	261	9,485	21	703	182	13,318
Accumulated Impairment loss									
At 1 February 2012/ 31 January 2013	-	10,873	-	-	-	-	-	-	10,873
Carrying amount as at 31 January 2013	117	2,528	14,800	400	925	39	259	675	19,743

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Company	
	31.3.2014	**31.1.2013**
Renovation	**RM'000**	**RM'000**
Cost		
At 1 February 2013/2012	-	-
Additions	215	-
At 31 March 2014/31 January 2013	215	-
Accumulated Depreciation		
At 1 February 2013/2012	-	-
Depreciation for the financial period	18	-
At 31 March 2014/31 January 2013	18	-
Carrying amount as at 31 March 2014/31 January 2013	197	-

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

	Group		Company	
	31.3.2014	**31.1.2013**	**31.3.2014**	**31.1.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit or loss	564	499	18	-
Infrastructure development expenditure	208	148	-	-
	772	647	18	-

The carrying amount of property, plant and equipment of the Group that have been charged to financial institutions for banking facilities granted to the Group as disclosed in Note 18 to the financial statements are as follows:-

	Group	
	31.3.2014	**31.1.2013**
	RM'000	**RM'000**
Freehold land	116	116
Leasehold land	410	421
Buildings	6,379	6,564
	6,905	7,101

As at the reporting date, the certificate of the title to the freehold and leasehold land and buildings of the Group with carrying amount of RM11,524,000/- (31.1.2013: RM11,737,000/-) was not registered under the name of the Group.

5. INFRASTRUCTURE DEVELOPMENT EXPENDITURE

	Group	
	31.3.2014	31.1.2013
	RM'000	RM'000
At cost		
At 1 February 2013/2012	115,221	90,462
Incurred during the financial period/year	24,481	24,759
At 31 March 2014/31 January 2013	139,702	115,221

Included in the infrastructure development expenditure capitalised during the financial period are as follows:-

	Group	
	31.3.2014	31.1.2013
	RM'000	RM'000
Depreciation of property, plant and equipment	208	148
Director's remuneration	1,042	855
Interest expense	7,116	5,336
Pre-construction enabling works	13,839	22,477
Rental of premises		
- current period/year	71	171
- under/(over) accrual in prior year	756	(1,584)
Staff costs	1,249	1,020

Included in infrastructure development expenditure capitalised during the financial period are amounts of RM13,839,000/- and RM3,251,000/- (31.1.2013: RM22,477,000/- and RM1,268,000/-) representing the pre-construction enabling works and the interest charged by IJM Construction Sdn. Bhd. for the West Coast Expressway Project ("WCE Project"). IJM Construction Sdn. Bhd. is a subsidiary of IJM Corporation Berhad, a major shareholder of the Company.

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

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

(i) the WCE Project is a build-operate-transfer project with a concession period of 50 years. The concession period will be extended for another 10 years if the agreed targeted Internal Rate of Return ("IRR") is not achieved;

(ii) to enhance the viability of the WCE Project, a Government Support Loan ("GSL") of RM2.24 billion at an interest rate of 4% per annum will be provided by the Government of Malaysia subject to a separate negotiation and agreement to be executed with the Ministry of Finance;

5. INFRASTRUCTURE DEVELOPMENT EXPENDITURE (CONTINUED)

(iii) the land acquisition cost of up to RM980 million for the WCE Project will be borne by the Government of Malaysia;

(iv) toll revenue in excess of an agreed traffic volume will be shared as follows:-

- during the GSL tenure, 70% of the excess revenue will be utilised as repayment or prepayment of the GSL; and
- after settlement of the GSL, on the basis of 30:70 between the Government of Malaysia and WCESB if the targeted IRR is not achieved and 70:30 if the actual IRR is more than the targeted IRR.

(v) the construction works of the WCE Project will be implemented by WCESB through a tender committee;

(vi) a liquidated and ascertained damages of RM100,000/- shall be paid by WCESB to the Government of Malaysia for each day of delay of construction if the construction is not completed by the agreed completion date; and

(vii) cost savings from the construction costs shall be utilised to review the GSL amount or for other purposes as may be determined by the Government of Malaysia.

On 23 December 2013, WCESB had received a written confirmation from the Government of Malaysia that WCESB has complied with all the conditions precedent in respect of the CA and the effective date of the CA is on 20 December 2013.

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

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

6. INVESTMENT IN SUBSIDIARIES

	Company	
	31.3.2014 RM'000	31.1.2013 RM'000
Unquoted shares, at cost	180,581	43,820
Less: Accumulated impairment loss	(16,650)	(16,650)
	163,931	27,170

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

Name of Company	Effective Ownership Interest/Voting Rights 31.3.2014 %	31.1.2013 %	Principal Activities
Direct subsidiaries			
Ambang Vista Sdn. Bhd.	100	100	Property investment, development and trading of building materials.
Asian Resinated Felt Sdn. Bhd.	82.8	82.8	Manufacturing and distribution of resinated felt.
Angsana Mestika Sdn. Bhd.	100	100	Inactive.
KEB Management Sdn. Bhd.	100	100	Provision of management services.
KEB Plantations Holdings Sdn. Bhd.	100	100	Inactive.
Keuro Leasing Sdn. Bhd.	100	100	Hire purchase, lease financing, letter of credit, money lending and factoring services.
Keuro Trading Sdn. Bhd.	100	100	Inactive.
West Coast Expressway Sdn. Bhd.	80	80	Design, construction and development of the West Coast Expressway Project and managing its toll operations.

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of Company	Effective Ownership Interest/Voting Rights 31.3.2014 %	31.1.2013 %	Principal Activities
Indirect subsidiaries			
Held through KEB Plantations Holdings Sdn. Bhd.			
KEB Builders Sdn. Bhd.	100	100	Construction contracting.
Tiasa Ria Sdn. Bhd.	63	63	Inactive.
Held through KEB Management Sdn. Bhd.			
Irama Bijak Sdn. Bhd.	70	70	Dormant.
Tiasa Ria Sdn. Bhd.	7	7	Inactive.
Held through Ambang Vista Sdn. Bhd.			
Ratus Prestij Sdn. Bhd.	100	100	Dormant.
Held through Angsana Mestika Sdn. Bhd.			
Europlus Holdings Sdn. Bhd.	50.1	50.1	Dormant.
Held through Keuro Trading Sdn. Bhd.			
Maximix Sdn. Bhd.	100	100	Inactive.
Held through Maximix Sdn. Bhd.			
Perkasa Jati Holdings Sdn. Bhd.	100	100	Inactive.

(a) In the previous financial year, the Company acquired for additional 15.80% equity interest in West Coast Expressway Sdn. Bhd. ("WCESB") from the non-controlling interest comprising 4,590,191 units of ordinary shares of RM1/- each for a total consideration of RM5,336,097/-.

During the financial period, WCESB increased its fully paid-up share capital to RM200,000,000/- by way of a issuance of 170,950,954 ordinary shares of RM1/- each. The Company had subscribed for 136,760,763 representing 80% of the total newly issued share capital of WCESB for total consideration of RM136,761,000/- and the balance was subscribed by an existing non-controlling shareholder.

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) The investment in WCESB amounting to RM93,674,000/- (31.1.2013: RM19,248,000/-) consisting of 93,239,237 (31.1.2013: 18,649,046) ordinary shares of RM1/- each has been charged to a financial institution for bank borrowings as disclosed in Note 18 to the financial statements.

(c) **Non-controlling interests in subsidiaries**

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

	31.3.2014			
	West Coast Expressway Sdn. Bhd. RM'000	Asian Resinated Felt Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	20%	17.16%		
Carrying amount of NCI	38,156	3,439	(3)	41,592
(Loss)/profit allocated to NCI in current financial period	(816)	269	(3)	(550)
Summarised financial information before intra-group elimination				
As at 31 March 2014				
Non-current assets	140,304	7,479		
Current assets	96,072	14,362		
Non-current liabilities	-	(244)		
Current liabilities	(45,596)	(1,556)		
Net assets	190,780	20,041		
Financial period ended 31 March 2014				
Revenue	-	12,216		
(Loss)/profit for the financial period	(4,081)	1,362		
Total comprehensive (loss)/income	(4,081)	1,362		
Cash flows from operating activities	(46,183)	2,637		
Cash flows from investing activities	(83,735)	(578)		
Cash flows from financing activities	130,949	-		
Net increase in cash and cash equivalents	1,031	2,059		

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

	31.1.2013			
	West Coast Expressway Sdn. Bhd. RM'000	Asian Resinated Felt Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	20%	17.16%		
Carrying amount of NCI	4,782	3,170	-	7,952
(Loss)/profit allocated to NCI in current financial year	(362)	406	(4)	40
Summarised financial information before intra-group elimination				
As at 31 January 2013				
Non-current assets	116,055	7,151		
Current assets	5,042	13,354		
Non-current liabilities	-	(134)		
Current liabilities	(97,187)	(1,898)		
Net assets	23,910	18,473		
Financial year ended 31 January 2013				
Revenue	-	13,351		
(Loss)/profit for the financial year	(1,810)	2,367		
Total comprehensive (loss)/income	(1,810)	2,367		
Cash flows from operating activities	(2,189)	1,936		
Cash flows from investing activities	(458)	(365)		
Cash flows from financing activities	1,147	(100)		
Net (decrease)/increase in cash and cash equivalents	(1,500)	1,471		

(d) There are no restrictions in the ability of the Group to access or use the assets and settle the liabilities of the subsidiaries.

7. INVESTMENT IN ASSOCIATES

Investment in associates consists of:-

	Group		Company	
	31.3.2014 RM'000	31.1.2013 RM'000	31.3.2014 RM'000	31.1.2013 RM'000
At Cost				
Quoted shares	342,706	342,706	342,706	342,706
Unquoted shares	400	500	-	-
	343,106	343,206	342,706	342,706
Share of post-acquisition reserves, net of dividends received	29,284	13,431	-	-
Less:				
Accumulated impairment loss				
At 1 February 2013/2012	(191,226)	(191,226)	(191,226)	(191,226)
Charge for the financial period	(75,740)	-	(60,017)	-
At 31 March/31 January	(266,966)	(191,226)	(251,243)	(191,226)
	105,424	165,411	91,463	151,480
Market Value				
Quoted shares	91,713	61,142	91,713	61,142

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

Name of Companies	Effective Ownership Interest/Voting Rights 31.3.2014 %	Effective Ownership Interest/Voting Rights 31.1.2013 %	Nature of the relationship
Held by the Company			
Talam Transform Berhad *(formerly known as Trinity Corporation Berhad)* ("Talam")	29.92	30.17	Provision of management services, investment holding and property development.
Held through direct subsidiary			
Held through KEB Management Sdn. Bhd.			
Radiant Pillar Sdn. Bhd. +	10	10	Investment holding and property development.

7. INVESTMENT IN ASSOCIATES (CONTINUED)

Name of Companies	Effective Ownership Interest/Voting Rights 31.3.2014 %	31.1.2013 %	Nature of the relationship
Held through indirect subsidiary			
Held through KEB Builders Sdn. Bhd.			
Radiant Pillar Sdn. Bhd. +	30	40	Investment holding and property development.
Ambang Usaha Sdn. Bhd.	50	50	Construction contracting.
Held through Radiant Pillar Sdn. Bhd.			
Bandar Rimbayu Sdn. Bhd. +	40	35	Property development.

\+ These companies were audited by another firm of chartered accountants other than Messrs. Baker Tilly Monteiro Heng.

(i) During the financial period, the Group had entered into a share sale agreement with IJM Properties Sdn. Bhd. for the disposal of 10% equity interest in Radiant Pillar Sdn. Bhd. comprising 100,000 units of ordinary shares of RM1/- each for a total consideration of RM52,500,000/-, thereby reducing the Group's equity interest in Radiant Pillar Sdn. Bhd. to 40%. IJM Properties Sdn. Bhd. is an indirect subsidiary of IJM Corporation Berhad, a major shareholder of the Company.

(ii) The investments in Talam and Radiant Pillar Sdn. Bhd. amounting to RM5,450,000/- and RM9,766,000/- (31.1.2013: RM9,767,000/- and Nil) respectively, consisting of 72,874,167 (31.1.2013: 72,874,167) ordinary shares of RM0.20 each and 300,000 (31.1.2013: Nil) ordinary shares of RM1/- each have been charged to the financial institutions for bank borrowings as mentioned in Note 18 to the financial statements.

(iii) During the financial period, the Group and the Company had recognised the impairment losses in respect of the investment in Talam based on the fair value less costs to sell as at 31 March 2014.

(iv) The Group has equity accounted for its share of Talam results from 1 February 2013 to 31 January 2014, based on Talam's audited financial statements for the financial year ended 31 January 2014. Talam's results for the period from 1 February 2014 to 31 March 2014 is not publicly available and accordingly will be equity accounted for in the financial year ending 31 March 2015.

7. INVESTMENT IN ASSOCIATES (CONTINUED)

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

	31.3.2014			
Group	**Talam Transform Berhad RM'000**	**Radiant Pillar Sdn. Bhd. RM'000**	**Other individually immaterial associate RM'000**	**Total RM'000**
Summarised financial information As at 31 January/31 March 2014				
Non-current assets	769,109	8,494		
Current assets	1,147,129	784,081		
Non-current liabilities	(329,422)	(204,880)		
Current liabilities	(1,011,136)	(559,106)		
Net assets	575,680	28,589		
Financial year/period ended 31 January/31 March 2014				
Profit for the financial period	7,976	31,711		
Other comprehensive income	4,424	-		
Total comprehensive income	12,400	31,711		
Included in the total comprehensive income is:				
Revenue	216,717	284,698		
As at 31 January/31 March 2014				
Group's share of net assets less accumulated impairment losses	91,454	13,021	949	105,424
Group's share of results Financial year/period ended 31 January/31 March 2014				
Group's share of profit or loss	1,981	14,736	32	16,749
Group's share of other comprehensive income	1,328	-	-	1,328
Group's share of total comprehensive income	3,309	14,736	32	18,077

7. INVESTMENT IN ASSOCIATES (CONTINUED)

	31.1.2013			
Group	**Talam Transform Berhad RM'000**	**Radiant Pillar Sdn. Bhd. RM'000**	**Other individually immaterial associate RM'000**	**Total RM'000**
Summarised financial information				
As at 31 January 2013				
Non-current assets	968,792	10,151		
Current assets	1,026,938	578,228		
Non-current liabilities	(186,313)	-		
Current liabilities	(1,247,050)	(591,580)		
Net assets/(liabilities)	562,367	(3,201)		
Financial year ended 31 January 2013				
Loss for the financial year	(19,999)	(6,163)		
Other comprehensive income	6,517	-		
Total comprehensive loss	(13,482)	(6,163)		
Included in the total comprehensive income is:				
Revenue	212,636	-		
As at 31 January 2013				
Group's share of net assets less accumulated impairment losses	163,885	609	917	165,411
Group's share of results				
Financial year ended 31 January 2013				
Group's share of profit or loss	(5,640)	(3,045)	47	(8,638)
Group's share of other comprehensive income	1,966	-	-	1,966
Group's share of total comprehensive (loss)/income	(3,674)	(3,045)	47	(6,672)

8. GOODWILL ON CONSOLIDATION

	Group	
	31.3.2014	31.1.2013
	RM'000	RM'000
At cost		
At 31 March 2014/31 January 2013	8,955	8,955
Accumulated impairment loss		
At 1 February 2013/2012	(1,869)	(1,869)
Charge for the financial period	(1,717)	-
At 31 March 2014/31 January 2013	(3,586)	(1,869)
Carrying amount		
At 31 March 2014/31 January 2013	5,369	7,086

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

	Group	
	31.3.2014	31.1.2013
	RM'000	RM'000
Infrastructure	5,369	5,369
Construction	-	1,717
	5,369	7,086

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

Infrastructure

- Cash flows covering a 50-year period which is the period of the concession;
- West Coast Expressway Sdn. Bhd.'s revenue will mainly be derived from toll collection where toll rates are expected to increase at regular intervals;
- Operational expenses were projected by the management based on past experience; and
- The after-tax discount rate of 5.93% (31.1.2013: 6.38%) was used in determining the value-in-use of the goodwill on consolidation. The discount rate was estimated based on the weighted average cost of capital of the Group.

The value assigned to the key assumptions represents the managements' assessment on the future trends of the expressway operation services industry and are based on both external and internal sources.

Sensitivity to changes in assumption

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

9. INVENTORIES

	Group	
	31.3.2014	31.1.2013
	RM'000	RM'000
At cost:		
Raw materials	1,310	1,414
Finished goods	252	378
	1,562	1,792
Recognised in profit or loss:		
Inventories recognised as cost of sales	5,092	5,119

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.3.2014	31.1.2013	31.3.2014	31.1.2013
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Trade receivables	13,980	20,266	-	-
Amount owing by associates	1,345	1,345	-	-
	15,325	21,611	-	-
Less:				
Accumulated impairment loss				
Trade receivables	(11,013)	(12,020)	-	-
	(11,013)	(12,020)	-	-
Trade receivables, net	4,312	9,591	-	-

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group		Company	
	31.3.2014	31.1.2013	31.3.2014	31.1.2013
	RM'000	RM'000	RM'000	RM'000
Other receivables				
Other receivables	78,722	90,148	32,966	43,563
Amount owing by subsidiaries	-	-	62,895	117,593
Amount owing by associates	37,300	37,635	34,083	36,806
Refundable deposits	205	268	7	71
	116,227	128,051	129,951	198,033
Less:				
Accumulated impairment loss				
Other receivables	(78,716)	(76,399)	(32,966)	(31,502)
Amount owing by subsidiaries	-	-	(62,895)	(48,269)
Amount owing by associates	(11)	-	(11)	-
	(78,727)	(76,399)	(95,872)	(79,771)
Other receivables, net	37,500	51,652	34,079	118,262
Total trade and other receivables	41,812	61,243	34,079	118,262
Add: Cash and cash equivalents	7,234	3,074	2,208	1,112
Total loans and receivables	49,046	64,317	36,287	119,374

(a) Trade and other receivables

Trade receivables are non-interest bearing and are generally on 60 to 90 (31.1.2013: 60 to 90) days terms. Other credit terms are assessed and approved by a case-by-case basis.

In the previous financial year, included in other receivables of the Group is an amount of RM7,948,000/- which bear an interest rate of 6% per annum.

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade and other receivables (Continued)

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

	Group	
	31.3.2014	31.1.2013
	RM'000	RM'000
Neither past due nor impaired	821	1,061
Past due 1 - 30 days but not impaired	553	929
Past due 31 - 120 days but not impaired	738	2,075
Past due more than 120 days but not impaired	2,200	5,526
	3,491	8,530
Impaired	11,013	12,020
	15,325	21,611

Receivables that are neither past due nor impaired
Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial period.

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

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

	Group		Company	
	31.3.2014	31.1.2013	31.3.2014	31.1.2013
	RM'000	RM'000	RM'000	RM'000
Individually impaired				
Trade and other receivables				
- nominal amounts	89,740	89,636	95,872	79,866
Less: Accumulated				
Impairment loss	(89,740)	(88,419)	(95,872)	(79,771)
	-	1,217	-	95

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade and other receivables (Continued)

Movements in impairment:-

	Group		Company	
	31.3.2014 RM'000	31.1.2013 RM'000	31.3.2014 RM'000	31.1.2013 RM'000
At 1 February 2013/2012	88,419	83,818	79,771	40,427
Reversal of impairment loss	(2,391)	(811)	(2,341)	(511)
Charge for the financial period/year	5,807	6,298	18,442	39,855
Written off	(2,095)	(886)	-	-
At 31 March 2014/ 31 January 2013	89,740	88,419	95,872	79,771

Receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amount owing by subsidiaries

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

(c) Amount owing by associates

The amount owing by associates is non-trade in nature, unsecured, bears interest at rates ranging from 7.60% to 8.60% (31.1.2013: 7.60% to 8.60%) per annum, repayable on demand and expected to be settled in cash.

An agreement had been entered into between the Company and an associate in respect of the amount owing by the associate to the Group. The terms of the agreement include, amongst others, the following:-

(i) The properties of the associate which have been charged to various lenders in favour of the Group as disclosed in Note 18 shall be used as security and collateral against the amount owing by the associates of the Group; and

(ii) Upon the release of the charges by the various lenders of the abovementioned properties while the abovementioned amounts owing still remain outstanding, the Group's right over the properties shall remain in force until the amounts owing have been fully settled.

11. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	Group	
	31.3.2014	**31.1.2013**
	RM'000	**RM'000**
Aggregate costs incurred to date	39,285	37,656
Recognised profits less recognised losses	1,571	1,506
	40,856	39,162
Progress billings	(40,675)	(39,383)
	181	(221)
Amount due from/(to) customers for contract works included in current assets/(liabilities)	181	(221)
Construction contracts costs recognised as contract expenses during the financial period/year	1,628	4,346
Construction contracts costs recognised as contract revenue during the financial period/year	1,694	4,506

12. OTHER INVESTMENTS

	Group	
	31.3.2014	**31.1.2013**
	RM'000	**RM'000**
<u>Current</u>		
Financial assets at fair value through profit or loss		
- Quoted unit trusts	86,026	-
Market value of quoted unit trusts	86,026	-

13. DEPOSITS PLACED WITH LICENSED BANKS

The effective interest rates as at the reporting date of the deposits placed with licensed banks range from 2.30% to 3.00% (31.1.2013: 2.30% to 3.25%) per annum. The deposits placed with licensed banks have maturity periods ranging from 1 day to 1 month (31.1.2013: 1 day to 3 months).

The deposits placed with licensed banks amounting to RM519,000/- (31.1.2013: Nil) are pledged for bank borrowings as mentioned in Note 18 to the financial statements which are not freely available for general use.

14. SHARE CAPITAL

	Group and Company			
	31.3.2014		31.1.2013	
	Number of Shares '000 Units	RM'000	Number of Shares '000 Units	RM'000
Ordinary shares of RM1/- each				
Authorised:				
At the beginning of the financial period/year	1,000,000	1,000,000	1,000,000	1,000,000
Created during the financial period	2,000,000	2,000,000	-	-
At the end of the financial period/ year	3,000,000	3,000,000	1,000,000	1,000,000
Issued and fully paid:				
At the beginning of the financial period/year	520,992	520,992	520,992	520,992
Issued during the financial period	52,000	52,000	-	-
At the end of the financial period/ year	572,992	572,992	520,992	520,992

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

(a) **Authorised share capital**

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

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

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

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

15. RESERVES

	Group		Company	
	31.3.2014	31.1.2013	31.3.2014	31.1.2013
	RM'000	RM'000	RM'000	RM'000
Share premium	42,345	36,965	42,345	36,965
Foreign exchange reserves	870	(458)	-	-
Accumulated losses	(489,509)	(456,482)	(495,637)	(403,962)
	(446,294)	(419,975)	(453,292)	(366,997)

16. DEFERRED TAX LIABILITIES

	Group	
	31.3.2014	31.1.2013
	RM'000	RM'000
At 1 February 2013/2012	135	113
Charge to profit or loss (Note 23)	109	22
At 31 March 2014/31 January 2013	244	135
Representing the tax effects of:-		
Temporary differences between net book values and the corresponding tax written down values	244	135

17. TRADE AND OTHER PAYABLES

	Group		Company	
	31.3.2014	31.1.2013	31.3.2014	31.1.2013
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Trade payables	52,860	40,351	-	-
Other payables				
Other payables	24,302	28,262	14,806	13,784
Deposits	126	120	-	-
Accruals	32,957	59,018	30,923	44,713
Amount owing to subsidiaries	-	-	12,488	15,829
Amount owing to associates	7,987	1,129	2,926	701
	65,372	88,529	61,143	75,027
Total trade and other payables	118,232	128,880	61,143	75,027
Add: Loans and borrowings (Note 18)	122,253	133,549	111,035	69,002
Total financial liabilities	240,485	262,429	172,178	144,029

17. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables

The Group normal trade credit term ranges from 14 to 90 (31.1.2013: 14 to 90) days.

Included in trade payables of the Group is retention sum payable of RM925,000/- (31.1.2013: RM927,000/-).

Included in trade payables of the Group is an amount of RM42,785,000/- (31.1.2013: RM23,794,000/-) owing to a major shareholder of the Company. The amount owing of RM42,736,000/- (31.1.2013: RM23,745,000/-) bears interest at a rate of 8.60% (31.1.2013: 8.60%) per annum.

(b) Other payables

Included in other payables of the Group and of the Company are amounts of RM18,655,000/- and RM13,576,000/- (31.1.2013: RM21,957,000/- and RM12,496,000/-) respectively owing to a major shareholder of the Company and companies in which certain directors have interest. The amounts owing are unsecured, interest free and repayable on demand except for the amounts of RM18,080,000/- and RM13,576,000/- (31.1.2013: RM16,634,000/- and RM12,496,000/-) with interest rates ranging from 7.60% to 8.60% (31.1.2013: 7.60% to 8.60%) per annum.

(c) Accruals

Included in accruals of the Group and of the Company are amounts of RM32,031,000/- and RM30,848,000/- (31.1.2013: RM54,400,000/- and RM41,949,000/-) respectively which represent interest charges owing to financial institutions in relation to the borrowings of the Group and of the Company.

(d) Amount owing to subsidiaries

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

(e) Amount owing to associates

The amount owing to associates is non-trade in nature, unsecured, bears interest at rates ranging from 7.60% to 8.60% (31.1.2013: 7.60% to 8.60%) per annum, repayable on demand and expected to be settled in cash.

18. LOANS AND BORROWINGS

	Group		Company	
	31.3.2014 RM'000	31.1.2013 RM'000	31.3.2014 RM'000	31.1.2013 RM'000
Current (secured)				
Term loans	112,644	23,927	111,035	19,000
Bridging loans	-	90,004	-	50,002
Trust receipts and revolving credit	4,277	6,888	-	-
Bank overdrafts	1,950	1,755	-	-
	118,871	122,574	111,035	69,002
Current (unsecured)				
Term loans	3,381	10,974	-	-
Bank overdrafts	1	1	-	-
	3,382	10,975	-	-
Total loans and borrowings	122,253	133,549	111,035	69,002

Term loans

The effective interest rates of the term loans of the Group and of the Company as at the reporting date range from 8.04% to 8.44% (31.1.2013: 8.98%) per annum.

Bridging loans

In the previous financial year, the effective interest rate of the bridging loans of the Group and of the Company as at the reporting date is 8.98% per annum.

Trust receipts and revolving credit

The effective interest rate of the trust receipts and revolving credit of the Group as at the reporting date is 10.03% (31.1.2013: 9.49% to 10.03%) per annum.

Bank overdrafts

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

The effective interest rate of the bank overdraft of the Group as at the reporting date is 9.53% (31.1.2013: 9.53%) per annum.

18. LOANS AND BORROWINGS (CONTINUED)

Securities

The Group has term loan and bridging loan facilities of RM116,025,000/- (31.1.2013: RM124,905,000/-) of which RM112,644,000/- (31.1.2013: RM113,931,000/-) are secured by way of the following:-

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

The Group has bank overdraft and trust receipt facilities of RM1,950,000/- and RM4,277,000/- (31.1.2013: RM1,755,000/- and RM4,277,000/-) respectively, which are secured by way of the following:-

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

19. REVENUE

	Group	
	1.2.2013 to 31.3.2014 RM'000	1.2.2012 to 31.1.2013 RM'000
Manufacturing and trading of industrial products	12,216	13,351
Construction	1,694	4,506
	13,910	17,857

20. COST OF SALES

	Group	
	1.2.2013 to 31.3.2014 RM'000	1.2.2012 to 31.1.2013 RM'000
Manufacturing and trading of industrial products	8,059	7,996
Construction	1,628	4,346
Leasing, management services and investment holding	1,742	2,371
	11,429	14,713

21. FINANCE COSTS

	Group		Company	
	1.2.2013 to 31.3.2014 RM'000	1.2.2012 to 31.1.2013 RM'000	1.2.2013 to 31.3.2014 RM'000	1.2.2012 to 31.1.2013 RM'000
Term loans	8,843	3,434	8,843	3,434
Bridging loans	2,926	4,967	2,926	4,967
Others	2,014	2,149	1,446	1,384
	13,783	10,550	13,215	9,785

22. LOSS BEFORE TAXATION

Loss before taxation has been arrived at:-

	Group		Company	
	1.2.2013 to 31.3.2014 RM'000	1.2.2012 to 31.1.2013 RM'000	1.2.2013 to 31.3.2014 RM'000	1.2.2012 to 31.1.2013 RM'000
After charging:				
Audit fees				
- statutory				
· current period/year	200	185	114	108
· under accrual in prior years	26	9	12	-
- non-statutory	10	10	10	10
Bad debts written off	13	17	13	-
Deposit written off	1	-	-	-
Depreciation of property, plant and equipment	564	499	18	-
Directors' remuneration	1,475	872	1,001	756

22. LOSS BEFORE TAXATION (CONTINUED)

	Group		Company	
	1.2.2013 to 31.3.2014 RM'000	**1.2.2012 to 31.1.2013 RM'000**	**1.2.2013 to 31.3.2014 RM'000**	**1.2.2012 to 31.1.2013 RM'000**
After charging: (Continued)				
Impairment loss on receivables				
- trade and other receivables	5,796	6,298	3,805	3,453
- subsidiaries	-	-	14,626	36,402
- associate	11	-	11	-
Impairment loss on goodwill	1,717	-	-	-
Impairment loss on investment in a subsidiary	-	-	-	78
Impairment loss on investment in an associate	75,740	-	60,017	-
Loss on disposal of property, plant and equipment	8	-	-	-
Property, plant and equipment written off	6	68	-	-
Rental of premises				
- current period/year	115	274	32	7
- under/(over) accrual in prior year	102	(2,283)	-	-
Rental of equipment	31	31	-	-
Staff costs				
- Salaries, wages, overtime, bonus and allowances	3,880	3,638	-	-
- EPF	313	294	-	-
- SOCSO	31	25	-	-
- Other staff related expenses	130	84	40	-
And crediting:				
Dividend income				
- other investments	1,140	-	-	-
- subsidiary	-	-	195	33
Fair value gain on other investment	188	-	-	-
Gain on disposal of property, plant and equipment	-	223	-	-
Gain on disposal of investment in an associate	50,176	-	-	-
Impairment loss on trade and other receivables no longer required	2,391	811	2,341	511
Interest income	2,697	2,867	1,625	2,840
Rental income	28	32	-	-
Realised gain on foreign exchange	16	17	-	-

23. TAXATION

	Group		Company	
	1.2.2013 to 31.3.2014 RM'000	**1.2.2012 to 31.1.2013 RM'000**	**1.2.2013 to 31.3.2014 RM'000**	**1.2.2012 to 31.1.2013 RM'000**
Income taxation				
- current period/year	(684)	(862)	-	-
- over/(under) accrual in prior year	85	(158)	-	-
	(599)	(1,020)	-	-
Deferred taxation (Note 16)				
- current period/year	(47)	(28)	-	-
- (under)/over accrual in prior year	(62)	6	-	-
	(109)	(22)	-	-
Tax expense for the financial period/year	(708)	(1,042)	-	-

The income tax is calculated at the statutory tax rate of 25% (31.1.2013: 25%) of the estimated taxable profit for the fiscal year. In the Budget Speech 2014, the Government announced that the statutory tax rate would be reduced to 24% from the current year's rate of 25% effective year of assessment 2016. As such, the deferred tax was re-measured to reflect these changes.

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

	Group		Company	
	1.2.2013 to 31.3.2014 RM'000	**1.2.2012 to 31.1.2013 RM'000**	**1.2.2013 to 31.3.2014 RM'000**	**1.2.2012 to 31.1.2013 RM'000**
Loss before taxation	(32,869)	(22,109)	(91,675)	(46,982)
Taxation at statutory tax rate of 25%	8,217	5,527	22,919	11,746
Tax effects of:				
- non-deductible expenses	(25,189)	(31,872)	(23,504)	(12,160)
- origination of deferred tax assets not recognised	(471)	(181)	-	-
- difference in tax rate	(812)	-	-	-
- tax effect on share of results of associates	4,188	(2,160)	-	-
- non-taxable income	13,336	27,796	585	414
- over/(under) accrual in prior year	23	(152)	-	-
Tax expense for the financial period/year	(708)	(1,042)	-	-

23. TAXATION (CONTINUED)

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

	Group		Company	
	1.2.2013 to 31.3.2014 RM'000	**1.2.2012 to 31.1.2013 RM'000**	**1.2.2013 to 31.3.2014 RM'000**	**1.2.2012 to 31.1.2013 RM'000**
Unutilised tax losses	79,780	74,766	-	-
Other taxable temporary differences	1,429	1,311	-	-
	81,209	76,077	-	-
Potential deferred tax assets not recognised at 24% (31.1.2013: 25%)	19,490	19,019	-	-

As at 31 March 2014, the Group has estimated unutilised tax losses of RM79,780,000/- (31.1.2013: RM74,766,000/-), and unabsorbed capital allowances of RM1,663,000/- (31.1.2013: RM1,573,000/-) carried forward, available for set-off against future taxable profit.

24. LOSS PER ORDINARY SHARE

(a) Basic loss per ordinary share

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

	Group	
	1.2.2013 to 31.3.2014 RM'000	**1.2.2012 to 31.1.2013 RM'000**
Net loss for the financial period/year attributable to owners of the Company	(33,027)	(23,191)
Number of ordinary shares ('000 units)	520,992	520,992
Effects of shares issued during the financial period	30,538	-
Weighted average number of shares ('000 unit)	551,530	520,992
Basic loss per ordinary share (sen)	(6.0)	(4.5)

24. LOSS PER ORDINARY SHARE (CONTINUED)

(b) Diluted loss per ordinary share

The diluted loss per ordinary share is equal to the basic loss per ordinary share as there were no dilutive potential ordinary shares in issue.

25. FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

	Group		Company	
	31.3.2014 RM'000	31.1.2013 RM'000	31.3.2014 RM'000	31.1.2013 RM'000
Guarantees given to financial institutions/third parties for credit facilities granted to subsidiaries and an associate.	11,990	52,200	11,990	129,196
A subsidiary was indebted to a bank which had on 7 September 2010 auctioned and disposed of a piece of land belonging to Talam Group which secured the borrowings. Talam is taking legal action against the bank for the difference between the auction price and the market value of the land. In the event that Talam is unable to succeed in its claim, the Group may be liable for amount claimed by Talam. Talam Group is a related party as disclosed in Note 26 to the financial statements.	33,700	33,700	-	-

26. RELATED PARTY DISCLOSURES

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

Name of related parties	Relationship
Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon	A former substantial shareholder of the Company. He ceased as substantial shareholder of the Company on 30 September 2013.

26. RELATED PARTY DISCLOSURES (CONTINUED)

Name of related parties	Relationship
Talam Group	Talam Transform Berhad (formerly known as Trinity Corporation Berhad) ("Talam") and its subsidiaries. Talam is an associate of the Company. A company in which Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon, a former substantial shareholder of the Company, have substantial direct and indirect equity interests.
Radiant Group	Radiant Pillar Sdn. Bhd. ("Radiant"), an associate of the Group, and its subsidiary. IJM Group has substantial direct and indirect equity interests in Radiant Group. Radiant Group became subsidiaries of IJM Group with effect from 24 January 2014.
IJM Group	IJM Corporation Berhad ("IJM") and its subsidiaries. IJM is a major shareholder of the Company.
Ambang Usaha Sdn. Bhd.	Ambang Usaha Sdn Bhd is an associate of the Group. IJM Group is the shareholder of its remaining equity interest.

(a) **Transactions with related parties**

	Group		**Company**	
	1.2.2013 to 31.3.2014 RM'000	**1.2.2012 to 31.1.2013 RM'000**	**1.2.2013 to 31.3.2014 RM'000**	**1.2.2012 to 31.1.2013 RM'000**
Talam Group:				
Construction billings	-	749	-	-
Interest income	740	667	740	667
Late payment interest	(1,374)	-	-	-
Rental of premises				
- current period/year	(63)	(353)	-	-
- (under)/over accrual in prior year	(858)	3,867	-	-
Rental of equipment	(31)	(31)	-	-
Radiant Group:				
Interest income	735	1,616	735	1,616
Interest expenses	(957)	(581)	(739)	(581)

26. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Transactions with related parties (Continued)

	Group		Company	
	1.2.2013 to 31.3.2014 RM'000	1.2.2012 to 31.1.2013 RM'000	1.2.2013 to 31.3.2014 RM'000	1.2.2012 to 31.1.2013 RM'000
IJM Group:				
Disposal of investment in an associate	52,500	-	-	-
Pre-construction enabling works	(13,839)	(22,477)	-	-
Interest expenses	(4,324)	(2,305)	(707)	(810)

(b) Balances with related parties

	Group		Company	
	31.3.2014 RM'000	31.1.2013 RM'000	31.3.2014 RM'000	31.1.2013 RM'000
Trade payables				
IJM Group	42,785	23,794	-	-
	42,785	23,794	-	-
Other payables				
IJM Group	18,655	17,207	13,576	12,496
Tekal Perkasa Sdn. Bhd.	-	90	-	-
Multi Route Management Sdn. Bhd.	-	4,660	-	-
	18,655	21,957	13,576	12,496
Amount owing by associates				
Talam Group	36,065	33,149	31,517	30,989
Radiant Group	2,567	5,821	2,555	5,809
Ambang Usaha Sdn. Bhd.	2	10	-	8
	38,634	38,980	34,072	36,806
Amount owing to associates				
Talam Group	5,502	701	2,926	701
Radiant Group	2,485	428	-	-
	7,987	1,129	2,926	701

26. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Key management compensation

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

	Group		**Company**	
	1.2.2013 to 31.3.2014 RM'000	**1.2.2012 to 31.1.2013 RM'000**	**1.2.2013 to 31.3.2014 RM'000**	**1.2.2012 to 31.1.2013 RM'000**
Directors				
Executive directors:				
- Fees	29	50	29	50
- Salaries and other emoluments	1,840	1,127	398	283
- EPF contributions	40	135	-	18
	1,909	1,312	427	351
Non-executive directors:				
- Fees	284	165	250	155
- Salaries and other emoluments	324	250	324	250
	608	415	574	405
	2,517	1,727	1,001	756
Other key management personnel				
- Remuneration	465	521	-	-
	465	521	-	-
	2,982	2,248	1,001	756

The director's remuneration of a subsidiary incurred and capitalised in infrastructure development expenditure amounted to RM1,042,000/- (31.1.2013: RM855,000/-).

26. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Key management compensation (Continued)

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

	1.2.2013 to 31.3.2014 No.	1.2.2012 to 31.1.2013 No.
Executive directors		
RM50,000 and below	1	-
RM150,001 to RM200,000	-	2
RM400,001 to RM450,000	1	-
Non-executive directors		
RM50,000 and below	4	2
RM50,001 to RM100,000	4	4

27. OPERATING SEGMENTS

Measurement of reportable segments

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

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

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly tax refundable, tax payable and deferred tax liabilities.

Business segments

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

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

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

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

27. OPERATING SEGMENTS (CONTINUED)

Business segments (Continued)

31.3.2014 Group	**Manufacturing and trading of industrial products RM'000**	**Construction RM'000**	**Leasing, management services and investment holding and others RM'000**	**Elimination RM'000**		**Consolidated RM'000**	
Revenue							
External sales	12,216	1,694	-	-		13,910	
Inter-segment sales	-	-	-	-		-	
Total revenue	12,216	1,694	-	-		13,910	
Results							
Segment results	1,841	50,809	(110,156)	18,974	A	(38,532)	
Finance costs						(13,783)	
Share of results of associates						16,749	
Interest income						2,697	
Loss before tax						(32,869)	
Taxation						(708)	
Loss for the financial period						(33,577)	
Consolidated Statement of Financial Position							
Assets							
Segment assets #	20,126	5,883	455,153	(176,947)	B	304,215	
Investment in associates	-	300	105,124	-		105,424	
Consolidated total assets	20,126	6,183	560,277	(176,947)		409,639	
Liabilities							
Segment liabilities ^	17,695	56,317	387,313	(220,840)	C	240,485	
Tax payables/ deferred tax liabilities	(50)	-	914	-		864	
Consolidated total liabilities	17,645	56,317	388,227	(220,840)		241,349	
Other Information							
Capital expenditure	679	429	24,709	-		25,817	D
Depreciation of property, plant and equipment	351	6	415	-		772	
Non-cash expenses other than depreciation	88	752	82,452	-		83,292	E
Other non-cash income	-	50	2,529	-		2,579	F

27. OPERATING SEGMENTS (CONTINUED)

Business segments (Continued)

31.1.2013 Group	**Manufacturing and trading of industrial products RM'000**	**Construction RM'000**	**Leasing, management services and investment holding and others RM'000**	**Elimination RM'000**		**Consolidated RM'000**	
Revenue							
External sales	13,351	4,506	-	-		17,857	
Inter-segment sales	-	-	-	-		-	
Total revenue	13,351	4,506	-	-		17,857	
Results							
Segment results	3,118	(4,202)	(113,225)	108,521	A	(5,788)	
Finance costs						(10,550)	
Share of results of associates						(8,638)	
Interest income						2,867	
Loss before tax						(22,109)	
Taxation						(1,042)	
Loss for the financial year						(23,151)	
Consolidated Statement of Financial Position							
Assets							
Segment assets #	19,340	6,846	301,738	(117,888)	B	210,036	
Investment in associates	-	400	165,011	-		165,411	
Consolidated total assets	19,340	7,246	466,749	(117,888)		375,447	
Liabilities							
Segment liabilities ^	17,707	107,893	416,455	(279,405)	C	262,650	
Tax payables/ deferred tax liabilities	303	-	3,525	-		3,828	
Consolidated total liabilities	18,010	107,893	419,980	(279,405)		266,478	
Other Information							
Capital expenditure	454	-	25,235	-		25,689	D
Depreciation of property, plant and equipment	270	70	307	-		647	
Non-cash expenses other than depreciation	17	332	6,034	-		6,383	E

27. OPERATING SEGMENTS (CONTINUED)

Business segments (Continued)

\# Segment assets comprise total current and non-current assets, less tax recoverable.

^ Segment liabilities comprise total current and non-current liabilities, less tax payable and deferred tax liabilities.

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

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

	31.3.2014 RM'000	31.1.2013 RM'000
Dividend income from subsidiaries	(195)	(33)
Impairment loss on investment in a subsidiary	64	78
Impairment loss on amount owing by subsidiaries	19,105	108,476
	18,974	108,521

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

	31.3.2014 RM'000	31.1.2013 RM'000
Investment in subsidiaries	(163,931)	(27,234)
Inter-segment assets	(13,016)	(90,654)
	(176,947)	(117,888)

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

	31.3.2014 RM'000	31.1.2013 RM'000
Inter-segment liabilities	(220,840)	(279,405)

D Additions of capital expenditure consist of:-

	31.3.2014 RM'000	31.1.2013 RM'000
Property, plant and equipment	1,336	930
Infrastructure development expenditure	24,481	24,759
	25,817	25,689

27. OPERATING SEGMENTS (CONTINUED)

Business segments (Continued)

E Other non-cash expenditure consist of:-

	31.3.2014 RM'000	31.1.2013 RM'000
Bad debt written off	13	17
Deposit written off	1	-
Impairment loss on goodwill	1,717	-
Impairment loss on investment in an associate	75,740	-
Impairment loss on receivables		
- trade and other receivables	5,796	6,298
- associate	11	-
Loss on disposal of property, plant and equipment	8	-
Property, plant and equipment written off	6	68
	83,292	6,383

F Other non-cash income consist of:-

	31.3.2014 RM'000	31.1.2013 RM'000
Fair value gain on short term investment	188	-
Impairment loss on other receivables no longer required	2,391	-
	2,579	-

Geographical Segment

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

Major customer information

There is no single customer with revenue equal or more than 10% of the Group revenue.

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

As at 31 March 2014, the fair value of other investments as disclosed in Note 12 to the financial statements is measured under Level 1, of which is determined directly by reference to their published market closing prices.

During the financial period ended 31 March 2014, there were no transfers between Level 1 and Level 2 fair value measurements.

(ii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value at the reporting date:-

	Note
Trade and other receivables	10
Trade and other payables	17
Loans and borrowings	18

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

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

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including other investments, deposits placed with licensed banks and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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

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

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

<u>Financial assets that are neither past due nor impaired</u>
Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 10 to the financial statements. Deposits with banks that are neither past due nor impaired are placed with reputable financial institutions with no history of default.

<u>Financial assets that are either past due or impaired</u>
Information regarding financial assets that are past due or impaired is disclosed in Note 10 to the financial statements.

(ii) Liquidity risk

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

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

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Liquidity risk (Continued)

Maturity analysis

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

	Total RM'000	Contractual interest rate %	Contractual cash flow RM'000	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000
31.3.2014						
Group						
Financial liabilities						
Trade payables	52,860	-	52,860	52,860	-	-
Other payables, deposit and accruals	57,385	-	57,385	57,385	-	-
Amount owing to associates	7,987	-	7,987	7,987	-	-
Loans and borrowings:-						
- Bank overdrafts	1,951	9.53%	1,951	1,951	-	-
- Term loans	116,025	8.44%	116,025	116,025	-	-
- Trust receipts	4,277	10.03%	4,277	4,277	-	-
Total undiscounted financial liabilities	240,485		240,485	240,485	-	-
Company						
Financial liabilities						
Other payables and accruals	45,729	-	45,729	45,729	-	-
Amount owing to subsidiaries	12,488	-	12,488	12,488	-	-
Amount owing to associates	2,926	-	2,926	2,926	-	-
Loans and borrowings:-						
- Term loans	111,035	8.04%	111,035	111,035	-	-
Total undiscounted financial liabilities	172,178		172,178	172,178	-	-

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Liquidity risk (Continued)

Maturity analysis (Continued)

	Total RM'000	Contractual interest rate %	Contractual cash flow RM'000	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000
31.1.2013						
Group						
Financial liabilities						
Trade payables	40,351	-	40,351	40,351	-	-
Other payables, deposit and accruals	87,400	-	87,400	87,400	-	-
Amount owing to associates	1,129	-	1,129	1,129	-	-
Loans and borrowings:-						
- Bank overdrafts	1,756	9.53%	1,756	1,756	-	-
- Bridging loans	90,004	8.98%	90,004	90,004	-	-
- Term loans	34,901	8.98%	34,901	34,901	-	-
- Trust receipts and revolving credit	6,888	9.49%-10.03%	6,888	6,888	-	-
Total undiscounted financial liabilities	262,429		262,429	262,429	-	-
Company						
Financial liabilities						
Other payables	58,497	-	58,497	58,497	-	-
Amount owing to subsidiaries	15,829	-	15,829	15,829	-	-
Amount owing to associates	701	-	701	701	-	-
Loans and borrowings:-						
- Bridging loans	50,002	8.98%	50,002	50,002	-	-
- Term loans	19,000	8.98%	19,000	19,000	-	-
Total undiscounted financial liabilities	144,029		144,029	144,029	-	-

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Interest rate risk

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

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

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

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

Sensitivity analysis for interest rate risk

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

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

	Profit or loss/Equity	
	100bp decrease RM'000	**100bp increase RM'000**
31.3.2014		
Group		
Variable rate instruments	(1,033)	1,033
Company		
Variable rate instruments	(920)	920
31.1.2013		
Group		
Variable rate instruments	(1,336)	1,336
Company		
Variable rate instruments	(690)	690

30. CAPITAL MANAGEMENT

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

The debt-to-equity ratios as at 31 March 2014 and 31 January 2013 were as follows:-

	Group	
	31.3.2014	**31.1.2013**
	RM'000	**RM'000**
Total borrowings	122,253	133,549
Equity attributable to owners of the Company	126,698	101,017
Debt-to-equity ratio	0.96	1.32

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

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

31. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

(a) **Proposed private placement of up to 52,099,176 new ordinary shares of RM1/- each in the Company**

On 9 July 2013, the Company proposed private placement of up to 52,099,176 new ordinary shares of RM1/- each in the Company representing up to ten percent (10%) of the existing issued and paid-up capital of the Company at an issue price of RM1.11 per placement share.

On 31 July 2013, the proposed private placement was completed following the listing of and quotation for 52,000,000 placement shares on the Main Market of Bursa Malaysia Securities Berhad.

(b) **Change of financial year end**

On 29 January 2014, the Board of Directors of the Company approved the change of financial year end of the Company from 31 January to 31 March.

31. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONTINUED)

(c) Multiple proposals

On 12 August 2013, the Company proposed to undertake the following:-

(i) disposal of 10% equity interest held in the 50%-owned associate, Radiant Pillar Sdn. Bhd. ("RPSB") for a cash consideration of RM52,500,000/-;

(ii) undertake a renounceable rights issue of 429,743,823 new ordinary shares of RM1/- each in the Company ("Rights Share") together with 214,871,911 free detachable warrants ("Warrants") on the basis of three Rights Shares for every four existing ordinary shares of RM1/- each in the Company held and one free Warrant for every two Rights Shares subscribed for on an entitlement date to be determined later;

(iii) an increase in the authorised share capital of the Company from RM1,000,000,000/- comprising 1,000,000,000 ordinary shares of RM1/- each to RM3,000,000,000/- comprising 3,000,000,000 ordinary shares of RM1/- each, and

(iv) amendments to the Memorandum and Articles of Association of the Company.

On 5 December 2013, the Company issued a circular to shareholders and a notice of extraordinary general meeting to be held on 3 January 2014, in relation the proposals announced on 12 August 2013.

On 3 January 2014, at the extraordinary general meeting the shareholders approved all the resolutions. Pursuant to the approval, the Company completed the following proposals:-

- increase in the authorised share capital of the Company from RM1,000,000,000/- comprising 1,000,000,000 ordinary shares of RM1/- each to RM3,000,000,000/- comprising 3,000,000,000 ordinary shares of RM1/- each, and

- amendments to the Memorandum and Articles of Association of the Company.

On 24 January 2014, the Group had completed the disposal of 100,000 ordinary shares representing 10% equity interest in RPSB to IJM Properties Sdn. Bhd. for a sale consideration of RM52,500,000/-.

(d) Compliance of conditions precedent in respect of the Concession Agreement for the West Coast Expressway Project

On 23 December 2013, West Coast Expressway Sdn. Bhd. ("WCESB"), an 80% subsidiary of the Company has received a written confirmation from the Government of Malaysia that WCESB has complied with all the conditions precedent in respect of the Concession Agreement and the effective date of the Concession Agreement is on 20 December 2013.

32. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

(a) Proposed Renounceable Rights Issue with Warrants

On 7 May 2014, the Company received approval from Bursa Malaysia Securities Berhad on an extension of time until 14 November 2014 to complete the implementation of the proposed renounceable rights issue with warrants.

(b) West Coast Expressway Project

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

33. COMPARATIVE FIGURES

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

Accordingly, the comparative figures of the preceding financial year covered a period of 12 months whilst the figures of the current financial period's financial statements covered a period of 14 months from 1 February 2013 to 31 March 2014. Accordingly, the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and their related notes are not in respect of comparable periods.

KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

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

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

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

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

	Group		Company	
	31.3.2014 RM'000	31.1.2013 RM'000	31.3.2014 RM'000	31.1.2013 RM'000
The accumulated losses of the Group and of the Company:				
- realised	(721,902)	(672,061)	(495,637)	(403,962)
- unrealised	(56)	(135)	-	-
	(721,958)	(672,196)	(495,637)	(403,962)
Less: Consolidation adjustments	232,449	215,714	-	-
	(489,509)	(456,482)	(495,637)	(403,962)

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

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

KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, **DATO' ABDUL HAMID BIN MUSTAPHA** and **DATUK OH CHONG PENG** being two of the directors of Kumpulan Europlus Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 7 to 93 are properly drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and of the results and cash flows of the Group and of the Company for the financial period ended on that date in accordance with the Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The supplementary information set out on page 94 has been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

....
DATO' ABDUL HAMID BIN MUSTAPHA
Director

....
DATUK OH CHONG PENG
Director

Kuala Lumpur

Date: 24 June 2014

KUMPULAN EUROPLUS BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION

I, **LYNDON ALFRED FELIX**, being the officer primarily responsible for the financial management of Kumpulan Europlus Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 7 to 93, and the supplementary information set out on page 94 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

....
LYNDON ALFRED FELIX

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 24 June 2014.

Before me,

PESURUHJAYA SUMPAH
W 541
ZULKIFLA MOHD DAHLIM
MALAYSIA

....
Commissioner for Oaths

NO: 17, JALAN PETALING
50000 KUALA LUMPUR

BAKER TILLY

Baker Tilly Monteiro Heng
Chartered Accountants (AF0117)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia

T : +603 2297 1000
F : +603 2282 9980

info@bakertillymh.com.my
www.bakertillymh.com.my

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

Report on the Financial Statements

We have audited the financial statements of Kumpulan Europlus Berhad, which comprise the statements of financial position as at 31 March 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 93.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

BAKER TILLY

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2014 and of their financial performance and cash flows for the financial period then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other Legal and Regulatory Requirements

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

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

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 94 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

BAKER TILLY

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Lock Peng Kuan
No. 2819/10/14 (J)
Chartered Accountant

Kuala Lumpur

Date: 24 June 2014

KUMPULAN
EUROPLUS
BERHAD
(534368-A)

Registered Office

Suite 2.12, Level 2,
Menara Maxisegar
Jalan Pandan Indah 4/2
Pandan Indah
55100 Kuala Lumpur

1 August 2014

To: The Entitled Shareholders of Kumpulan Europlus Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of Kumpulan Europlus Berhad ("**KEB**") ("**Board**"), I report, after making due enquiries in relation to the interval between 31 March 2014 (being the date to which the last audited financial statements of KEB and its subsidiaries ("**Group**") have been made up) to the date hereof, being a date not earlier than 14 days before the date of issue of this Abridged Prospectus ("**AP**"):-

(i) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

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

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

(iv) the Group is contingently liable to Talam Transform Berhad (*formerly known as Trinity Corporation Berhad*) ("**TTB**"), a 28.99% associate of KEB, for an amount of RM33.7 million in the event that TTB is unsuccessful in its legal action against a bank which had auctioned off a piece of land belonging to TTB which had been used to secure the borrowings of Keuro Leasing Sdn Bhd, a wholly-owned subsidiary of KEB. TTB is taking legal action against the bank for the difference between the auction price and the market value of the land. In the event that TTB is unable to succeed in its claim, our Group may be liable for the amount claimed by TTB. Save for the aforementioned, there is no other contingent liability which have arisen by reason of any guarantee or indemnity given by the Group;

(v) since the last audited financial statements of the Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings of the Group; and

(vi) there have been no material change in the published reserves or any unusual factor affecting the profits of the Group since the last audited financial statements of the Group.

Yours faithfully
For and on behalf of the Board of
KUMPULAN EUROPLUS BERHAD

DATO' ABDUL HAMID BIN MUSTAPHA
Chairman/Independent Non-Executive Director

Suite 2.05, Level 2, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur.
Tel: (603) 4291 2298 Fax: (603) 4294 5072

ADDITIONAL INFORMATION

1. SHARE CAPITAL

(i) No securities of our Company will be allotted or issued on the basis of this AP later than 12 months after the date of the issue of this AP.

(ii) Save for the Entitled Shareholders who will be provisionally allotted the Provisional Rights Shares with Warrants pursuant to the Rights Issue with Warrants, no person has been or is entitled to be granted an option to subscribe for any of our Shares, stocks or debentures as at LPD.

2. DIRECTORS' REMUNERATION

The provision in our Articles of Association in relation to the remuneration of our Directors are as follows:-

Article 82(5) – Directors may act in professional capacity

Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company.

Article 82(7) – Remuneration of director from associated companies

A Director of the Company may be or become a director or other officer of or otherwise interested in, any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them Director or other officers of such corporation) and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or be about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid.

Article 85 – Directors' fees

The fees of the Directors shall be a fixed sum (not being commission on or percentage of profits or turnover) as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provide) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for only part of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office. The fees of the Directors 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 concerning the meeting.

Article 86(1) – Expenses

The Directors shall be entitled to be paid all travelling or such reasonable expenses as may be incurred by them in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

Article 86(2) – Remuneration

The salaries of Executive Directors may not include a commission on or percentage of turnover.

Article 86(3) – Extra remuneration

Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however to the provisions of the Article of Association.

Article 89(2) – Remuneration of Managing Directors

A Director holding any such office as aforesaid shall receive such remuneration as the Directors may determine but shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

3. MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contracts (including contracts not reduced in writing), which are not in the ordinary course of business, within the past two (2) years preceding the date of this AP:-

(i) On 2 January 2013, WCESB had entered into a concession agreement with the Government in relation to the WCE Project. The WCE Project involves the development of 233 kilometres of tolled highway from Banting, Selangor to Taiping, Perak (including 40 kilometres to be constructed later). The project cost for the WCE Project (excluding the 40 kilometres to be constructed later) is approximately RM5.9 billion and the construction period is expected to take five (5) years.

(ii) On 12 August 2013, KEB Builders Sdn Bhd, a wholly-owned subsidiary of KEB Plantations Holdings Sdn Bhd, which in turn is a wholly-owned subsidiary of our Company, had entered into a share sale agreement with IJM Properties Sdn Bhd for the disposal of its 10% equity interest held in RPSB to IJM Properties Sdn Bhd, for a total cash consideration of RM52,500,000. The Disposal was completed on 24 January 2014.

(iii) On 16 July 2014, our Company had entered into the Underwriting Agreement with the Managing Underwriter and Joint Underwriters to underwrite up to 166,718,447 Rights Shares together with 83,359,223 free Warrants for which no undertaking has been procured, representing approximately 38.79% of the total Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants for an underwriting commission of 1.30% and the managing underwriting fee of 0.50% of the value of the underwritten Rights Shares based on the issue price of RM1.08 per Rights Share.

4. MATERIAL LITIGATIONS, CLAIMS OR ARBITRATION

As at LPD, our Group is not engaged in any material litigation, claim or arbitration, either as a plaintiff or defendant, which has or would have a material and adverse effect on the financial position of our Group and there is no proceeding, pending or threatened or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of our Group.

5. GENERAL

(i) None of our Directors has any existing or proposed service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payments or compensation (other than statutory compensation) within one (1) year from the date of this AP.

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

(a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;

(b) material commitments for capital expenditure of our Group, the purpose of such commitments and the source of fundings;

(c) unusual, infrequent events or transactions or significant economic changes which materially affected the amount of reported income from the operations of our Group; and

(d) known trends or uncertainties which have had, or will have, a material favourable or unfavourable impact on revenues or operating income of our Group.

(iii) Save as disclosed in Section 6 of this AP, there is no material information, including trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

6. WRITTEN CONSENTS

Our Principal Adviser and Managing Underwriter, Financial Adviser, Joint Underwriters, Solicitors for the Rights Issue with Warrants, Share Registrar, Company Secretary, Principal Bankers, Newfields Capital Sdn Bhd and Bloomberg Finance L.P. have given their consents to the inclusion in this AP of their names in the form, manner and context in which such names appear before the issuance of this AP and their consents have not been subsequently withdrawn.

Our Auditors and Reporting Accountants for the Rights Issue with Warrants have given their consent to the inclusion in this AP of their report on the proforma consolidated statements of financial position of our Company as at 31 March 2014, the auditors' report on the consolidated financial statements of our Company for the fourteen (14)-months FPE 31 March 2014 and all references to their name in the form, manner and context in which they appear before the issuance of this AP and their consent have not been subsequently withdrawn.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at our Company's registered office at Suite 2.12, Level 2, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur during normal business hours from Mondays to Fridays (except Malaysian public holidays) for a period of 12 months from the date of this AP:-

(i) M&A of our Company;

(ii) the Deed Poll as referred to in this AP;

(iii) the certified true extract of the ordinary resolution in respect of the Rights Issue with Warrants passed at our EGM held on 3 January 2014 as set out in Appendix I of this AP;

(iv) the proforma consolidated statements of financial position of our Company as at 31 March 2014 together with the Reporting Accountants' report thereon referred to in Appendix III of this AP;

(v) our Group's audited consolidated financial statements for the FYE 31 January 2013 and fourteen (14)-months FPE 31 March 2014;

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

(vii) the material contracts referred to in Section 3 of this Appendix, save for the Concession Agreement;

(viii) the letters of consent referred to in Section 6 of this Appendix;

(ix) the Undertakings from IJM and MWE; and

(x) the letters from the Government dated 10 March 2014 and 7 April 2014 in respect of the Concession Agreement as set out in the following paragraph.

For information purposes, the Concession Agreement which was entered into between WCESB and the Government contains certain confidentiality clauses which stipulate that the Concession Agreement and all matters pertaining thereto shall be considered as confidential matter and shall not be disclosed to any third party without prior mutual agreement except where as determined by the Government. WCESB had vide its letter dated 14 February 2014 sought the consent of the Government to allow our Company to make available the Concession Agreement for inspection by our Company's Entitled Shareholders at our registered office for a period of 12 months from the date of this AP pursuant to the requirements of Paragraph 8(c) of Appendix 8 of the Prospectus Guidelines – Abridged Prospectus. The Government had vide its letter to WCESB dated 10 March 2014 informed that it was unable to consider our Company's request to make available the Concession Agreement for inspection by our Company's Entitled Shareholders. The Government had subsequently vide its letter to WCESB dated 7 April 2014 informed our Company that it was unable to consider our Company's request based on the Official Secrets Act 1972.

Any person who wishes to inspect the Concession Agreement will require the prior consent of the Government to do so. In view of this, any Entitled Shareholder who wishes to inspect the Concession Agreement may officially write in to our Company, at any time within 12 months from the date of this AP, informing our Company of his/her intention (**"Requesting Shareholder(s)"**).

Our Company will submit an application to the Government to seek its consent for the Requesting Shareholder(s) to inspect the Concession Agreement (**"Consent Application"**) in the following manner:-

(i) during the acceptance period for the Rights Issue with Warrants, our Company shall submit the Consent Application to the Government on the following business day after the receipt of an official request from the Requesting Shareholder(s); and

(ii) after the close of the acceptance period for the Rights Issue with Warrants, our Company shall submit the Consent Application to the Government within seven (7) days after the receipt of an official request from the Requesting Shareholder(s).

Upon receipt of the decision from the Government, Requesting Shareholder(s) may inspect any of the following, at our registered office:-

(i) the Concession Agreement, in the event the Government approves our Company's Consent Application and subject to the Requesting Shareholder(s) adhering to the procedures imposed by the Government; or

(ii) the written response from the Government, in the event the Government rejects the Company's Consent Application.

8. RESPONSIBILITY STATEMENTS

Your Board has seen and approved the Documents and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, there are no false or misleading statements or other facts which, if omitted, would make the statements in the Documents false or misleading.

RHB Investment Bank, being the Principal Adviser, Managing Underwriter and Joint Underwriter for the Rights Issue with Warrants and Newfields, being the Financial Adviser for the Rights Issue with Warrants, acknowledge that, based on all available information, and to the best of their knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.