

**THIS ABRIDGED PROSPECTUS 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 ADVISERS IMMEDIATELY.** If you have sold or transferred all your ordinary shares in GPA Holdings Berhad (493897-V) ("GPA" or "our Company"), you should at once hand this Abridged Prospectus together with the Notice of Provisional Allotment ("NPA") and Rights Subscription Form ("RSF") to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants (as defined herein), which is the subject of this Abridged Prospectus should be addressed to our Share Registrar, Tricor Investor Services Sdn Bhd of Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

This Abridged Prospectus, together with the NPA and RSF are only despatched to our shareholders who have provided our Share Registrar with a registered address in Malaysia and whose names appear on our Record of Depositors not later than 5.00 p.m. on 12 May 2015. This Abridged Prospectus together with the NPA and RSF, are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders (as defined herein) and their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers as to whether the acceptance or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Neither we nor M&A Securities Sdn Bhd (15017-H) ("M&A Securities") shall accept any responsibility or liability in the event that any acceptance or renunciation made by the Entitled Shareholders or their renounee(s) (if applicable) are or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

A copy of this Abridged Prospectus, together with the NPA and RSF, have been registered with the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus 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 the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the NPA and RSF, have also been lodged with the Companies Commission of Malaysia, who takes no responsibility for the contents of these documents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at the Extraordinary General Meeting held on 21 April 2015. Approval has been obtained from Bursa Malaysia Securities Berhad (635998-W) ("Bursa Securities") via its letter dated 9 March 2015 for the admission of the Warrants to the Official List of Bursa Securities and the listing of the Rights Shares (as defined herein) and new GPA Shares (as defined herein) to be issued upon exercise of the Warrants on the Main Market of Bursa Securities. The listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd (165570-W) that all the Central Depository System accounts of the Entitled Shareholders have been duly credited and notices of allotment have been despatched to the Entitled Shareholders. Admission of the Warrants to the Official List of Bursa Securities and quotation of the Rights Shares, Warrants and new GPA Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

All the documentation relating to this Rights Issue with Warrants including this Abridged Prospectus, together with the NPA and RSF, have been seen and approved by our Board of Directors and 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 the omission of which would make any statement in these documents false or misleading.

M&A Securities, being the Adviser for this Rights Issue with Warrants, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.**



**GPA HOLDINGS BERHAD**

*(Company No. 493897-V)*

(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 196,097,520 NEW ORDINARY SHARES OF RM0.10 EACH IN GPA HOLDINGS BERHAD ("GPA") ("RIGHTS SHARES") TOGETHER WITH UP TO 490,243,800 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING ORDINARY SHARES OF RM0.10 EACH IN GPA TOGETHER WITH FIVE (5) WARRANTS FOR EVERY TWO (2) RIGHTS SHARES HELD AT 5.00 P.M. ON 12 MAY 2015 AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE**

*Adviser*



**M&A SECURITIES SDN BHD (15017-H)**

*(A Wholly-Owned Subsidiary of Insas Berhad)*

(A Participating Organisation of Bursa Malaysia Securities Berhad)

**IMPORTANT RELEVANT DATES AND TIME:**

|  |   |
|--|---|
| Entitlement Date   | : Tuesday, 12 May 2015 at 5.00 P.M.     |
| Last date and time for sale of provisional allotment of rights     | : Tuesday, 19 May 2015 at 5.00 P.M.     |
| Last date and time for transfer of provisional allotment of rights | : Friday, 22 May 2015 at 4.00 P.M.      |
| Last date and time for acceptance and payment                      | : Wednesday, 27 May 2015 at 5.00 P.M.*  |
| Last date and time for excess application and payment              | : Wednesday, 27 May 2015 at 5.00 P.M. * |

\* or such later date and time as our Board may determine and announce not less than two (2) Market Days (as defined herein) before the stipulated date and time.

This Abridged Prospectus is dated 12 May 2015

**ALL TERMS AND ABBREVIATIONS USED HEREIN SHALL HAVE THE SAME MEANINGS AS THOSE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.**

**THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.**

**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 ADVISERS IMMEDIATELY.**

**INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").**

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

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**DEFINITIONS**

Except where the context otherwise requires, the following definitions and abbreviations shall apply throughout this Abridged Prospectus, NPA and RSF:

|                         |   |  |
|-------------------------|---|--|
| Abridged Prospectus     | : | This Abridged Prospectus issued by GPA dated 12 May 2015   |
| Act                     | : | The Companies Act, 1965 as amended from time to time and any re-enactment thereof  |
| Amendments to the MA    | : | Amendments to the MA for the IASC  |
| Board                   | : | Board of Directors of our Company  |
| Bursa Depository        | : | Bursa Malaysia Depository Sdn Bhd  |
| Bursa Securities        | : | Bursa Malaysia Securities Berhad   |
| CDS                     | : | Central Depository System  |
| CDS Account(s)          | : | A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depositories) Act, 1991 and the rules of Bursa Depository for the recording of deposits or withdrawal of securities and dealings in such securities by the depositor |
| Code                    | : | Malaysian Code on Take-Overs and Mergers, 2010, as amended from time to time and any re-enactment thereof  |
| Deed Poll               | : | The deed poll dated 24 April 2015 executed by our Company constituting the Warrants  |
| EBITDA                  | : | Earnings before interest, taxation, depreciation and amortisation  |
| Entitled Shareholder(s) | : | Our shareholder(s) whose names appear on the Record of Depositors on the Entitlement Date  |
| Entitlement Date        | : | At 5.00 p.m. on 12 May 2015, being the time and date which the Entitled Shareholder(s) must be registered in our Record of Depositors with Bursa Depository in order to be entitled to participate in the Rights Issue with Warrants   |
| EPS                     | : | Earnings per Share   |
| Exercise Price          | : | Price at which one (1) Warrant is exercisable into one (1) GPA Share, being RM0.10, subject to such adjustments as may be allowed under the Deed Poll  |
| FYE                     | : | Financial year ended/ending, as the case may be  |
| FPE                     | : | Financial period ended/ending, as the case may be  |
| GPA or Company          | : | GPA Holdings Berhad  |
| GPA Group or our Group  | : | GPA and its subsidiaries, collectively   |
| GPA Share(s)            | : | Ordinary share(s) of RM0.10 each in GPA  |
| IASC                    | : | Increase in the authorised share capital of our Company from RM100,000,000 comprising 1,000,000,000 GPA Shares to RM300,000,000 comprising 3,000,000,000 GPA Shares  |
| Issue Price             | : | The issue price pursuant to the Rights Issue with Warrants of RM0.10 per Rights Share  |
| LAT                     | : | Loss after taxation  |

**DEFINITIONS (CONT'D)**

|                            |   |   |
|----------------------------|---|---|
| LBITDA                     | : | Loss before interest, taxation, depreciation and amortisation   |
| LBT                        | : | Loss before taxation  |
| LPD                        | : | 14 April 2015, being the latest practicable date prior to the issuance of this Abridged Prospectus  |
| Main Market                | : | The Main Market of Bursa Securities   |
| Main Market LR             | : | Main Market Listing Requirements of Bursa Securities as amended from time to time and any re-enactment thereof  |
| Market Day(s)              | : | A day on which Bursa Securities is open for trading in securities   |
| MA                         | : | Memorandum of Association of GPA  |
| Maximum Scenario           | : | Assuming all Entitled Shareholders fully subscribed for their respective entitlements under the Rights Issue with Warrants  |
| Minimum Scenario           | : | Assuming only Tan Sri Dato' Tan subscribed for 100,000,000 Rights Shares pursuant to the Undertaking  |
| Minimum Subscription Level | : | The minimum subscription level of the Rights Issue with Warrants to raise the minimum gross proceeds of RM10.0 million  |
| M&A Securities             | : | M&A Securities Sdn Bhd  |
| NA                         | : | Net assets  |
| NPA                        | : | Notice of Provisional Allotment in relation to the Rights Issue with Warrants   |
| NTA                        | : | Net tangible assets   |
| PAT                        | : | Profit after taxation   |
| PBT                        | : | Profit before taxation  |
| Proposals                  | : | Rights Issue with Warrants, IASC and Amendments to the MA of GPA, collectively  |
| Record of Depositors       | : | A record of depositors established by Bursa Depository under the rules of depository, as amended from time to time  |
| Rights Issue with Warrants | : | Renounceable rights issue of up to 196,097,520 Rights Shares together with up to 490,243,800 Warrants at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share for every four (4) GPA Shares held together with five (5) Warrants for every two (2) Rights Shares subscribed on the Entitlement Date |
| Rights Shares              | : | Up to 196,097,520 new GPA Shares to be issued pursuant to the Rights Issue with Warrants  |
| RM and sen                 | : | Ringgit Malaysia and sen respectively   |
| RSF                        | : | Rights Subscription Form in relation to the Rights Issue with Warrants  |
| SC                         | : | Securities Commission Malaysia  |
| Tan Sri Dato Tan           | : | Tan Sri Dato' Tan Hua Choon, the major shareholder of GPA   |
| Undertaking                | : | Irrevocable undertaking by Tan Sri Dato' Tan to subscribe for his entitlement/excess application of at least 100,000,000 Rights Shares  |
| US                         | : | United States of America  |
| USD                        | : | United States Dollar, the official currency in the US   |

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**DEFINITIONS (CONT'D)**

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- VRLA battery : Valve regulated lead acid battery, a type of lead-acid rechargeable battery
- Warrant(s) : Up to 490,243,800 free detachable warrants to be issued pursuant to the Rights Issue with Warrants
- 5D-WAMP : Five (5)-day volume weighted average market price

References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to our Entitled Shareholders.

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

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

| <b>Name (Designation)</b>  | <b>Age</b> | <b>Address</b>  | <b>Nationality</b> | <b>Occupation</b> |
|--|------------|---|--------------------|-------------------|
| Tan Han Chuan<br><i>(Chairman, Non-Independent Non-Executive Director)</i> | 48         | 13, Persiaran Bukit Tunku<br>Bukit Tunku<br>50480 Kuala Lumpur                          | Malaysian          | Company Director  |
| Poh Weng Choon<br><i>(Executive Director)</i>                              | 64         | 37, Jalan Sebarau<br>Taman Tenaga, Cheras<br>56000 Kuala Lumpur                         | Malaysian          | Company Director  |
| Gan Lock Yong @ Gan Choon Hur<br><i>(Executive Director)</i>               | 65         | 21, Jalan SS21/6<br>Damansara Utama<br>47400 Petaling Jaya<br>Selangor Darul Ehsan      | Malaysian          | Company Director  |
| Wong Hok Yim<br><i>(Non-Independent Non-Executive Director)</i>            | 49         | 13, Persiaran Bukit Tunku<br>Bukit Tunku<br>50480 Kuala Lumpur                          | Hong Kong          | Company Director  |
| Lee Yu-Jin<br><i>(Independent Non-Executive Director)</i>                  | 48         | 4465, Lorong Lee Hin Neo<br>No. 3, Ukay Heights<br>68000 Ampang<br>Selangor Darul Ehsan | Malaysian          | Company Director  |
| Ou Wee Sun<br><i>(Independent Non-Executive Director)</i>                  | 45         | 29, Jalan Saga, SD 8/2<br>Bandar Sri Damansara<br>52200 Kuala Lumpur                    | Malaysian          | Company Director  |
| Abdul Rasip Bin Haron<br><i>(Independent Non-Executive Director)</i>       | 66         | 11, Jalan Bukit Indah 3/22<br>Bukit Indah<br>68000 Ampang<br>Selangor Darul Ehsan       | Malaysian          | Company Director  |

**AUDIT COMMITTEE**

| <b>Name</b>           | <b>Designation</b> | <b>Directorship</b>                |
|-----------------------|--------------------|------------------------------------|
| Lee Yu-Jin            | Chairman           | Independent Non-Executive Director |
| Ou Wee Sun            | Member             | Independent Non-Executive Director |
| Abdul Rasip bin Haron | Member             | Independent Non-Executive Director |

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**CORPORATE DIRECTORY (CONT'D)**

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**COMPANY SECRETARIES**

**Lim Lai Sam (MAICSA 0877479)**

B-6-2, The Maple  
1A, Persiaran Parkview  
Off Jalan Ipoh  
51100 Kuala Lumpur  
Telephone number: 03-6195 1600

**Chong Siew Duan (MAICSA 7019353)**

No. 9, Jalan BSJ 5  
Taman Bukit Segar Jaya  
43200 Batu 9, Cheras  
Selangor Darul Ehsan  
Telephone number: 03-6195 1600

**REGISTERED OFFICE**

No. 8-3  
Jalan Segambut  
51200 Kuala Lumpur  
Telephone number: 03-6195 1600  
Email address: global@global-quality.com.my

**HEAD/MANAGEMENT OFFICE**

Lot 5031-5033  
Jalan Teratai  
Off Jalan Meru  
41050 Klang  
Selangor Darul Ehsan  
Telephone number: 03-3392 7180  
Email address: gpah@streamyx.com  
Website: <http://www.gp-products.com>

**PRINCIPAL BANKERS**

**United Overseas Bank (Malaysia) Berhad**

No. 2108, Jalan Meru  
41050 Klang  
Selangor Darul Ehsan  
Telephone number: 03-3361 2102/03-3361 2106

**AmBank (Malaysia) Berhad**

No. 42 & 44, Wisma Sh Ng  
Persiaran Sultan Ibrahim  
41300 Klang  
Selangor Darul Ehsan  
Telephone number: 03-3377 6263

**AUDITORS/REPORTING  
ACCOUNTANTS**

**Messrs Crowe Horwath (AF:1018)  
Chartered Accountants**

Level 16, Tower C  
Megan Avenue II  
No. 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Telephone number: 03-2788 9999

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**CORPORATE DIRECTORY (CONT'D)**

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**SHARE REGISTRAR**

**Tricor Investor Services Sdn Bhd**

Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Telephone number: 03-2264 3883

**SOLICITORS FOR THE RIGHTS ISSUE  
WITH WARRANTS**

**Messrs Ilham Lee**

Unit 17C-4-3, Casa Vista  
Jalan Kapas, Taman Bandaraya  
59100 Kuala Lumpur  
Telephone number: 03-2714 0647

**ADVISER FOR THE RIGHTS ISSUE  
WITH WARRANTS**

**M&A Securities Sdn Bhd**

Level 11, No. 45 & 47, The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Telephone number: 03-2284 2911

**INDEPENDENT MARKET RESEARCHER**

**Infobusiness Research & Consulting Sdn Bhd**

C4-3A-2, Solaris Dutamas  
No. 1, Jalan Dutamas 1  
50480 Kuala Lumpur  
Telephone number: 03-6205 3930

**STOCK EXCHANGE LISTING**

Main Market of Bursa Securities

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**GPA HOLDINGS BERHAD**

(Company No. 493897-V)

(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**

No. 8-3  
Jalan Segambut  
51200 Kuala Lumpur

12 May 2015

**Directors:**

Tan Han Chuan (*Chairman, Non-Independent Non-Executive Director*)

Poh Weng Choon (*Executive Director*)

Gan Lock Yong @ Gan Choon Hur (*Executive Director*)

Wong Hok Yim (*Non-Independent Non-Executive Director*)

Lee Yu-Jin (*Independent Non-Executive Director*)

Ou Wee Sun (*Independent Non-Executive Director*)

Abdul Rasip Bin Haron (*Independent Non-Executive Director*)

**To: The Entitled Shareholders of GPA Holdings Berhad**

Dear Sir / Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 196,097,520 RIGHTS SHARES TOGETHER WITH UP TO 490,243,800 WARRANTS ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) GPA SHARES HELD TOGETHER WITH FIVE (5) WARRANTS FOR EVERY TWO (2) RIGHTS SHARES HELD AT 5.00 P.M. ON 12 MAY 2015 AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE**

**1. INTRODUCTION**

On 27 January 2015, M&A Securities, on our behalf, announced the Proposals.

On 21 April 2015, M&A Securities had, on behalf of our Board, announced that our shareholders had, at an EGM held on even date, approved the Proposals.

A certified true extract of the ordinary resolution pertaining to the Rights Issue with Warrants, which was passed at the said EGM, is set out in **Appendix I** of this Abridged Prospectus.

Bursa Securities had vide its letter dated 9 March 2015 approved the following:

- (a) Admission to the Official List and the listing of and quotation for up to 490,243,800 Warrants to be issued pursuant to the Rights Issue with Warrants;
- (b) The listing of up to 196,097,520 Rights Shares to be issued pursuant to the Rights Issue with Warrants; and
- (c) The listing of up to 490,243,800 new GPA Shares to be issued pursuant to the exercise of the Warrants.

The abovesaid Bursa Securities' approval is subject to the following conditions:

|       | Conditions  | Status of Compliance |
|-------|---|----------------------|
| (i)   | GPA and M&A Securities must fully comply with the relevant provisions under the Main Market LR pertaining to the implementation of the Rights Issue with Warrants.                          | To be complied       |
| (ii)  | GPA and M&A Securities to inform Bursa Securities upon the completion of the Rights Issue with Warrants.  | To be complied       |
| (iii) | GPA 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. | To be complied       |
| (iv)  | To incorporate the comments made in the draft Circular provided in the approval letter of Bursa Securities  | Complied             |

The official listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders/renouncees are ready for crediting and notices of allotment have been despatched to them.

On 23 April 2015, M&A Securities, on our behalf, announced that the Entitlement Date has been fixed at 5.00 p.m. on 12 May 2015.

No person is authorised to give any information or make any representation not contained herein 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 M&A Securities or us.

**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 advisers immediately.**

## **2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS**

### **2.1 Details of the Rights Issue with Warrants**

The Rights Issue with Warrants involves a renounceable rights issue of up to 196,097,520 Rights Shares together with up to 490,243,800 Warrants at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share for every four (4) existing GPA Shares held together with five (5) Warrants for every two (2) Rights Shares subscribed. The Rights Shares with Warrants will be offered to the Entitled Shareholders.

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 Rights Shares in full or in part. The Rights Shares which are not taken up or invalidly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renouncee(s). It is the intention of our Board to allocate the excess Rights Shares in a fair and equitable basis, more specified under Section 3.8 herein.

As at the LPD, GPA has an issued and paid-up share capital of RM78,439,008 comprising 784,390,080 GPA Shares. Accordingly, up to 196,097,520 Rights Shares and up to 490,243,800 Warrants will be issued pursuant to the Rights Issue with Warrants.

The shareholders of our Company who renounce their entitlements to the Rights Shares will not be entitled to the Warrants and shall be deemed to have also renounced their entitlements to the Warrants. The shareholders of GPA who accept only part of the Rights Shares shall only be entitled to the Warrants in the proportion to their acceptance of the Rights Shares. The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded on the Main Market of Bursa Securities.

The Warrants shall only be issued to the Entitled Shareholders who subscribe for the Rights Shares pursuant to the Rights Issue with Warrants. Should the Entitled Shareholders renounce all or any part of their entitlements to the Rights Shares, they will not be entitled to the Warrants attached thereto. The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares. Any Rights Shares with Warrants not taken up or allotted for any reasons, if any, will be made available for application under the excess Rights Shares with Warrants application.

As you are an Entitled Shareholder and the Rights Shares are prescribed securities, your CDS Account will be duly credited with the number of provisionally allotted 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 in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants if you so choose to.

Any dealing in our securities will be subject to, *inter-alia*, the provisions of the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998, the rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares with Warrants will be credited directly into the respective CDS Accounts of the successful applicants. No physical share or warrant certificates will be issued but notices will be despatched to the successful applicants.

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

### **(i) Rights Shares**

Our Board had on 27 January 2015 fixed the issue price for the Rights Shares at RM0.10 per Rights Share after taking into consideration the following:

- (a) The GPA Group's LAT of RM7.95 million and RM3.38 million based on its audited consolidated financial statements for the FYE 31 March 2014 and unaudited consolidated financial statements for the six (6) months FPE 30 September 2014 respectively; and
- (b) the par value of RM0.10 per GPA Share.

The issue price of RM0.10 per Rights Share represents a premium of 2.04% from the theoretical ex-rights price of GPA Shares upon completion of the Rights Issue with Warrants of RM0.098 per Share calculated based on the 5D-WAMP of GPA Shares up to 26 January 2015 of RM0.096, being the market day immediately preceding the date of the price fixing date on 27 January 2015.

## (ii) Warrants

Our Board had on 27 January 2015 fixed the exercise price for the Warrants at RM0.10 per Warrant after taking into consideration the following:

- (a) the financial results of our Group as set out in Section 2.2(i)(a) above; and
- (b) the par value of RM0.10 per GPA Share.

The exercise price of the Warrants at RM0.10 per Warrant represents a premium of 4.17% and 2.04% to the 5D-WAMP of GPA Shares up to 26 January 2015, being the market day immediately preceding the price fixing date on 27 January 2015, of RM0.096 and the theoretical ex-rights price of GPA Shares of RM0.098, respectively.

The Warrants are attached to the Rights Shares without any cost and will be issued in the proportion of five (5) Warrants for every two (2) Rights Shares subscribed by the Entitled Shareholders.

## 2.3 Ranking of the Rights Shares and new GPA Shares to be issued

The Rights Shares shall, upon allotment and issuance, rank *pari passu* among themselves.

The new GPA Shares to be issued pursuant to the Rights Issue with Warrants and exercise of the Warrants, if any, shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued and fully paid-up GPA Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the new GPA Shares.

## 2.4 Salient terms of the Warrants

Please refer to **Appendix II** of this Abridged Prospectus for the salient terms of the Warrants.

## 2.5 Undertaking by our major shareholder

The Rights Issue with Warrants will be implemented on a minimum subscription basis. In determining the minimum amount of RM10.0 million to be raised from the Rights Issue with Warrants, our Board has taken into consideration factors which include among others, the funding requirements of our Company, including our Company's working capital requirements and the ability of our Company to raise financing. Our Board intends to raise minimum proceeds of RM10.0 million and the intended amount is earmarked for the level of funds required for repayment of bank borrowings, working capital, and the estimated expenses arising from the Proposals, as set out in Section 5 of this Abridged Prospectus.

In order to meet the Minimum Subscription Level, our Company had, on 27 January 2015, procured the Undertaking from Tan Sri Dato' Tan, our major shareholder, to subscribe for at least 100,000,000 Rights Shares via his entitlement and excess application to meet the Minimum Subscription Level, as disclosed in the table below:

|                         | No. of<br>GPA<br>Shares<br>held as<br>at the<br>LPD<br><br>('000) | ←-Undertaking to subscribe--→                                  |  |  | <Maximum Scenario>   | ←Minimum Scenario>   |       |         |       |
|-------------------------|---|--|--|--|--|--|-------|---------|-------|
|                         |   | No. of<br>Rights<br>Shares<br>entitled*<br><br>%<br><br>('000) | No. of<br>excess<br>application<br>*<br><br>('000) | Total of<br>Rights<br>Shares to<br>be<br>subscribed<br>*<br><br>('000) | Shareholdings<br>after the<br>subscription of<br>Rights Shares<br>(1)<br><br>%<br><br>('000) | Shareholdings<br>after the<br>subscription of<br>Rights Shares<br>(2)<br><br>%<br><br>('000) | %     |         |       |
| Tan Sri<br>Dato'<br>Tan | 182,416   | 23.26  | 45,604   | 54,396   | 100,000  | 228,020  | 23.26 | 282,416 | 31.93 |

*Notes:*

\* Based on the Minimum Scenario.

(1) Based on the Maximum Scenario assuming all Entitled Shareholders subscribe for the Rights Issue with Warrants and no Warrants are exercised.

(2) Based on the Minimum Scenario assuming that save for the Undertaking none of the other Entitled Shareholders subscribe for the Rights Issue with Warrants and no Warrants are exercised.

Pursuant to the Undertaking, Tan Sri Dato' Tan had confirmed that he has sufficient financial resources to take up the aforementioned 100,000,000 Rights Shares and such confirmation has been verified by M&A Securities.

Under the Minimum Scenario, assuming that Tan Sri Dato' Tan subscribes for 100,000,000 Rights Shares pursuant to the Undertaking, Tan Sri Dato' Tan's total equity interest in our Company will increase from 23.26% to 31.93%. It is noted that the Undertaking by Tan Sri Dato' Tan will not trigger any obligation under the Code and will not give rise to any consequences of mandatory general offer obligation pursuant to the Code immediately after the Rights Issue with Warrants.

However, should Tan Sri Dato' Tan in future decide to exercise his Warrants, such that his resulting aggregate shareholdings in GPA increases to above 33% or increases by more than 2% in any six (6) months period, he is obliged under the Code to undertake a mandatory general offer for all the remaining GPA Shares not already held by him after the exercise of the Warrants. Tan Sri Dato' Tan does not intend to undertake a mandatory general offer to acquire all the remaining GPA Shares not already held by him after the exercise of the Warrants. As such, should he wish to exercise his Warrants, Tan Sri Dato' Tan will seek the relevant prior exemption under the Code from the abovementioned mandatory general offer obligation.

As at the LPD, the public shareholding spread of our Company stands at 76.74%. Assuming that the Rights Issue with Warrants is implemented under the Minimum Scenario, the public shareholding spread of our Company will decrease to 68.07% after the subscription of Rights Shares by Tan Sri Dato' Tan. Hence, our Company shall still meet the public shareholding spread requirement.

In view of the Undertaking and Minimum Subscription Level, underwriting arrangement will not be required for the Rights Issue with Warrants. Notwithstanding the above, in the event the Minimum Subscription Level is not achieved, our Company does not have any alternative plans and the implementation of the Rights Issue with Warrants will be terminated and all consideration received for the Rights Shares will be immediately returned to all subscribers of the Rights Shares.

## 2.6 Details of other corporate exercises

As at the LPD, save for the Rights Issue with Warrants, our Board confirms that there is no other outstanding corporate exercise which we intend to undertake, which have been announced but pending completion.

### **3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION**

#### **3.1 General**

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted 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 Abridged Prospectus, the NPA notifying you of the crediting of such provisionally allotted Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants if you choose to do so.

#### **3.2 NPA**

The provisional allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the provisionally allotted Rights Shares with Warrants will be by book entries through CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository. Entitled Shareholders and/or their renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making their applications.

#### **3.3 Last date and time of acceptance and payment**

The last date and time for acceptance and payment for the Rights Shares with Warrants is on 27 May 2015 at 5.00 p.m., or such later date and time as may be determined and announced by our Board at their absolute discretion not less than two (2) Market Days before the stipulated date and time.

#### **3.4 Procedure for full acceptance and payment**

Acceptance and payment for the Rights Shares with Warrants provisionally allotted to you as an Entitled Shareholder or your renouncee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE), EXCESS APPLICATION FOR THE RIGHTS ISSUE WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS, ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.**

**YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

You or your renouncee(s) (if applicable) accepting the provisionally allotted Rights Shares are required to complete Part I(a) and Part II of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be despatched by **ORDINARY POST** or **DELIVERED BY HAND** using the envelope provided (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

so as to arrive not later than 5.00 p.m. on 27 May 2015, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board not less than two (2) Market Days before the stipulated date and time.

One (1) RSF can only be used for acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of more than one (1) CDS Account. If successful, Rights Shares with Warrants subscribed by you or your renounee(s) (if applicable) will be credited into the respective CDS Accounts where the provisionally allotted Rights Shares with Warrants are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

You and/or your renounee(s) (if applicable) should take note that a trading board lot for the Rights Shares with Warrants will comprise 100 Rights Shares and 100 Warrants each respectively. Successful applicants of the Rights Shares will be given free attached Warrants on the basis of five (5) Warrants for every two (2) Rights Shares successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share. However, the Warrants will be issued in the proportion of five (5) Warrants for every two (2) Rights Shares subscribed. Fractions of a Rights Share and Warrant arising from the Rights Issue with Warrants will be dealt with by our Board as they may deem fit and in the best interest of our Company.

If acceptance and payment for the Rights Shares with Warrants provisionally allotted to you and/or your renounee(s) (if applicable) is not received by the Share Registrar on 27 May 2015 by 5.00 p.m., being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by our Board at their discretion, you and/or your renounee(s) (if applicable) will be deemed to have declined the provisional allotment made to you and/or your renounee(s) (if applicable) and it will be cancelled.

Such Rights Shares with Warrants not taken up will be allotted to the applicants applying for excess Rights Shares with Warrants, if the Rights Shares with Warrants are not fully taken up by such applicants. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons.

You or your renounee(s) (if applicable) who lose, misplace or for any other reasons require another copy of the RSF may obtain additional copies from your stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>), our Share Registrar at the address stated above or our Registered Office.

**EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT 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 CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "GPA RIGHTS SHARES ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND CDS ACCOUNT NUMBER OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED**

**BY OUR SHARE REGISTRAR.**

**APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.**

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPACHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEE(S) (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITARY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS.**

**APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

**WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED ONLY IN PART, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPACHED TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITARY AT THE APPLICANTS' OWN RISK.**

**APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.**

**3.5 Procedure for part acceptance**

You can accept part of your provisionally allotted Rights Shares with Warrants. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share. However, the Warrants will be issued in the proportion of five (5) Warrants for every two (2) Rights Shares subscribed.

You must complete both Part I(a) of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.4 of this Abridged Prospectus.

The portion of the provisionally allotted Rights Shares with Warrants that have not been accepted shall be allotted to any other persons allowed under the laws, regulations or rules to accept the transfer of the provisional allotment of the Rights Shares with Warrants.

**3.6 Procedure for sale/transfer of provisional allotment of Rights Shares with Warrants**

As the provisionally allotted Rights Shares with Warrants are prescribed securities, you and/or your renounce(s) (if applicable) may sell/transfer all or part of your entitlement to the Rights Shares with Warrants to one (1) or more person(s) through your stockbrokers without first having to request for a split of the provisional allotted Rights Shares with Warrants standing to the credit of your CDS Accounts. To sell/transfer of all or part of your entitlement to the

Rights Shares with Warrants, you and/or your renounce(s) (if applicable) may sell such entitlement in the open market or transfer to such persons as may be allowed pursuant to the rules of Bursa Depository.

In selling/transferring all or part of your provisionally allotted Rights Shares with Warrants, you and/or your renounee(s) (if applicable) need not deliver any document including the RSF, to the stockbroker. However, you and/or your renounee(s) (if applicable) must ensure that there is sufficient provisionally allotted Rights Shares with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

Purchasers or transferees of the provisionally allotted Rights Shares with Warrants may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar, or at our Registered Office. This Abridged Prospectus and RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

### **3.7 Procedure for acceptance by renounees**

Renounees who wish to accept the provisionally allotted Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers, our Share Registrar, or at our Registered Office or from the Bursa Securities' website (<http://www.bursamalaysia.com>) and complete the RSF, submit the same together with the remittance in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 3.4 of this Abridged Prospectus also applies to renounees who wish to accept the provisionally allotted Rights Shares with Warrants.

**RENOUNCEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENT OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF CAREFULLY.**

### **3.8 Procedure for excess application**

As an Entitled Shareholder, you and/or your renounee(s) (if applicable) may apply for excess Rights Shares with Warrants in addition to the Right Shares with Warrants provisionally allotted to you and/or your renounee(s) (if applicable) by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (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 at the address set out above, so as to arrive not later than 5.00 p.m. on 27 May 2015, being the last time and date for acceptance and payment, or such extended time and date as may be determined by our Board not less than two (2) Market Days before the stipulated date and time.

Payment for the excess Rights Shares with Warrants applied for should be made in the same manner set out in Section 3.4 of this Abridged Prospectus, 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 crossed "**A/C PAYEE ONLY**" and made payable to "**GPA EXCESS RIGHTS SHARES ACCOUNT**" and endorsed on the reverse side with the name and CDS Account Number of the applicant in block letters to be received by our Share Registrar.

Our Board reserves the right to allot the excess Rights Shares with Warrants applied for under Part I(b) of this RSF, in a fair and equitable basis and in such manner as they in their absolute discretion deem fit and expedient in the best interest of our Company and that the intention of our Board as set out below are achieved. It is the intention of our Board to allot the excess Rights Shares with Warrants in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for 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 excess Rights Shares with Warrants, on a pro-rata basis based on the quantum of their respective excess Rights Shares with Warrants application; and
- (iv) fourthly, for allocation to transferee(s) and/or renounee(s) who have applied for excess Rights Shares with Warrants, on a pro-rata basis based on the quantum of their respective excess Rights Shares with Warrants application.

Nevertheless, our Board reserves the right to allot any excess Rights Shares with Warrants applied for under Part I(b) of the RSF in such manner as it deems fit and expedient and 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 the Board set out in Section 3.8 (i)-(iv) of this Abridged Prospectus are achieved. Our Board also reserves the right not to accept or to accept any application for excess Rights Shares with Warrants, in full or in part, without assigning any reason.

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS.**

**YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.**

### **3.9 Form of issuance**

Bursa Securities has already prescribed our 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, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share or warrant certificates will be issued to you under the Rights Issue with

Warrants. Instead, the Rights Shares with Warrants will be credited directly into your CDS Accounts. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors within eight (8) Market Days from the last date for acceptance and payment of the Rights Issue with Warrants.

Any person who intends to subscribe for the Rights Shares with Warrants as a renounee by purchasing the provisional allotment of Rights Shares with Warrants from an Entitled Shareholder will have his Rights Shares with Warrants credited directly as prescribed securities into his CDS Account.

The excess Rights Shares with Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Warrants, will be credited directly as prescribed securities into his CDS Account.

### **3.10 Laws of foreign jurisdictions**

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue with Warrants will not be made or offered in any foreign jurisdiction.

Foreign Entitled Shareholders or their renounee(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 only to the extent that it would be lawful to do so.

M&A Securities, our Company, our Board and officers and other experts would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or their renounee(s) (if applicable) are or may be subject to. Foreign Entitled Shareholders or their renounee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. M&A Securities, our Company, our Board and officers and other experts shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders or renounee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be sent to the foreign Entitled Shareholders or their renounee(s) (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders or their renounee(s) (if applicable) may collect the Abridged Prospectus including the accompanying documents from our Share Registrar, 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 aforesaid documents.

The foreign Entitled Shareholders or their renounee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders or their renounee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against M&A Securities or us in respect of their rights and entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholders or their renounee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing any of the forms accompanying this Abridged Prospectus, the NPA and the RSF, the foreign Entitled Shareholders or their renounee(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) M&A Securities, our Company and our Board and officers and other experts that:

- (i) we 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 jurisdiction to which that foreign Entitled Shareholders or renounee(s) (if applicable) are or may be subject to;
- (ii) they have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;
- (iii) they are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) they are aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) they have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants; and
- (vi) they 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 with Warrants.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders or their renounee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in its absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.



#### 4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants is undertaken to further strengthen our Company's capital position to support the continuous business growth of our subsidiaries. After the implementation of the Rights Issue with Warrants, a major portion of the proceeds to be raised (RM9.6 million under the Minimum Scenario and RM15.0 million under the Maximum Scenario) from the Rights Issue with Warrants will be utilised for the repayment of bank borrowings. The repayment of bank borrowings is expected to result in an annual interest savings of RM0.48 million (under the Minimum Scenario) and RM0.75 million (under the Maximum Scenario) based on the effective interest rate of 4.97% per annum. The repayment of bank borrowings serves to improve our cash flow position, and thus enables us to free up additional cash flow for working capital purposes.

The Rights Issue with Warrants also achieves the following:

- (a) To enable our Company to raise the necessary funds required for further growth without incurring additional interest cost as compared to bank borrowings. Under the Maximum Scenario, RM4.21 million has been allocated to finance the growth of our Group's existing operations which include purchase of inventories, raw materials and consumable used in the operations, factory overheads and trade payables of our Group;
- (b) The Rights Issue with Warrants provides an opportunity for the existing shareholders to further participate in the equity of our Company and the future prospects and growth of our Company. The Undertaking allow Tan Sri Dato' Tan, our major shareholder to extend his support for the Rights Issue with Warrants which will facilitate our Company to raise the necessary funds for the purpose as mentioned in Section 5 below;
- (c) The Warrants attached to the Rights Shares are expected to enhance the attractiveness of the Rights Shares. It provides the shareholders with the option to further participate in the equity of our Company at a pre-determined price and enable them to benefit from the future growth of our Company and any potential capital appreciation arising thereof;
- (d) The Rights Issue with Warrants will strengthen our Company's financial position with enhanced shareholders' funds. These factors are expected to facilitate the continuous business expansion plans of our Company;
- (e) The Rights Issue with Warrants will involve the issuance of new GPA Shares without diluting the existing shareholders' equity interest, assuming all Entitled Shareholders fully subscribe for their respective entitlements; and
- (f) The Rights Issue with Warrants will also provide our Company with additional capital when the Warrants are exercised in the future. The exercise of the Warrants will allow our Company to raise fresh proceeds without incurring additional financing cost and minimise any potential cash outflow in respect of interest servicing.

The Warrants have been attached to the Rights Shares to provide the Entitled Shareholders added incentive to subscribe for the Rights Shares. The issuance of Warrants is expected to enhance the attractiveness of the Rights Issue with Warrants as well as to enable our Company to raise further proceeds as and when any of the Warrants are exercised in the future. In addition, the Warrants would also enable the Entitled Shareholders to benefit for the future growth of our Company.

## 5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.10 per Rights Share, the Rights Issue with Warrants is expected to raise gross proceeds of RM10.00 million (under the Minimum Scenario) and RM19.61 million (under the Maximum Scenario).

The details of the utilisation of gross proceeds from the Rights Issue with Warrants are as follows:

| Details of utilisation       | Notes | Minimum       | Maximum       | Utilisation timeframe<br>(from listing of Rights Shares) |
|------------------------------|-------|---------------|---------------|--|
|                              |       | Scenario      | Scenario      |  |
|                              |       | RM'000        | RM'000        |  |
| Repayment of bank borrowings | (i)   | 9,600         | 15,000        | Within three (3) months                                  |
| Working capital              | (ii)  | -             | 4,210         | Within twelve (12) months                                |
| Expenses for the Proposals   | (iii) | 400           | 400           | Within three (3) months                                  |
| <b>Total</b>                 |       | <b>10,000</b> | <b>19,610</b> |  |

### Notes:

#### (i) Repayment of bank borrowings

Our Company will utilise RM9.6 million and RM15.0 million of the total gross proceeds from the Rights Issue with Warrants for the repayment of bank borrowings under the Minimum Scenario and Maximum Scenario respectively. The repayment of bank borrowings is expected to result in an annual interest savings of RM0.48 million (under the Minimum Scenario) and RM0.75 million (under the Maximum Scenario) based on the effective interest rate of 4.97% per annum. The total bank borrowings of our Group are RM15.60 million as at the LPD and the repayment details are set out below:

| Type of bank borrowings | Purpose of borrowing | Total borrowings as at LPD | Repayment amount          |                           |
|-------------------------|----------------------|----------------------------|---------------------------|---------------------------|
|                         |                      |                            | Minimum Scenario (RM'000) | Maximum Scenario (RM'000) |
| Overdraft               | Working capital      | 3,600                      | -                         | 3,000                     |
| Revolving Credit        | Working capital      | 3,000                      | 600                       | 3,000                     |
| Banker' Acceptance      | Working capital      | 9,000                      | 9,000                     | 9,000                     |
| <b>Total</b>            |                      | <b>15,600</b>              | <b>9,600</b>              | <b>15,000</b>             |

#### (ii) Working capital

Under the Maximum Scenario, our Company will allocate RM4.21 million of the total gross proceeds from the Rights Issue with Warrants for working capital. The funds for working capital will be mainly utilised to finance the growth of our Group's existing operations which include purchase of inventories, raw materials and consumable used in the operations, factory overheads and trade payables of our Group. The breakdown of the utilisation is as follows:



| <b>Description</b>   | <b>Minimum<br/>Scenario<br/>RM'000</b> | <b>Maximum<br/>Scenario<br/>RM'000</b> |
|--|--|--|
| <b>Working capital comprising the following:</b>                                 |  |  |
| (a) purchase of inventories, raw materials and consumable used in the operations | -                                      | 3,210                                  |
| (b) factory overheads*   | -                                      | 500                                    |
| (c) payment of trade payables  | -                                      | 500                                    |
| <b>Total</b>   | <b>-</b>                               | <b>4,210</b>                           |

*Note:*

\* Including but not limited to utilities, wages and upkeep of machinery.

### **(iii) Expenses for the Proposals**

In the event that the actual expense is less than the allocated amount, the excess allocated amount will be utilised as working capital for our Group. If the actual expenses incurred are higher than the allocated amount, the deficit will be funded out of the portion allocated for working capital and from our Company's existing cash reserves under the Maximum Scenario and Minimum Scenario respectively.

The exact quantum of proceeds that may be raised by our Company from the exercise of the Warrants would depend on the actual number of the Warrants exercised and the final exercise price of the Warrants. The proceeds from the exercise of the Warrants will be received on an "as and when basis" over the tenure of the Warrants.

Based on the exercise price of RM0.10 per Warrant and assuming full exercise of the Warrants, our Company will raise gross proceeds of RM25.0 million (under the Minimum Scenario) and RM49.0 million (under the Maximum Scenario) from the full exercise of the Warrants. Any proceeds arising from the exercise of the Warrants in the future shall be utilised as an additional working capital, investment opportunities and/or business expansion for our Group.

Pending utilisation of the proceeds from the Rights Issue with Warrants for the above purpose, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

The proceeds to be utilised above is expected to directly contribute positively to our Group's future earnings. This is further described in Section 8.3 of this Abridged Prospectus.

## **6. RISK FACTORS**

In running our business activities, we face risks which may have potential impact to our Group's performance unless proper anticipation and mitigation measures are exercised.

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants. There may be additional risk factors, which are not disclosed below, that are not presently known to us or that we currently deem to be less significant, which may materially and adversely affect our business, financial condition, results of operation and prospects.

## 6.1 Risks relating to our Group

We are exposed to certain risks in the manufacturing industry. These risks include, without limitation, the following:

### (i) Business risks

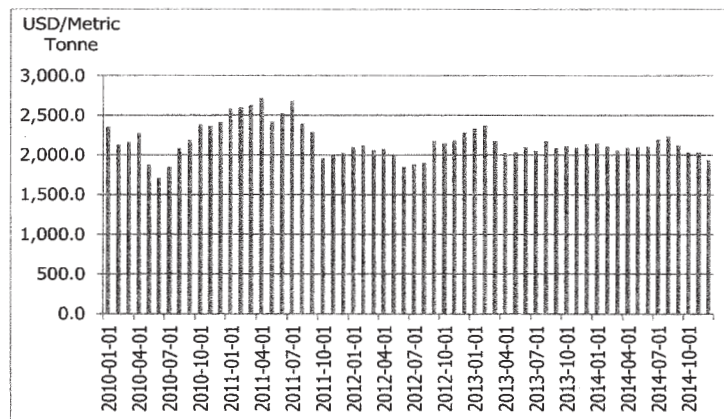
Our Group is subject to business risks common to the industry at large. This may include amongst others, changes in government policies, shortages in skilled workforce, fluctuations in demand for our products and services, changes in general economy, competitive conditions in the industry, business and credit conditions, currency risk and other business risks common to going concerns.

Our Group's risk is mitigated to a certain extent by GPA as certain Directors and members of key management of our Group have in excess of twenty (20) years of relevant experience in the industry while the other management and technical personnel of our Group have in excess of ten (10) years of relevant experience.

Although the management of our Group strives to mitigate these risks, no assurance can be given that any changes in these factors will not have a material effect on the businesses. Further, changes in the general economy and credit conditions could materially affect the financial prospects of our Group's business.

### (ii) Fluctuating Prices of Lead

Lead is largely used in the manufacturing of lead acid batteries. It is a major cost component in the manufacturing of batteries and constitutes approximately 70% of the total cost of a battery. Lead price fluctuates in tandem with the supply and demand condition in the global market. As China is both the largest producer of primary lead (which is extracted from ore deposits) as well as the largest consumer, consumption of lead in China has an impact on the global lead market. Vehicle sales in China and the United States had been relatively firm, which boosted the demand for lead acid batteries in the past. VRLA battery demand is also benefitting from the roll-out of new technologies such as 4G mobile telecommunications which require backup and/or emergency power. The figure below illustrates the prices of lead between 2010 and 2014.



(Source: *The Lead Acid Battery Industry in Malaysia, Infobusiness Research & Consulting Sdn Bhd*)

Fluctuation in lead prices would make pricing difficult. Battery manufacturers may become uncompetitive due to such fluctuation. Nevertheless, lead is a widely traded commodity and any increase or fluctuation in the price of lead will affect all the players in the battery manufacturing industry.

Any major upward trend in lead prices will increase the production cost of our Group, thus, affecting the profitability of our Group.

Our Group has always endeavoured to pass down part of the increase in lead price to its customers. To achieve this, we adopt marketing strategies in line with market practice such as, pricing validity for certain periods and revision of product price in accordance with the price of lead. In the past, prevailing market conditions such as supply, demand, economic conditions and competition have restricted the extent to which we can pass on the increase in lead price.

As such, there can be no assurance that our financial performance will not be adversely affected if there is an adverse long-term price movement in lead.

**(iii) Competition**

Our Group may face competition from international and domestic players in the manufacturing industry and there may be no assurance that our Group will be able to maintain its existing market share in the future.

Notwithstanding the above, we expect that as an established company, we can continue to strive to remain highly competitive and expected to maintain and/or expand our market share for our products through our technical expertise and knowhow.

In addition, future successes of our Group will depend significantly upon our ability to respond to changing market conditions and demands, and to employ marketing strategies that will suitably position our Group to meet the demands of the market.

**(iv) Dependence on key personnel**

Our Group believes that its continued success will depend significantly on the abilities and continued efforts of our Directors and key management. With our Group's human resources strategies to retain competent personnel such as by encouraging participative management, providing competitive and performance based remuneration, adopting succession planning for key positions and providing employees with a variety of on-going training programs to upgrade their knowledge and capabilities, our Group's management has expanded and strengthened over the years. Thus, our Group is confident that it would not face difficulties when the younger members of our management team eventually take over from their seniors in the future. In addition, every effort is made to recruit and retain skilled personnel to ensure the continued growth of our Group. However, the loss of key members of the senior management team could adversely affect our Group's ability to compete in the industry.

**(v) Foreign currency exchange fluctuation**

For FYE 31 March 2014, 45.82% of our Group's revenue is derived from exports and is denominated in USD. In addition, our Group is also exposed to purchases denominated in USD. For FYE 31 March 2014, 80.08% of our Group's purchases are denominated in USD. As such, we are exposed to foreign currency exchange losses or gains arising from foreign currency exchange fluctuation. Any appreciation or depreciation of foreign currencies against the RM will result in our Group incurring foreign currency exchange gains or losses due to fluctuations in the exchange of foreign currencies to RM. Foreign currency exchange fluctuations may also result in translation gains or losses on our Group's financial result which is denominated in foreign currency whilst RM is our Group's reporting currency. Any such translation of gains or losses will be recorded as translation reserves or deficits as part of our Group's shareholders' funds. The gain from foreign exchange fluctuation for the FYE 31 March 2014 is RM1.39 million.



The risk of foreign currency exchange fluctuations is, to a certain extent, mitigated by the managed float mechanism adopted by Bank Negara Malaysia on the RM vs. USD conversion rate since the de-pegging of the RM. This may prevent extreme fluctuation of the RM vis-à-vis USD. If the need arises, we will also use hedging techniques such as forward foreign exchange contracts to mitigate the risk of foreign currency exchange fluctuations.

Nevertheless, there can be no assurance that any foreign currency exchange fluctuation will not impact the revenue and earnings of our Group significantly.

**(vi) Health, Safety and Environmental issues**

There are health, safety and environmental issues associated with the battery manufacturing industry. As lead is considered hazardous, it must be dealt with in an environmentally satisfactory manner. Apart from health and environmental issues, the players in the industry also face basic risk in relation to the health and safety of its employees throughout the operation of the lead acid battery manufacturing.

Our Board believes that our Group's existing operations have presently complied with the relevant regulations governing environment concerns and matters within Malaysia. Notwithstanding the above, there is no assurance that the operations and performance of our Group will not be adversely affected should our Government change the relevant regulations which would result in our Group incurring additional costs for compliance thereof, including but not limited to varying its operating procedures and/or acquiring new production techniques or facilities.

**(vii) Goods and Services Tax ("GST")**

The implementation of the GST effective 1 April 2015 is not expected to materially affect the operations and financial performance of our Group. Automotive batteries are consumable items needed to be purchased by the automotive owner on a repeated basis, so as to permit an automotive to perform its core functions in starting, lighting and ignition. An automotive will be rendered immobile if its battery is not replaced at the end of its lifespan. As a result, regardless of the GST, automotive owners are required to purchase automotive batteries unless they opt for other means of transportation.

**6.2 Risks relating to the Rights Issue with Warrants**

**(i) No prior market for the Rights Shares and/or Warrants**

There can be no assurance that there will be an active market for the Rights Shares and/or Warrants upon or subsequent to their listing on the Main Market of Bursa Securities or, if developed, that such a market sustainable or adequately liquid during the tenure of the Rights Shares and/or Warrants.

The market price of the Rights Shares and Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, *inter-alia*, trades in substantial amount of the Rights Shares and Warrants on the Main Market of Bursa Securities in the future, the market price and volatility of GPA Shares, announcements relating to the business of our Group, the financial performance of our Group, and exercise period of the Warrants.

In addition to the fundamentals of GPA, the future price performance of the Rights Shares and Warrants will also depend on various external factors such as the economic and political conditions of the country, sentiments and liquidity in the local stock market as well as the performance of regional and world bourses.

On the other hand, the market price of GPA Shares will be influenced by, *inter-alia*, the prevailing market sentiments, volatility of the stock market of the country, operating results of our Group and prospects of the industries in which our Group operates.

As each Rights Share will be issued at RM0.10, there can be no assurance that the market price of the Rights Shares, upon or subsequent to their listing, will remain at or above the issue price.

In addition, there can be no assurance that the exercise price of the Warrants will be less than the prevailing market price of GPA Shares during the tenure of the Rights Shares and Warrants respectively.

**(ii) Delay in or abortion of the Rights Issue with Warrants**

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of *force majeure* events or events/circumstances, which are beyond the control of our Company and Adviser, arising prior to the implementation of the Rights Issue with Warrants.

In this respect, all monies raised in the Rights Issue with Warrants which are held in a trust account for our Company will be refunded free of interest within 14 days to the entitled shareholders in the event the Rights Issue with Warrants is aborted. Monies not repaid within 14 days will be returned with interest at the rate of 10% per annum or at such other rates as may be prescribed by the SC.

In the event the Rights Issue with Warrants is aborted/terminated, and the Rights Shares have been allotted to the shareholders, a return of monies to all holders of Rights Shares could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all in such circumstances.

Notwithstanding the above, our Company will exercise its best endeavour to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue with Warrants.

**(iii) Forward-looking statements**

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter alia*, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

## 7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

The overview and prospects of the global economy, Malaysian economy as well as the lead acid battery industry, focusing primarily on automotive and VRLA batteries, the segments in which our Group is involved in, are as follows:

### 7.1 Overview and prospects of the global economy

The global economy expanded at a moderate pace in 2014, with uneven growth across and within regions. In the advanced economies, while growth in the United States ("US") continued to show broader signs of improvement; economic activities in the euro area and Japan remained subdued. As the year progressed, downside risks to global growth re-emerged following geopolitical developments in Eastern Europe and the Middle East, weaker-than-expected economic activities in a number of major economies, and rising concerns over the growth prospects of commodity-producing emerging economies amid the significant decline in the prices of oil and other commodities in the second half of the year.

The global economy is expected to continue expanding at a moderate pace in 2015, with increasing divergence in the growth momentum among the major economies. Global growth is anticipated to be supported by gradual but uneven improvements in the advanced economies and sustained growth in most emerging economies. While growth in the US is projected to gather momentum amid higher private sector spending, economic activities in the euro area and Japan will remain weighed down by structural weaknesses. In China, growth is projected to continue to moderate towards a more sustainable path, as policymakers continue to undertake structural reforms to rebalance the key drivers of the economy. Nevertheless, growth prospects in most emerging economies are anticipated to be sustained by the continued expansion in domestic demand and the gradual improvement in external demand, following the recovery in several advanced economies. In addition, the low global crude oil prices are expected to provide additional lift to global growth.

Nevertheless, there remain downside risks to the global growth outlook. The prolonged weakness in domestic demand and persistence of disinflation or even deflation in several major advanced economies, together with adverse geopolitical developments, could have spillovers on global trade activities. Uncertainty over commodity price movements could also affect the growth prospects of the commodity-producing emerging economies. These, together with uncertainty arising from the potential divergence of monetary policy stance in the major advanced economies, could result in heightened volatility and potential disruptions in the international financial markets. Of significance, large and volatile shifts in global liquidity could have implications on the financial markets and growth prospects of the emerging economies.

**Table 1: Global Real Gross Domestic Product ("GDP"), 2011-2015<sup>f</sup>**

| Growth (%)  | 2011 | 2012 | 2013 | 2014 <sup>e</sup> | 2015 <sup>f</sup> |
|-------------|------|------|------|-------------------|-------------------|
| World GDP   | 3.9  | 3.2  | 3.3  | 3.3               | 3.5               |
| US          | 1.8  | 2.8  | 2.2  | 2.4               | 3.6               |
| Japan       | -0.6 | 2.0  | 1.6  | 0.0               | 0.6               |
| euro area * | 1.4  | -0.6 | -0.5 | 0.9               | 1.2               |
| China       | 9.3  | 7.7  | 7.7  | 7.4               | 6.8               |

Notes:

\* Indicates member countries of the Euro area (Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia, Spain)

*e estimate**f forecast**Source: Ministry of Finance and Bank Negara Malaysia**(Source: The Lead Acid Battery Industry in Malaysia, Infobusiness Research & Consulting Sdn Bhd)*

## 7.2 Overview and prospects of the Malaysian economy

The international economic and financial landscape has become more challenging since late 2014 and into 2015. Beyond the sharp decline in commodity prices, the growth momentum in several major economies is also weaker than earlier expectations. Different growth momentums could lead to divergent monetary policy stances in the major economies, precipitating volatility in capital flows. Against this backdrop, the international financial markets are likely to remain volatile during the year. As a highly open economy, Malaysia's economic outlook is anticipated to be affected by these developments.

Export growth is projected to be lower due to the low commodity prices. At the same time, uncertainties regarding the strength of global economic outlook and the sharp decline in the global oil prices have raised concerns on the country's fiscal and balance of payments positions. These developments have affected market sentiments and resulted in greater volatility in the capital markets in late 2014 and early 2015.

Although the commodity sector is an important contributor to production, exports and employment, the highly diversified structure of the Malaysian economy provides a buffer against the consequences of the sharp decline in global oil prices. While the fiscal position of the Malaysian Government ("Government") will be affected, the impact is mitigated by the fact that the dependency of the Government on oil-related revenue has declined over the years following efforts to broaden the revenue base.

A positive development for Malaysia's exports in 2015 is the expected improvement in the US economy and the sustained growth of regional economies. Lower energy prices are expected to provide a lift to consumption and investment spending in economies such as the US, China and regional economies which are Malaysia's key trading partners.

**Table 2: Annual Change in Real GDP by Sector, 2011-2015<sup>f</sup> (2005 prices)**

| Growth (%)    | 2011 | 2012 | 2013 | 2014 <sup>p</sup> | 2015 <sup>f</sup> |
|---------------|------|------|------|-------------------|-------------------|
| GDP           | 5.1  | 5.6  | 4.7  | 6.0               | 4.5 ~ 5.5         |
| Agriculture   | 5.8  | 1.3  | 2.1  | 2.6               | 0.3               |
| Manufacturing | 4.7  | 4.8  | 3.5  | 6.2               | 4.9               |
| Mining        | -5.5 | 1.0  | 0.7  | 3.1               | 3.0               |
| Construction  | 4.7  | 18.6 | 10.9 | 11.6              | 10.3              |
| Services      | 7.0  | 6.4  | 5.9  | 6.3               | 5.6               |

*Notes:**p preliminary**f forecast**Source: Ministry of Finance and Bank Negara Malaysia*

The services sector is projected to remain as the largest contributor to growth in 2015. Growth in consumption-related activities such as retail trade, accommodation and restaurants is anticipated to be supported by household spending. Higher tourist arrivals, in conjunction with tourism promotion, are expected to further support growth. The communication sub-sector is projected to continue to register robust growth, driven by strong demand for data services amidst higher usage of mobile devices, particularly smartphones. The continued

expansion in trade-related activities is anticipated to support growth in production-related services such as wholesale, transport and storage.

The manufacturing sector is expected to continue to expand in 2015, despite slower growth in key clusters. While the lower oil prices will affect the production of petroleum-related products, growth in the export-oriented cluster is anticipated to be supported by the sustained demand for Malaysia's electrical and electronics goods. Growth in the consumer-related and construction-related clusters is projected to remain supported by the favourable domestic demand conditions.

The construction sector is expected to continue to record high growth, albeit at a more moderate pace in 2015. After several years of robust growth, activities in the residential sub-sector is expected to increase at a more moderate pace due to lower housing approvals and property launches. Nonetheless, growth in the non-residential sub-sector is projected to be sustained, amid higher construction activities in industrial and commercial buildings. New and existing civil engineering projects, particularly in the transport and utility segments, are anticipated to continue to provide additional support to the sector.

Agriculture production is expected to record a marginal positive growth, in tandem with the lower commodity prices. In addition, production of palm oil is anticipated to be affected by the lagged impact of the dry weather conditions which occurred in early 2014. Growth in the mining sector is expected to be sustained, supported by oil production from the new field in offshore Sabah.

*(Source: The Lead Acid Battery Industry in Malaysia, Infobusiness Research & Consulting Sdn Bhd)*

### **7.3 Introduction to the lead acid battery**

A lead acid battery is a storage device that contains lead electrodes along with diluted sulphuric acid, which acts as an electrolyte. The main segments of the lead acid battery industry are automotive batteries, motorcycle batteries and VRLA batteries.

Depending on their construction and the materials used, automotive batteries can be classified into maintenance free batteries and conventional lead acid batteries. Conventional lead acid batteries contain liquid electrolyte in the various cells that can be refilled when their levels have been reduced. On the other hand, a maintenance free battery contains a double lid cover with a distilled water retreating and retention system to minimise the loss of electrolytes.

VRLA batteries are designed in such a way that they are suitable for relatively long hours of backup power and for mission-critical applications, as well as to provide a steady amount of current over a long period of time. They can be further classified into motive and stationary batteries.

*(Source: The Lead Acid Battery Industry in Malaysia, Infobusiness Research & Consulting Sdn Bhd)*

### **7.4 Overview of automotive batteries**

An automotive battery, also known as a starting, lighting and ignition battery, is a type of rechargeable battery that supplies electric energy to internal combustion engine vehicles. The electrical energy is produced in the battery by the chemical reaction that occurs between two (2) electrodes of opposite polarity known as cathode and anode that are immersed in an electrolyte solution. When the battery is discharging, it changes chemical energy into electrical energy. It is through this change that the battery releases stored energy. During charging, electrical energy is converted into chemical energy. As a result, the battery can store energy until it is needed. Automotive batteries come in different sizes based on the usage requirements.



The automotive battery is the heart of a vehicle's electrical system. It plays an important role in the operation of the starting, charging, ignition and accessory circuits. The largest demand placed on the automotive battery occurs when it must supply current to operate the starter motor. Almost every function in today's automotive depends on electricity. These include the electric windows, mirrors, rain sensors, air conditioning, seat adjustment, brakes, lightings, in-car entertainment, valves, transmission, central lock, security system, adaptive steering and most importantly; the engine management system.

The demand for automotive batteries in the original equipment market (automotive manufacturers and assemblers) is a reflection of the total automotive assembled and manufactured, as each vehicle needs a battery to be installed for starting, lighting and ignition purposes. This, in return, is a function of factors such as the per capita income, disposable income, consumer sentiments, pricing of the automotive and interest rates. Each automotive battery has an operational life of less than 24 months, depending on the level and quality of maintenance by the automotive owner and the status of the vehicle's alternator (generates direct current to recharge the battery) and voltage regulator (controls the amount of voltage that circulates through the system).

Growth in the automotive battery replacement market (also known as aftermarket) is expanding, due to a persistent need for replacement batteries as they are consumable items and the increasing number of motor vehicles on the roads. Basically, replacement market demand for batteries is a function of automotive sales of the previous years.

**Table 3: Total Registered Motor Vehicles by Type, in Malaysia**

| Year                | 2009      | 2010      | 2011      | 2012       | 2013       | CAGR  |
|---------------------|-----------|-----------|-----------|------------|------------|-------|
| Passenger cars      | 8,506,080 | 9,114,920 | 9,721,447 | 10,354,678 | 10,480,977 | 5.4%  |
| Taxis               | 79,149    | 84,661    | 90,020    | 93,040     | 99,532     | 5.9%  |
| Hire and drive cars | 16,579    | 18,300    | 19,194    | 19,296     | 53,775     | 34.2% |
| Buses               | 66,581    | 69,149    | 71,784    | 73,536     | 62,672     | -1.5% |
| Goods vehicles      | 936,222   | 966,177   | 997,649   | 1,032,004  | 1,112,480  | 4.4%  |
| Motorcycles         | 8,940,230 | 9,441,907 | 9,985,308 | 10,589,818 | 11,035,204 | 5.4%  |
| Others              | 471,941   | 493,451   | 515,867   | 539,849    | 861,154    | 16.2% |

(Source: *The Lead Acid Battery Industry in Malaysia*, Infobusiness Research & Consulting Sdn Bhd)

## 7.5 Outlook and prospects of automotive batteries

Malaysia has one of the most well-developed automotive industry in the South East Asian region, and is anticipated to remain an important market for automotive and their component parts, including automotive batteries, over the foreseeable future. It is envisaged under the National Automotive Policy 2014 that a total production volume of 1.35 million units of automotive will be produced in Malaysia by 2020 (601,407 units produced in 2013). This is anticipated to further generate demand for automotive batteries in both the original equipment market and replacement market.

The growth in sales of automotive, along with automotive batteries, is expected to be dictated by various factors, including the frequency at which new passenger car models are launched, the availability of finance and level of improvements to the public transport infrastructure. In the case of commercial vehicles, demand is projected to be supported by the ongoing government's efforts to improve the country's public transport network.

The automotive battery market is likely to experience an expansion owing to the product's reliability, rugged construction and low maintenance cost. Besides the original equipment market for automotive batteries, there is also the expanding replacement market in view of

the expanding number of automotive on the road. Ultimately, the demand for automotive batteries is driven by the replacement market, as they are consumable items. As a consumable item, automotive batteries are needed to be purchased by the automotive owner on a recurring basis, so as to permit an automotive to perform its core functions in the realms of starting, lighting and ignition. Without a battery replacement once it reached the end of its lifespan, an automotive will be rendered immobile.

Demand for higher powered automotive batteries is expected to grow with increased usage of automotive electric accessories, particularly in luxury vehicles, which require higher power output. In-car technology has grown to include items such as air conditioning, digital music players, satellite navigation systems and other electronic gadgetry. The ever-increasing use of electronic accessories places extensive loads on automotive batteries. As the general population grows more affluent, automotive owners will demand more electric accessories such as high-end audio systems. All these inevitably generate higher demand on the performance of the automotive battery.

*(Source: The Lead Acid Battery Industry in Malaysia, Infobusiness Research & Consulting Sdn Bhd)*

## **7.6 Overview of VRLA batteries**

Both automotive batteries and VRLA batteries are lead acid batteries that use the same chemistry for their operations. From the outside, both automotive and VRLA batteries look alike; however, there are fundamental differences in design. The difference is in the way that the batteries optimise their designs. An automotive battery cannot be swapped with a VRLA battery, and vice versa.

VRLA batteries are used for motive power application such as recreational vehicles, marine boats, wheel chairs, tractors, golf carts and fork lifts. In addition, VRLA batteries are also used in stationary applications (usually on a standby basis) as follows:

- Uninterruptible power supplies;
- Telecommunication systems;
- Data centres;
- Automated teller machines;
- Emergency lighting; and
- Security systems.

Some of the advantages that VRLA batteries offer for applications are as follows:

- Monitoring can be reduced to a large extent as there is a vent that regulates internal pressures in case of overcharging;
- Performance is not affected at lower temperatures;
- There is no possibility of electrolyte leakage, resulting in safe batteries, which can be operated in any orientation;
- The fear of explosion is reduced, as gases are not released in normal operating conditions;
- Batteries can be used immediately after charging, as no cool-down time is needed;
- Very low self-discharge rates; and
- High resistance to vibration.

*(Source: The Lead Acid Battery Industry in Malaysia, Infobusiness Research & Consulting Sdn Bhd)*

## **7.7 Outlook and prospects of VRLA batteries**

VRLA batteries are expected to dominate the market in various applications as a reliable, cost-effective, efficient and proven power storage technology. Most importantly, they remain the cheapest form of electrochemical energy storage available in the market for various

applications, in the form of favourable cost/performance ratios. In today's societies, there is a need for alternative power for mission critical applications, in the event of a natural disaster-induced power outage. Many industries, especially those that are involved in manufacturing, use uninterruptible power supply as a power backup. VRLA batteries are used either as part of an uninterruptible power supply or as a standalone power device to provide the necessary backup to the equipment being powered. The uninterruptible supply of power prevents any stoppage of manufacturing operations due to sudden power breakdowns.

The VRLA battery industry is adept at responding to the evolving needs of its various end-users. The proliferation of industrial activities has revved up the demand for power storage, promoting the VRLA battery market. As VRLA batteries require very low maintenance, they are highly suitable for applications in remote locations as well. Being rugged in construction, these batteries have the capability to withstand extreme temperatures.

In addition, the expansion of the telecommunications and data centre industries is expected to further drive the demand for VRLA batteries, particularly in backup power. Growing e-commerce activities is also anticipated to boost the demand for VRLA batteries, due to the elaborate infrastructure needed, such as servers, network equipment and storage devices. Also, the ubiquitous deployment of automated teller machines by commercial banks for the banking convenience of customers has also necessitates the need for battery backup for enhanced reliability.

Lastly, due to their sealed construction, VRLA batteries can be mounted in any orientation. As more applications continue to become increasingly microprocessor-based in systems, the need for power quality is expected to increase further. This has an impact on the demand for VRLA batteries, as they are the power houses designed to provide stable electrical power to the systems.

*(Source: The Lead Acid Battery Industry in Malaysia, Infobusiness Research & Consulting Sdn Bhd)*

## 7.8 Future prospects of our Group

The number of percentage of automotive and VRLA batteries produced by our Group for the past three (3) FYEs 31 March 2012 to 2014 are as follows:

| Type of batteries    | FYE 31 March 2012 |               | FYE 31 March 2013 |               | FYE 31 March 2014 |               |
|----------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
|                      | Units             | %             | Units             | %             | Units             | %             |
| Automotive batteries | 424,027           | 57.40         | 562,385           | 56.55         | 510,153           | 49.84         |
| VRLA batteries       | 314,743           | 42.60         | 432,180           | 43.45         | 513,494           | 50.16         |
| <b>Total</b>         | <b>738,770</b>    | <b>100.00</b> | <b>994,565</b>    | <b>100.00</b> | <b>1,023,647</b>  | <b>100.00</b> |

*Note: All the products automotive and VRLA batteries produced by our Group are in Malaysia.*

As a mitigating factor to the challenges faced on the competition in the automotive battery market, our Group intends to gradually scale down the production of automotive batteries and expand our business in the distribution and trading of imported maintenance-free batteries. As depicted in the table above, the production of automotive batteries have been reducing, from 57.40% in FYE 31 March 2012 to 56.55% in FYE 31 March 2013 and to 49.84% in FYE 31 March 2014. In this respect, our Group will explore potential partnership with renowned battery manufacturers in its sourcing of such products, with the view of increasing our Company's market share of maintenance-free batteries which yield a higher profit margin. In addition, with the strengthening of USD against RM, the export sales of the lead acid batteries are expected to yield a higher profit margin.

The automotive battery market is expected to continue its growth in tandem with the rising number of registered motor vehicles in the replacement market in Malaysia. However, competition is expected to be stiff with the emergence of many new importers in the industry.

Competition in the automotive battery market is based on factors such as price, distribution channels, technology, performance, features and product capabilities. As a consumer product, the advice and degree of promotion, as well as willingness to provide a small discount on the part of the motor workshop dealers also influence the customers' purchasing decisions. To some extent, some consumers are willing to pay a small premium for the more established brands or brand equity. On the other hand, competition in the VRLA market is centered on factors such as product quality and after sales services, which includes installation and commissioning services. This is due to the fact that VRLA market is oriented towards commercial and industrial customers, which are less price sensitive than the individual consumer/motorist. In both cases, both customer perceptions and past experiences of the individual brand also come into play. In the VRLA battery market, the import from China and Vietnam will continue to increase the competitiveness of this segment in the near future.

Our Group remains optimistic on the business prospect for 2015. Various efforts have been implemented to increase the brand awareness of our products under the brand name "GP", such as conducting road shows and implementing sales incentive programmes to distributors and dealers in Malaysia.

Over the years, our Group has been constantly improving the automation for key production processes to further enhance the quality of our products and the efficiencies in production. The improvement in automation is intended to help us weather the tough challenges of managing the business in a relatively high operating cost environment of increasing wages and utilities costs. In 2014, our Company saw an improvement in the output per staff headcount. Resulting from the improvements in our automation for key production processes, for FYE March 2014, we produced 142 units of batteries per employee per month. For 9 months FPE 31 December 2014, 175 units of batteries per employee per month were produced. This signified an improvement of 23% in the output per employee per month.

Under the Rights Issue with Warrants, a major portion of the proceeds to be raised (RM9.6 million under the Minimum Scenario and RM15.0 million under the Maximum Scenario) from the Rights Issue with Warrants will be utilised for the repayment of bank borrowings. The repayment of bank borrowings is expected to result in an annual interest savings of RM0.48 million (under the Minimum Scenario) and RM0.75 million (under the Maximum Scenario) based on the effective interest rate of 4.97% per annum. The repayment of bank borrowings serves to improve our cash flow position, and thus enables us to free up additional cash flow for working capital purposes.

With the optimistic outlook in both the automotive battery and VRLA battery market, as well as interest cost reduction resulting from the utilisation of proceeds from Rights Issue with Warrants, our Board is of the opinion that our Group's result is expected to improve in the coming FYE 31 March 2016. In addition, with the strengthening of USD against RM, the export sales of the lead acid batteries are expected to yield a higher profit margin.

## 8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

For illustration purpose, the effects of the Rights Issue with Warrants on the share capital, NA, NTA, gearing, earnings and dividends in our Group are as follows:

### 8.1 Share capital

The pro forma effects of the Proposals on our issued and paid-up share capital are as follows:

|   | Minimum Scenario     |                    | Maximum Scenario     |                    |
|---|----------------------|--------------------|----------------------|--------------------|
|   | No. of GPA Shares    | RM                 | No. of GPA Shares    | RM                 |
| Issued and paid-up share capital as at the LPD          | 784,390,080          | 78,439,008         | 784,390,080          | 78,439,008         |
| To be issued pursuant to the Rights Issue with Warrants | 100,000,000          | 10,000,000         | 196,097,520          | 19,609,752         |
| Enlarged share capital after Rights Issue with Warrants | 884,390,080          | 88,439,008         | 980,487,600          | 98,048,760         |
| To be issued assuming full exercise of Warrants         | 250,000,000          | 25,000,000         | 490,243,800          | 49,024,380         |
| <b>Enlarged share capital</b>                           | <b>1,134,390,080</b> | <b>113,439,008</b> | <b>1,470,731,400</b> | <b>147,073,140</b> |

### 8.2 NA, NTA, NA per Share and gearing

Based on our latest audited consolidated statements of financial position as at 31 March 2014 and on the assumption that the Rights Issue with Warrants had been effected on that date, the pro forma effects of the Rights Issue with Warrants on our consolidated NA, NTA, NA per Share and gearing are set out in the ensuing tables below:

#### Minimum Scenario

|   | I                           | II  | III   |
|---|-----------------------------|---|---|
|   | Audited as at 31 March 2014 | After the Proposed Rights Issue with Warrants | After II and assuming full exercise of Warrants |
|   | RM'000                      | RM'000  | RM'000  |
| Share capital                             | 78,439                      | 88,439  | 113,439   |
| Share premium                             | 6,803                       | 6,596 <sup>(i)</sup>                          | 11,203  |
| Retained profits                          | 8,019                       | 3,219 <sup>(ii)</sup>                         | 3,219   |
| Revaluation reserve                       | 549                         | 549   | 549   |
| Warrant reserve                           | -                           | 4,607 <sup>(iii)</sup>                        | -   |
| Shareholders' funds/ NA                   | 93,810                      | 103,410                                       | 128,410   |
| Non-controlling interests <sup>(iv)</sup> | 4,161                       | 4,161   | 4,161   |
| <b>Total equity</b>                       | <b>97,971</b>               | <b>107,571</b>                                | <b>132,571</b>                                  |
| No. of GPA Shares                         | 784,390,080                 | 884,390,080                                   | 1,134,390,080                                   |
| NA per GPA Share                          | 0.12                        | 0.12  | 0.11  |
| NTA per GPA Share                         | 0.12                        | 0.12  | 0.11  |

|  | <b>I</b>                               | <b>II</b>  | <b>III</b>   |
|--|--|--|--|
|  | <b>Audited as at 31<br/>March 2014</b> | <b>After the Proposed<br/>Rights Issue with<br/>Warrants</b> | <b>After II and<br/>assuming full<br/>exercise of<br/>Warrants</b> |
|  | <b>RM'000</b>                          | <b>RM'000</b>  | <b>RM'000</b>  |
| Interest bearing borrowings <sup>(v)</sup> | 18,538                                 | 8,938  | 8,938  |
| Gearing                                    | 0.20                                   | 0.09   | 0.07   |

**Maximum Scenario**

|  | <b>I</b>                               | <b>II</b>  | <b>III</b>   |
|--|--|--|--|
|  | <b>Audited as at 31<br/>March 2014</b> | <b>After the Proposed<br/>Rights Issue with<br/>Warrants</b> | <b>After II and<br/>assuming full<br/>exercise of<br/>Warrants</b> |
|  | <b>RM'000</b>                          | <b>RM'000</b>  | <b>RM'000</b>  |
| Share capital                              | 78,439                                 | 98,049   | 147,073  |
| Share premium                              | 6,803                                  | 6,596 <sup>(i)</sup>   | 15,816   |
| Retained profits                           | 8,019                                  | (1,394) <sup>(ii)</sup>                                      | (1,394)  |
| Revaluation reserve                        | 549                                    | 549  | 549  |
| Warrant reserve                            | -                                      | 9,220 <sup>(iii)</sup>                                       | -  |
| Shareholders' funds/ NA                    | 93,810                                 | 113,020  | 162,044  |
| Non-controlling interests <sup>(iv)</sup>  | 4,161                                  | 4,161  | 4,161  |
| Total equity                               | 97,971                                 | 117,181  | 166,205  |
| No. of GPA Shares                          | 784,390,080                            | 980,487,600  | 1,470,731,400  |
| NA per GPA Share                           | 0.12                                   | 0.12   | 0.11   |
| NTA per GPA Share                          | 0.12                                   | 0.12   | 0.11   |
| Interest bearing borrowings <sup>(v)</sup> | 18,538                                 | 3,538  | 3,538  |
| Gearing                                    | 0.20                                   | 0.03   | 0.02   |

*Notes:*

- (i) After deducting RM207,000, being cost associated with the issuance of Rights Shares.
- (ii) After deducting RM4.80 million or RM9.41 million from the retained profits under the Minimum Scenario and Maximum Scenario respectively, due to allocation of fair value of Warrants to the warrant reserve.
- (iii) After adjustment for fair value of Warrants based on the estimated fair value of the Warrants of RM0.048 each based on the Black-Scholes option pricing model and after deducting expenses amounting to RM193,000, being cost associated with the issuance of Warrants.
- (iv) Non-controlling interests comprising share of NA in GP FirstPower Technologies Sdn Bhd of RM0.77 million and GP Products Sdn Bhd of RM3.39 million.
- (v) As at the LPD, the total borrowings of our Group amount to RM15.60 million.



### 8.3 Earnings and EPS

The Rights Issue with Warrants will not have any effect on our consolidated earnings for the current FYE 31 March 2015. The Rights Issue with Warrants is expected to contribute to the future earnings of our Group due to the availability of additional funds for working capital, and additional interest savings of RM0.48 million (under the Minimum Scenario) and RM0.75 million (under the Maximum Scenario) based on the effective interest rate of 4.97% per annum.

The pro forma effects to the earnings and EPS as a result of the Rights Issue with Warrants under the Minimum Scenario and Maximum Scenario are as follows:

#### Minimum Scenario

|                   | I                              | II   | III   |
|-------------------|--------------------------------|--|---|
|                   | Audited as at 31<br>March 2014 | After the Rights<br>Issue with<br>Warrants | After II and assuming<br>full exercise of<br>Warrants |
| Earnings (RM'000) | (7,950)                        | (7,950)                                    | (7,950)   |
| No. of GPA Shares | 784,390,080                    | 884,390,080                                | 1,134,390,080   |
| EPS (basic) (sen) | (1.01)                         | (0.90)                                     | (0.70)  |

#### Maximum Scenario

|                   | I                              | II   | III   |
|-------------------|--------------------------------|--|---|
|                   | Audited as at 31<br>March 2014 | After the Rights<br>Issue with<br>Warrants | After II and assuming<br>full exercise of<br>Warrants |
| Earnings (RM'000) | (7,950)                        | (7,950)                                    | (7,950)   |
| No. of GPA Shares | 784,390,080                    | 980,487,600                                | 1,470,731,400   |
| EPS (basic) (sen) | (1.01)                         | (0.81)                                     | (0.54)  |

### 8.4 Dividend

The ability of our Company to declare dividend in the future would be dependent on *inter-alia*, the future profitability and cashflow position of our Group.

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

### 9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds of the Rights Issue with Warrants, cash in hand, cashflow generated from our operations and available banking facilities, our Group will have adequate working capital to meet our business requirements due within a period of twelve (12) months from the date of this Abridged Prospectus.

### 9.2 Borrowings

As at the LPD, our Group have total outstanding bank borrowings as follows:

|                       | Floating rate interest<br>bearing borrowings<br>RM '000 | Non-floating rate interest<br>bearing borrowings<br>RM '000 |
|-----------------------|---|---|
| Short-term borrowings | -   | 15,600  |
| Long-term borrowings  | -   | -   |
| <b>Total</b>          | -   | <b>15,600</b>   |

Our Group has no borrowing in foreign currencies as at the LPD.

As at the LPD, there has not been any default on payments of either interest or principal sums by our Group, in respect of any borrowings during the FYE 31 March 2014 and for the subsequent financial period up to the LPD.

### 9.3 Material commitments

Save as disclosed below, as at the LPD, there is no material commitment, incurred or known to be incurred, which may have a material impact on the results or financial position of our Group:

| Details   | RM'million |
|---|------------|
| (i) Capital commitments (purchase of machinery) | 1.104      |

### 9.4. Contingent liabilities

Save as disclosed below, to the best knowledge of our Board, there are no contingent liabilities, incurred or known to be incurred, which upon becoming enforceable, may have a substantial impact in the ability of GPA to meet its obligations as and when they fall due:

| Details  | RM'million |
|--|------------|
| (i) Corporate Guarantees given to secure banking facilities utilised by GP Autobat Sdn Bhd | 13.49      |

## 10. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll, the NPA and RSF enclosed herewith.

## 11. FURTHER INFORMATION

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

Yours faithfully,  
For and on behalf of the Board of  
**GPA HOLDINGS BERHAD**



**TAN HAN CHUAN**  
CHAIRMAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR



**CERTIFIED EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 21 APRIL 2015**

*(Prepared for inclusion in this Abridged Prospectus)*

Page 1 of 2

## **GPA HOLDINGS BERHAD**

(Company No. 493897-V) (Incorporated in Malaysia)

Extract of Minutes of the Extraordinary General Meeting of the shareholders of the Company held at Bukit Kiara Equestrian and Country Resort, Dewan Perdana, 1<sup>st</sup> Floor, Sport Complex, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Tuesday, 21 April 2015 at 11.00 a.m.

### **ORDINARY RESOLUTION 2**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 196,097,520 NEW ORDINARY SHARES OF RM0.10 EACH IN GPA HOLDINGS BERHAD (“GPA”) (“RIGHTS SHARES”) TOGETHER WITH UP TO 490,243,800 NEW FREE DETACHABLE WARRANTS (“WARRANTS”) AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) GPA SHARES HELD TOGETHER WITH FIVE (5) WARRANTS FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED (“PROPOSED RIGHTS ISSUE WITH WARRANTS”)**

On the proposal of the Chairman, the following motion was put to the meeting for voting by a show of hands :-

“**THAT** subject to the passing of the Ordinary Resolution 1 and Special Resolution 1, and all approvals being obtained from the relevant authorities including but not limited to, the approval of Bursa Malaysia Securities Berhad being obtained for the listing of and quotation for up to 196,097,520 Rights Shares to be issued under the Proposed Rights Issue with Warrants, the Directors of the Company be and are hereby authorised to allot (whether provisional or otherwise) and issue by way of a rights issue to the registered shareholders of the Company whose names appear in the Record of Depositors at the close of business on an entitlement date to be determined by the Directors of the Company, or their renounees, up to 196,097,520 Rights Shares on the basis of one (1) Rights Share for every four (4) GPA Shares held, at an issue price of RM0.10 per Rights Share;

**AND THAT** the Directors of the Company be and are hereby empowered and authorised to deal with any fractional entitlements that may arise from the Proposed Rights Issue with Warrants in such manner as they shall in their absolute discretion deem fit and in the interest of the Company;

**AND THAT** the Rights Shares to be issued shall upon allotment and issue rank equally in all respects with the existing issued and paid-up GPA Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment of the Rights Shares. For the purpose hereof, entitlement date means the date as at the close of business on which shareholders of the Company must be registered in order to participate in any dividends, rights, allotments or other distributions;

**AND THAT** any Rights Share which is not validly taken up or which is not allotted for any reason whatsoever shall first be made available for excess shares applications;

**GPA HOLDINGS BERHAD**

(Company No. : 493897-V) (Incorporated in Malaysia)

Extract of the Minutes of the Extraordinary General Meeting held on 21 April 2015 (cont'd)


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**AND THAT** no offer documents pertaining to the Proposed Rights Issue with Warrants shall be issued or sent to shareholders of the Company having registered addresses outside Malaysia or who have not provided an address in Malaysia at which such documents may be delivered to prior to the entitlement date;

**AND FURTHER THAT** the Directors of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the Proposed Rights Issue with Warrants with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments.”

Among the members and proxies present and voting, there were unanimous votes in favour of the resolution. The Chairman declared Ordinary Resolution 2 as carried.

CONFIRMED AND CERTIFIED BY

  
\_\_\_\_\_  
GAN LOCK YONG @  
GAN CHOON HUR  
Director

  
\_\_\_\_\_  
LIM LAI SAM  
Secretary

Kuala Lumpur

Date: **30 APR 2015**

**SALIENT TERMS OF THE WARRANTS**

| <b>Terms</b>  | <b>Details</b>  |
|---|---|
| Number of Warrants  | : Up to 490,243,800 Warrants to subscribe for up to 490,243,800 new GPA Shares, to be issued to the Entitled Shareholders pursuant to the Rights Issue with Warrants.   |
| Detachability   | : The Warrants which are to be issued pursuant to Rights Issue with Warrants are immediately detachable upon allotment and issue of the Rights Shares. The Warrants will be traded separately.  |
| Issue Price   | : The Warrants which are to be issued pursuant to Rights Issue with Warrants are to be issued free to the Entitled Shareholders and renouncees who subscribe for the Rights Shares.   |
| Exercise Price  | : RM0.10 per Warrant for every one (1) new GPA Share or such price adjusted in accordance with the terms and provisions of the Deed Poll.<br>The Exercise Price and the number of outstanding Warrants shall be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.   |
| Exercise Period   | : The Warrants may be exercised any time during the tenure of the Warrants of ten (10) years including and commencing from the date of issue of the Warrants until 5.00 p.m on the expiry date. Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.  |
| Exercise Rights   | : Each Warrant entitles the registered holder to subscribe for one (1) new GPA Share at the Exercise Price during the Exercise Period and shall be subject to adjustments in accordance with the Deed Poll.   |
| Expiry Date   | : A date being ten (10) years from and including the date of issue of the Warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day.   |
| Mode of Exercise  | : The holder of Warrants is required to lodge an exercise form with GPA's share registrar, duly completed and signed together with payment of the Exercise Price by banker's draft, cashier's order, money order or postal order drawn on a bank or a post office operating in Malaysia.  |
| Deed Poll   | : The Warrants are constituted by the Deed Poll.  |
| Board Lot   | : The Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new GPA Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.   |
| Ranking of new GPA Shares to be issued pursuant to the exercise of the Warrants | : All the new GPA 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 GPA Shares except that such new GPA Shares shall not entitle its holders to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of GPA prior to the relevant date of allotment of the new GPA Shares arising from the exercise of the Warrants. |
| Rights in the Event of Winding Up, Liquidation, Compromise and/or Arrangement   | : Where a resolution has been passed for a member's voluntary winding up of GPA, or where there is compromise or arrangement, then:<br><br>(a) For the purpose of such winding up, compromise or arrangement (other than a consolidation, amalgamation or merger in which GPA   |

**Terms**

**Details**

is the continuing corporation) to which the Warranholders or some persons designated by them for such purposes by a special resolution, will be a party, the terms of such winding up, compromise or arrangement will be binding on all the Warranholders; and

- (b) In any other case, every Warranholder shall be entitled within six (6) weeks after the passing of such resolution for a member's voluntary winding up of GPA or within six (6) weeks after the granting of the order by the High Court of Malaysia approving the compromise or arrangement, by the irrevocable surrendering of his/her Warrants to GPA, exercise his Warrants and be treated as if he/she had exercised the Warrants immediately prior to the commencement of such winding up, compromise or arrangement and be entitled to receive out of the assets of GPA 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 pursuant to such action, and the liquidator of GPA will give effect to such election accordingly. If GPA is wound up, all exercise rights which have not been exercised within six (6) weeks of the passing of such resolution, shall lapse and the Warrants shall cease to be valid for any purpose.

- Listing : Approval has been obtained from Bursa Securities for the admission of the Warrants to the Official List of the Main Market of Bursa Securities as well as for the listing of and quotation for the Warrants and new GPA Shares to be issued arising from the exercise of the Warrants.
- Adjustments in the Exercise Price and/or number of Warrants : The Exercise Price and/or the number of Warrants held by each Warranholder may from time to time be adjusted in the event of any alteration to the share capital of GPA in accordance with the provisions as set out in the Deed Poll.
- Modification : Save as expressly provided in the Deed Poll, no modification, amendment or addition may be made to the provisions of the Deed Poll without the sanction of a special resolution by the Warranholders, other than any modification to the Deed Poll which is not materially prejudicial to the interests of the Warranholders or if in the opinion of our Company and the approved adviser, is to correct a manifest error or to comply with the rules of Bursa Malaysia Depository Sdn Bhd, or the Securities Industry (Central Depositories) Act, 1991 or Bursa Securities or mandatory provisions of Malaysian law. Any modification to the Deed Poll may be effected only by a further deed poll executed by our Company and expressed to be supplemental to the Deed Poll, and only if the requirements of the relevant provision of the Deed Poll have been complied with.
- Further Issues : Subject to the provisions of the Deed Poll, GPA will be at liberty to issue shares or other securities convertible to shares to shareholders either for cash or as bonus distribution and further subscription rights upon such terms and conditions as GPA sees fit. Warranholders will not have any participating rights in such issue unless the Warranholder becomes a shareholder by exercising his exercise rights or otherwise resolved by GPA in general meeting.
- Governing Law : Laws of Malaysia.

**INFORMATION ON OUR COMPANY****1. HISTORY AND BUSINESS**

GPA was incorporated in Malaysia on 14 September 1999 as a public limited company under the Act under our present name. We were listed on the Second Board of the Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities) on 3 August 2000.

We are principally an investment holding company. The principal activities of our subsidiaries are set out in Section 5 of this Appendix.

**2. SHARE CAPITAL**

As at the LPD, our authorised and issued and paid-up share capital are as follows:

| Type                     | No. of Shares | Par value<br>RM | Total<br>RM |
|--------------------------|---------------|-----------------|-------------|
| Authorised               | 1,000,000,000 | 0.10            | 100,000,000 |
| Issued and fully paid-up | 784,390,080   | 0.10            | 78,439,008  |

**Changes in Issued and Paid-Up Share Capital**

The changes in our Company's issued and paid-up share capital since incorporation are as follows:

| Date of allotment | No. of Shares allotted | Par Value (RM) | Consideration/Type of issue   | Cumulative issued and paid-up share capital (RM) |
|-------------------|------------------------|----------------|---|--|
| 14.09.1999        | 2                      | 1.00           | Subscribers' shares   | 2  |
| 30.05.2000        | 17,931,708             | 1.00           | Shares issued as a consideration for acquisition of the entire issued share capital of GP Autobat Sdn Bhd                                 | 17,931,710                                       |
| 31.05.2000        | 16,068,290             | 1.00           | Rights issue on the basis of approximately 896 new ordinary shares of RM1.00 each for every 1,000 ordinary shares of RM1.00 each held     | 34,000,000                                       |
| 20.07.2000        | 6,000,000              | 1.00           | Public issue of 6,000,000 new ordinary shares of RM1.00 each.   | 40,000,000                                       |
| 18.11.2004*       | -                      | 0.10           | Share split involving the subdivision into 10 new ordinary shares of RM0.10 each for every one (1) existing ordinary share of RM1.00 each | 40,000,000                                       |
| 05.03.2008        | 384,390,080            | 0.10           | Right issue on the basis of one (1) Rights Share for every one (1) existing ordinary share of RM0.10 each                                 | 78,439,008                                       |

Note:

\* Being the entitlement date for the subdivision of GPA Shares.

### 3. SUBSTANTIAL SHAREHOLDERS

Based on our Record of Substantial Shareholders as at the LPD, the pro forma effects of the Rights Issue with Warrants on the shareholdings of our substantial shareholders are as follows:

#### Minimum Scenario (Pursuant to the Undertaking and none of the other Entitled Shareholders subscribe for the Rights Issue with Warrants)

|                   | (I)<br>As at the LPD                   |  |   | (II)<br>After the Rights Issue with Warrants |  |   | (III)<br>After (II) and assuming all Warrants are exercised |  |   |
|-------------------|--|--|---|--|--|---|---|--|---|
|                   | ←---Direct---→<br>No. of Shares ('000) | ←---Indirect---→<br>No. of Shares ('000) | % | ←---Direct---→<br>No. of Shares ('000)       | ←---Indirect---→<br>No. of Shares ('000) | % | ←---Direct---→<br>No. of Shares ('000)                      | ←---Indirect---→<br>No. of Shares ('000) | % |
| Tan Sri Dato' Tan | 182,416                                | 23.26                                    | - | 282,416                                      | 31.93                                    | - | 532,416   | 46.93                                    | - |

#### Maximum Scenario (Assuming all Entitled Shareholders subscribe for the Rights Issue with Warrants in full)

|                   | (I)<br>As at the LPD                   |  |   | (II)<br>After the Rights Issue with Warrants |  |   | (III)<br>After (II) and assuming all Warrants are exercised |  |   |
|-------------------|--|--|---|--|--|---|---|--|---|
|                   | ←---Direct---→<br>No. of Shares ('000) | ←---Indirect---→<br>No. of Shares ('000) | % | ←---Direct---→<br>No. of Shares ('000)       | ←---Indirect---→<br>No. of Shares ('000) | % | ←---Direct---→<br>No. of Shares ('000)                      | ←---Indirect---→<br>No. of Shares ('000) | % |
| Tan Sri Dato' Tan | 182,416                                | 23.26                                    | - | 228,020                                      | 23.26                                    | - | 342,030   | 23.26                                    | - |

#### 4. BOARD OF DIRECTORS

The age, profession, designation, nationalities and addresses of our Board are set out under the Corporate Directory on page (vi) of this Abridged Prospectus.

As at the LPD, none of our Board have any interest in GPA. Hence, the Rights Issue of Warrants will have no effect on the shareholdings of our Board.

#### 5. SUBSIDIARY AND ASSOCIATED COMPANIES

Our subsidiaries as at the LPD are as follows:

| Subsidiaries                         | Date / Country of incorporation | Issued and paid-up capital (RM) | Effective ownership (%) | Principal Activities   |
|--------------------------------------|---------------------------------|---------------------------------|-------------------------|--|
| GP Autobat Sdn Bhd                   | 30.05.1984/<br>Malaysia         | 5,200,000                       | 100                     | Manufacturing and sale of automotive batteries and components                  |
| GP Marketing Sdn Bhd                 | 07.02.1986/<br>Malaysia         | 2,600,000                       | 100                     | Marketing of automotive batteries  |
| GPA Plastic Industries Sdn Bhd       | 19.11.1993/<br>Malaysia         | 758,269                         | 100                     | Manufacturing of plastic components and its related products                   |
| GPA Trading Sdn Bhd *                | 20.10.1975/<br>Malaysia         | 400,000                         | 100                     | Marketing and trading of finished plastic products and battery water           |
| GP Products Sdn Bhd                  | 21.09.1990/<br>Malaysia         | 1,000,000                       | 70                      | Marketing of sealed lead acid batteries and other related downstream products. |
| GPA Technologies Sdn Bhd ^           | 03.10.2001/<br>Malaysia         | 500,000                         | 70                      | Manufacturing and sale of sealed lead acid batteries                           |
| Hasrat Mestika Sdn Bhd               | 13.03.2007/<br>Malaysia         | 100,000                         | 100                     | Dormant  |
| GP FirstPower Technologies Sdn Bhd ^ | 29.02.2012/<br>Malaysia         | 2,000,000                       | 42                      | Manufacturing and sale of VRLA batteries and/or sealed lead acid batteries     |

*Notes:*

\* Subsidiary company of GPA Plastic Industries Sdn Bhd.

^ Subsidiaries company of GP Products Sdn Bhd.

We do not have any associated companies as at the LPD.

## 6. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements for the FYEs 31 March 2012 to 2014 and the unaudited consolidated financial statements for the nine (9) months FPE 31 December 2013 and 2014 are as follows:

|   | <-----Audited----->                     |   |   | <-----Unaudited----->  |  |
|---|---|---|---|--|--|
|   | FYE<br>31 March<br>2012<br><br>(RM'000) | FYE<br>31 March<br>2013<br><br>(RM'000) | FYE<br>31 March<br>2014<br><br>(RM'000) | Nine (9)<br>months FPE<br>31<br>December<br>2013<br><br>(RM'000) | Nine (9)<br>months FPE<br>31<br>December<br>2014<br><br>(RM'000) |
| Revenue   | 148,203                                 | 165,454                                 | 150,898                                 | 119,856  | 107,714  |
| Gross profit  | 2,519                                   | 15,823                                  | 6,122                                   | 8,690  | (690)  |
| Other income  | 2,404                                   | 4,097                                   | 5,258                                   | 4,328  | 6,272  |
| Finance costs   | (384)                                   | (562)                                   | (785)                                   | (616)  | (930)  |
| PBT/(LBT)   | (15,660)                                | 1,051                                   | (7,703)                                 | (2,148)  | (3,996)  |
| Taxation  | (302)                                   | (536)                                   | (247)                                   | (320)  | (120)  |
| PAT/(LAT)   | <b>(15,962)</b>                         | <b>515</b>                              | <b>(7,950)</b>                          | <b>(2,468)</b>   | <b>(4,116)</b>   |
| Profit for the year/period attributable to:   |   |   |   |  |  |
| Owners of the parent  | (16,244)                                | (82)                                    | (7,925)                                 | (2,777)  | (4,723)  |
| Non-controlling interests   | 282                                     | 597                                     | (25)                                    | 309  | 607  |
| Profit for the year/period, representing total comprehensive income for the year/period | <b>(15,962)</b>                         | <b>515</b>                              | <b>(7,950)</b>                          | <b>(2,468)</b>   | <b>(4,116)</b>   |
| EBITDA/(LBITDA)   | (13,187)                                | 3,590                                   | (4,687)                                 | 142  | (1,438)  |
| Gross profit margin (%)   | 1.70                                    | 9.56                                    | 4.06                                    | 7.25   | (0.64)   |
| PAT/(LAT) margin (%)  | (10.77)                                 | 0.31                                    | (5.27)                                  | (2.06)   | (3.82)   |
| PBT/(LBT) margin (%)  | (10.57)                                 | 0.64                                    | (5.10)                                  | (1.79)   | (3.71)   |
| Number of shares in issue ('000)  | 784,390                                 | 784,390                                 | 784,390                                 | 784,390  | 784,390  |
| EPS/(LPS) (sen)   | (2.03)                                  | 0.07                                    | (1.01)                                  | (0.31)   | (0.52)   |
| Diluted EPS/(LPS) (sen)   | N/A                                     | N/A                                     | N/A                                     | N/A  | N/A  |
| Dividend per share (sen)  | N/A                                     | N/A                                     | N/A                                     | N/A  | N/A  |



|                       | <-----Audited----->                     |   |   | <-----Unaudited----->  |  |
|-----------------------|---|---|---|--|--|
|                       | FYE<br>31 March<br>2012<br><br>(RM'000) | FYE<br>31 March<br>2013<br><br>(RM'000) | FYE<br>31 March<br>2014<br><br>(RM'000) | Nine (9)<br>months FPE<br>31<br>December<br>2013<br><br>(RM'000) | Nine (9)<br>months FPE<br>31<br>December<br>2014<br><br>(RM'000) |
| Borrowings            | 4,391                                   | 12,305                                  | 18,538                                  | 8,852  | 12,673   |
| Shareholders' funds   | 101,821                                 | 101,739                                 | 93,810                                  | 98,962   | 89,087   |
| Current ratio (times) | 3.85                                    | 3.43                                    | 2.38                                    | 3.38   | 2.31   |
| Gearing ratio (times) | 0.04                                    | 0.12                                    | 0.20                                    | 0.09   | 0.14   |

*Note:*

*N/A Not available*

### **Commentary on GPA Group's financial performance:**

#### **Financial commentary for FYE 31 March 2012**

For FYE 31 March 2012, our Group recorded revenue amounting to RM148.20 million, which is RM15.42 million or 9.42% lower than the revenue recorded in FYE 31 March 2011 of RM163.62 million. The decrease in revenue was due to stiff competition in the local and export markets.

Our Group recorded LBT of RM15.66 million for the FYE 31 March 2012, as compared to the PBT recorded in FYE 31 March 2011 of RM1.69 million. The LBT was mainly due to lower margins as a result of relatively higher raw material prices, in particular, lead prices (which was increased from USD2,150/metric tonne ("Mt") in FYE 31 March 2011 to USD2,300/Mt in FYE 31 March 2012), highly competitive selling prices of our products and higher provision of warranty claims in the automotive battery market segment from RM3.66 million in FYE 31 March 2011 to RM6.25 million in FYE 31 March 2012.

Furthermore, the LBT recorded in FYE 31 March 2012 was partially due to the impairment of goodwill amounting to RM2.77 million for investments in GP Autobat Sdn Bhd as GP Autobat Sdn Bhd has been suffering consecutive losses for the past financial years. This was however partially offset by the improved performance in the non-automotive batteries segment, where our Group experienced an increase in the PBT contributed by the non-automotive batteries segment of RM0.85 million from RM0.38 million registered in FYE 31 March 2011 to RM1.23 million registered in FYE 31 March 2012.

**Financial commentary for FYE 31 March 2013**

For FYE 31 March 2013, our Group has an improvement in the revenue of RM17.25 million or 11.64% from revenue of RM148.20 million in FYE 31 March 2012 to RM165.45 million registered in FYE 31 March 2013. The increase in revenue was due to contribution of revenue from non-automotive batteries segment.

Similarly, our Group recorded a PBT of RM1.05 million as compared to LBT of RM15.66 million for the FYE 31 March 2012. The improvement in PBT was mainly attributed to the improvement in performance of non-automotive batteries segment in the export sales, where the PBT contributed by the non-automotive batteries segment amounted to RM2.08 million in FYE 31 March 2013 as compared to RM1.23 million in FYE 31 March 2012. The automotive batteries segment had also registered a lower LBT as a result of lower provision of warranty claims from RM6.25 million in FYE 31 March 2012 to RM2.04 million in FYE 31 March 2013. Furthermore, the LBT recorded in FYE 31 March 2012 was partially contributed by the impairment of goodwill amounting to RM2.77 million for investments in GP Autobat Sdn Bhd as GP Autobat Sdn Bhd has been suffering consecutive losses for the past financial years.

**Financial commentary for FYE 31 March 2014**

For FYE 31 March 2014, our Group recorded revenue of RM150.90 million which represents a decrease of RM14.55 million compared to revenue recorded in FYE 31 March 2013 of RM165.45 million. The decrease in revenue was due to lower sales volume in the automotive batteries segment from 749,898 units in FYE 31 March 2013 to 589,788 units in FYE 31 March 2014.

Our Group recorded a LBT of RM7.70 million in FYE 31 March 2014 as compared to PBT of RM1.05 million in FYE 31 March 2013. The LBT was mainly due to lower margins as a result of higher production cost, in particular wages and utilities coupled with highly competitive selling prices of our products. Furthermore, the LBT in automotive batteries segment was also contributed by the provision for slow moving goods amounting to RM0.92 million.

**Financial commentary for nine (9) months FPE 31 December 2014**

For nine (9) months FPE 31 December 2014, our Group recorded lower revenue of RM107.71 million as compared to previous corresponding period of RM119.86 million. The decrease in revenue was due to lower sales in the automotive batteries segment from 485,988 units in nine (9) months FPE 31 December 2013 to 327,658 units in nine (9) months FPE 31 December 2014. Our Company has recorded RM6.3 million in other income for the nine (9) months FPE 31 December 2014. The major components of the other income are sale of scrap income (accounted for RM2.5 million or 39.68%) and gain from foreign currency translation (RM3.3 million or 52.38%).

Our Group recorded a LBT of RM4.00 million for the nine (9) months FPE 31 December 2014, which represents an increase of RM1.85 million as compared to the LBT registered in nine (9) months FPE 31 December 2013 of RM2.15 million. The deterioration in LBT was mainly attributed to the gross loss margin of 0.64% for nine (9) months FPE 31 December 2014 as compared to the gross profit margin of 7.25% for nine (9) months FPE 31 December 2013 coupled with lower volume of sales in the automotive batteries segment. The gross loss margin recorded in nine (9) months FPE 31 December 2014 of 0.64% was due to decline in our sales and the sale recorded was not able to cover the fixed cost of production. The sales in automotive batteries segment decline from RM70.37 million in nine (9) months FPE 31 December 2013 to RM53.92 million in nine (9) months FPE 31 December 2014.

**7. HISTORICAL SHARE PRICES**

The monthly highest and lowest prices of GPA Shares as traded on Bursa Securities for the past twelve (12) months are as follows:

|             | <b>Low<br/>(RM)</b> | <b>High<br/>(RM)</b> |
|-------------|---------------------|----------------------|
| <b>2014</b> |                     |                      |
| April       | 0.110               | 0.140                |
| May         | 0.125               | 0.150                |
| June        | 0.110               | 0.135                |
| July        | 0.115               | 0.130                |
| August      | 0.125               | 0.200                |
| September   | 0.120               | 0.150                |
| October     | 0.080               | 0.120                |
| November    | 0.090               | 0.110                |
| December    | 0.075               | 0.090                |
| <b>2015</b> |                     |                      |
| January     | 0.008               | 0.105                |
| February    | 0.090               | 0.110                |
| March       | 0.105               | 0.125                |

The last transacted price of our Shares on 26 January 2015 being the date immediately prior to the announcement of the Proposals was RM0.095 per Share.

The last transacted price of our Shares on 14 April 2015, being the LPD was RM0.115 per share.

The last transacted price of our Shares on 8 May 2015, being the market day prior to the ex-date of the Rights Issue with Warrants was RM0.105 per share.

*(Source: Bursa Securities)*

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2014 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON**

*(Prepared for inclusion in this Abridged Prospectus)*



**Crowe Horwath** AF 1018  
Chartered Accountants  
Member Crowe Horwath International

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23 April 2015

The Board of Directors  
GPA Holdings Berhad  
8-3, Jalan Segambut,  
51200 Kuala Lumpur, Malaysia

Dear Sirs

**GPA HOLDINGS BERHAD ("GPA" or "The Company")  
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of GPA as at 31 March 2014, together with the accompanying notes thereto. The pro forma consolidated statements of financial position, as set out in the accompanying statements (which we have stamped for the purpose of identification), has been compiled by the Board of Directors for the inclusion in the Abridged Prospectus of GPA in relation to the renounceable rights issue of up to 196,097,520 Rights shares together with up to 490,243,800 Warrants at an issue price of RM0.10 per Rights Share, on the basis of one (1) Rights Share for every four (4) GPA Shares held on an entitlement date to be determined and announce later, together with five (5) Warrants for every two (2) Rights Shares subscribed ("Rights Issue with Warrants").

The pro forma consolidated statements of financial position has been compiled by the Board of Directors to illustrate the impact of the Rights Issue with Warrants, as set out in Note 1 of the pro forma consolidated statements of financial position, on GPA's financial position as at 31 March 2014.

As part of this process, information about GPA's financial position has been extracted by the Board of Directors from GPA's audited consolidated financial statements for the financial year ended 31 March 2014, on which the audit report was dated 24 July 2014.



*Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position*

The Board of Directors of GPA is solely responsible for compiling the pro forma consolidated statements of financial position on the basis set out in Note 1 of the pro forma consolidated statements of financial position.

*Our Responsibilities*

Our responsibility is to express an opinion, as required by the Bursa Securities Malaysia Berhad, about whether the pro forma consolidated statements of financial position has been compiled, in all material respects, by the Board of Directors on the basis set out in Note 1 of the pro forma consolidated statements of financial position.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in the Abridged Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma consolidated statements of financial position on the basis set out in Note 1 of the pro forma consolidated statements of financial position.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma 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 pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position included in the Abridged Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis set out in Note 1 of the pro forma consolidated statements of financial position involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of GPA, the event or transaction in respect of which the pro forma consolidated statements of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma 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, the pro forma consolidated statements of financial position has been properly compiled in all material respects, on the basis set out in Note 1 using financial statements prepared in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by GPA.

**Other Matters**

We understand that this letter will be used solely for the purpose of inclusion in the Abridged Prospectus in connection with the Rights Issue with Warrants. As such, this letter should not be 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 letter contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink, appearing to be "AF 1018", written over the Crowe Horwath logo.

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

Kuala Lumpur

A handwritten signature in black ink, appearing to be "Chua Wai Hong", written over the name.

**Chua Wai Hong**  
Approval No: 2974/09/15 (J)  
Chartered Accountant

**GPA HOLDINGS BERHAD ("GPA" OR "THE COMPANY")**  
**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH**  
**2014**  
**MAXIMUM SCENARIO**

|  | Note | GPA Audited<br>as at 31 March<br>2014<br>RM'000 | Adjustments<br>RM'000 | Pro Forma I<br>After Proposed<br>Rights Issue<br>with Warrants<br>RM'000 | Adjustments<br>RM'000 | Pro Forma II<br>After Pro Forma<br>I and full<br>exercise of the<br>Warrants<br>RM'000 |
|--|------|---|-----------------------|--|-----------------------|--|
| <b>ASSETS</b>                                  |      |   |                       |  |                       |  |
| <b>NON-CURRENT ASSETS</b>                      |      |   |                       |  |                       |  |
| Property, plant and equipment                  |      | 33,188  |                       | 33,188   |                       | 33,188   |
| Investment properties                          |      | 4,912   |                       | 4,912  |                       | 4,912  |
|  |      | <u>38,100</u>                                   |                       | <u>38,100</u>  |                       | <u>38,100</u>  |
| <b>CURRENT ASSETS</b>                          |      |   |                       |  |                       |  |
| Inventories                                    |      | 50,851  |                       | 50,851   |                       | 50,851   |
| Trade receivables                              |      | 39,520  |                       | 39,520   |                       | 39,520   |
| Other receivables, deposits and<br>prepayments |      | 7,921   |                       | 7,921  |                       | 7,921  |
| Tax recoverable                                |      | 963   |                       | 963  |                       | 963  |
| Cash and bank balances                         | 2    | 6,653   | 4,210                 | 10,863   | 49,024                | 59,887   |
|  |      | <u>105,908</u>                                  |                       | <u>110,118</u>   |                       | <u>159,142</u>   |
| <b>TOTAL ASSETS</b>                            |      | <u>144,008</u>                                  |                       | <u>148,218</u>   |                       | <u>197,242</u>   |
| <b>EQUITY AND LIABILITIES</b>                  |      |   |                       |  |                       |  |
| <b>EQUITY</b>                                  |      |   |                       |  |                       |  |
| Share capital                                  | 3    | 78,439  | 19,610                | 98,049   | 49,024                | 147,073  |
| Share premium                                  | 4    | 6,803   | (207)                 | 6,596  | 9,220                 | 15,816   |
| Retained profit/Accumulated loss               | 5    | 8,019   | (9,413)               | (1,394)  |                       | (1,394)  |
| Revaluation reserve                            |      | 549   |                       | 549  |                       | 549  |
| Warrant reserve                                | 6    | -   | 9,220                 | 9,220  | (9,220)               | -  |
| Shareholders' Equity                           |      | <u>93,810</u>                                   |                       | <u>113,020</u>   |                       | <u>162,044</u>   |
| Non-controlling Interests                      |      | 4,161   |                       | 4,161  |                       | 4,161  |
| <b>TOTAL EQUITY</b>                            |      | <u>97,971</u>                                   |                       | <u>117,181</u>   |                       | <u>166,205</u>   |
| <b>NON-CURRENT LIABILITIES</b>                 |      |   |                       |  |                       |  |
| Deferred tax liabilities                       |      | 99  |                       | 99   |                       | 99   |
| Long-term borrowings                           | 7    | 1,527   | (1,527)               | -  |                       | -  |
|  |      | <u>1,626</u>                                    |                       | <u>99</u>  |                       | <u>99</u>  |
| <b>CURRENT LIABILITIES</b>                     |      |   |                       |  |                       |  |
| Trade payables                                 |      | 13,077  |                       | 13,077   |                       | 13,077   |
| Other payables, accruals<br>and provisions     |      | 14,323  |                       | 14,323   |                       | 14,323   |
| Short-term borrowings                          | 7    | 14,328  | (13,473)              | 855  |                       | 855  |
| Bank overdrafts                                | 7    | 2,683   |                       | 2,683  |                       | 2,683  |
|  |      | <u>44,411</u>                                   |                       | <u>30,938</u>  |                       | <u>30,938</u>  |
| <b>TOTAL LIABILITIES</b>                       |      | <u>46,037</u>                                   |                       | <u>31,037</u>  |                       | <u>31,037</u>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>            |      | <u>144,008</u>                                  |                       | <u>148,218</u>   |                       | <u>197,242</u>   |





**GPA HOLDINGS BERHAD ("GPA" OR "THE COMPANY")  
 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH  
 2014 (CONT'D)  
 MAXIMUM SCENARIO**

|  | Note | GPA Audited<br>as at 31 March<br>2014<br>RM'000 | Adjustments<br>RM'000 | Pro Forma I<br>After Proposed<br>Rights Issue<br>with Warrants<br>RM'000 | Adjustments<br>RM'000 | Pro Forma II<br>After Pro Forma<br>I and full<br>exercise of the<br>Warrants<br>RM'000 |
|--|------|---|-----------------------|--|-----------------------|--|
| Number of ordinary shares<br>of RM0.10 each ('000) | 3    | 784,390   | 196,098               | 980,488  | 490,243               | 1,470,731  |
| Net assets/(liabilities)<br>("NA/(NL)") (RM'000)   |      | 93,810  |                       | 113,020  |                       | 162,044  |
| Net tangible assets ("NTA")<br>(RM'000)            |      | 93,810  |                       | 113,020  |                       | 162,044  |
| NA/(NL) per ordinary share (RM)                    |      | 0.12  |                       | 0.12   |                       | 0.11   |
| NTA per ordinary share (RM)                        |      | 0.12  |                       | 0.12   |                       | 0.11   |
| EPS (Sen)<br>- Basic                               |      | (1.01)  |                       | (0.81)   |                       | (0.54)   |
| Bank borrowings                                    |      | 18,538  |                       | 3,538  |                       | 3,538  |
| Gearing  |      | 0.20  |                       | 0.03   |                       | 0.02   |

**GPA HOLDINGS BERHAD (“GPA” OR “THE COMPANY”)  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH  
2014 (CONT'D)  
MINIMUM SCENARIO**

|  | Note | GPA Audited<br>as at 31 March<br>2014<br>RM'000 | Adjustments<br>RM'000 | Pro Forma I<br>After Proposed<br>Rights Issue<br>with Warrants<br>RM'000 | Adjustments<br>RM'000 | Pro Forma II<br>After Pro Forma I<br>and full exercise<br>of the Warrants<br>RM'000 |
|--|------|---|-----------------------|--|-----------------------|---|
| <b>ASSETS</b>                                  |      |   |                       |  |                       |   |
| <b>NON-CURRENT ASSETS</b>                      |      |   |                       |  |                       |   |
| Property, plant and equipment                  |      | 33,188  |                       | 33,188   |                       | 33,188  |
| Investment properties                          |      | 4,912   |                       | 4,912  |                       | 4,912   |
|  |      | <u>38,100</u>                                   |                       | <u>38,100</u>  |                       | <u>38,100</u>   |
| <b>CURRENT ASSETS</b>                          |      |   |                       |  |                       |   |
| Inventories                                    |      | 50,851  |                       | 50,851   |                       | 50,851  |
| Trade receivables                              |      | 39,520  |                       | 39,520   |                       | 39,520  |
| Other receivables, deposits and<br>prepayments |      | 7,921   |                       | 7,921  |                       | 7,921   |
| Tax recoverable                                |      | 963   |                       | 963  |                       | 963   |
| Cash and bank balances                         | 2    | 6,653   |                       | 6,653  | 25,000                | 31,653  |
|  |      | <u>105,908</u>                                  |                       | <u>105,908</u>   |                       | <u>130,908</u>  |
| <b>TOTAL ASSETS</b>                            |      | <u>144,008</u>                                  |                       | <u>144,008</u>   |                       | <u>169,008</u>  |
| <b>EQUITY AND LIABILITIES</b>                  |      |   |                       |  |                       |   |
| <b>EQUITY</b>                                  |      |   |                       |  |                       |   |
| Share capital                                  | 3    | 78,439  | 10,000                | 88,439   | 25,000                | 113,439   |
| Share premium                                  | 4    | 6,803   | (207)                 | 6,596  | 4,607                 | 11,203  |
| Retained profits                               | 5    | 8,019   | (4,800)               | 3,219  |                       | 3,219   |
| Revaluation reserve                            |      | 549   |                       | 549  |                       | 549   |
| Warrant reserve                                | 6    | -   | 4,607                 | 4,607  | (4,607)               | -   |
| Shareholders' Equity                           |      | <u>93,810</u>                                   |                       | <u>103,410</u>   |                       | <u>128,410</u>  |
| Non-controlling Interests                      |      | 4,161   |                       | 4,161  |                       | 4,161   |
| <b>TOTAL EQUITY</b>                            |      | <u>97,971</u>                                   |                       | <u>107,571</u>   |                       | <u>132,571</u>  |
| <b>NON-CURRENT LIABILITIES</b>                 |      |   |                       |  |                       |   |
| Deferred tax liabilities                       |      | 99  |                       | 99   |                       | 99  |
| Long-term borrowings                           | 7    | 1,527   | (1,527)               | -  |                       | -   |
|  |      | <u>1,626</u>                                    |                       | <u>99</u>  |                       | <u>99</u>   |
| <b>CURRENT LIABILITIES</b>                     |      |   |                       |  |                       |   |
| Trade payables                                 |      | 13,077  |                       | 13,077   |                       | 13,077  |
| Other payables, accruals<br>and provisions     |      | 14,323  |                       | 14,323   |                       | 14,323  |
| Short-term borrowings                          | 7    | 14,328  | (8,073)               | 6,255  |                       | 6,255   |
| Bank overdrafts                                | 7    | 2,683   |                       | 2,683  |                       | 2,683   |
|  |      | <u>44,411</u>                                   |                       | <u>36,338</u>  |                       | <u>36,338</u>   |
| <b>TOTAL LIABILITIES</b>                       |      | <u>46,037</u>                                   |                       | <u>36,437</u>  |                       | <u>36,437</u>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>            |      | <u>144,008</u>                                  |                       | <u>144,008</u>   |                       | <u>169,008</u>  |

**GPA HOLDINGS BERHAD ("GPA" OR "THE COMPANY")  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH  
2014 (CONT'D)  
MINIMUM SCENARIO**

|  | Note | GPA Audited<br>as at 31 March<br>2014<br>RM'000 | Adjustments<br>RM'000 | Pro Forma I<br>After Proposed<br>Rights Issue<br>with Warrants<br>RM'000 | Adjustments<br>RM'000 | Pro Forma II<br>After Pro Forma I<br>and full exercise<br>of the Warrants<br>RM'000 |
|--|------|---|-----------------------|--|-----------------------|---|
| Number of ordinary shares<br>of RM0.10 each ('000) | 3    | 784,390   | 100,000               | 884,390  | 250,000               | 1,134,390   |
| Net assets/(liabilities)<br>("NA/(NL)") (RM'000)   |      | 93,810  |                       | 103,410  |                       | 128,410   |
| Net tangible assets ("NTA")<br>(RM'000)            |      | 93,810  |                       | 103,410  |                       | 128,410   |
| NA/(NL) per ordinary share (RM)                    |      | 0.12  |                       | 0.12   |                       | 0.11  |
| NTA per ordinary share (RM)                        |      | 0.12  |                       | 0.12   |                       | 0.11  |
| EPS (Sen)<br>- Basic                               |      | (1.01)  |                       | (0.90)   |                       | (0.70)  |
| Bank borrowings                                    |      | 18,538  |                       | 8,938  |                       | 8,938   |
| Gearing  |      | 0.20  |                       | 0.09   |                       | 0.07  |

**GPA HOLDINGS BERHAD (“GPA” OR “THE COMPANY”)  
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2014**

**1. BASIS OF PREPARATION**

The pro forma consolidated statements of financial position of GPA have been prepared based on audited consolidated statement of financial position of GPA as at 31 March 2014 had the Rights Issue with Warrants (as defined above) and full exercise of the Warrants issued pursuant to the Rights Issue with Warrants as described in Note 1(a) and 1(b) below, been effected on that date. The pro forma consolidated statements of financial position of GPA have been properly compiled on the basis stated using financial statements prepared in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards, and in a manner consistent with both the format of the financial statements and the accounting policies of GPA.

The pro forma consolidated statements of financial position have been prepared solely for illustrative purposes, to show the effects of Rights Issue with Warrants to raise gross proceeds of RM19.6 million for Maximum Scenario (Assuming all entitled shareholders subscribe in full for their entitlements under the Rights Issue with Warrants) and RM10 million for Minimum Scenario.

The details of maximum and minimum scenarios are set out below:-

**(a) Maximum Scenario**

The maximum scenario assumes the following:-

- (i) Full subscription and issuance of 196,097,520 Rights Shares with 490,243,800 Warrants at an issue price of RM0.10 per Rights Share to raise gross proceeds of RM19.6 million on the basis of one (1) Rights Share for every four (4) existing GPA Shares held, together with five (5) Warrants for every two (2) Rights Share subscribed. The warrants reserve assumes the relative fair value method of the Warrants of RM0.019 each, being the values determined and used to allocate the proceeds of the Rights Issue and after deducting issue expenses. It also incorporates the effects of estimated expenses of RM400,000 in relation to the Rights Issue.

**(b) Minimum Scenario**

The minimum scenario assumes the following:

- (i) Full subscription and issuance of 100,000,000 Rights Shares with 250,000,000 Warrants at an issue price of RM0.10 per Rights Share to raise gross proceeds of RM10 million on the basis of one (1) Rights Share for every four (4) existing GPA Shares held, together with five (5) Warrants for every two (2) Rights Share subscribed. The warrants reserve assumes the relative fair value method of the Warrants of RM0.019 each, being the values determined and used to allocate the proceeds of the Rights Issue and after deducting issue expenses. It also incorporates the effects of estimated expenses of RM400,000 in relation to the Rights Issue.

**GPA HOLDINGS BERHAD (“GPA” OR “THE COMPANY”)  
 NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
 AS AT 31 MARCH 2014**

**1. BASIS OF PREPARATION (CONT'D)**

**1.1 Pro forma I**

The full subscription of 196,097,520 Rights Shares under Maximum Scenario would give rise to an increase in the issued and paid-up share capital of GPA of RM19,609,752. Share premium will decrease by RM207,000 to RM6,596,000. The full subscription of 196,097,520 Rights Shares will generate total gross cash proceeds of RM19,209,752 after netting off estimated expenses of RM400,000.

The full subscription of 100,000,000 Rights Shares under Minimum Scenario would give rise to an increase in the issued and paid-up share capital of GPA of RM10,000,000. Share premium will decrease by RM207,000 to RM6,596,000. The full subscription of 100,000,000 Rights Shares will generate total gross cash proceeds of RM9,600,000 after netting off estimated expenses of RM400,000.

The Rights Shares and Warrants are recognised at their relative fair values. In arriving at the relative fair values, the fair values of the Rights Shares and Warrants were proportionately adjusted to their issued price of RM0.10 per Rights Share.

The fair value of the warrants of RM0.043 per Warrant is determined using “Black-Scholes Option” pricing model based on the following key assumptions:

|   |       |
|---|-------|
| Risk free interest rate*                  | 3.30% |
| Expected volatility of GPA's Share price^ | 0.96% |

\* Source : Malayan Banking Berhad

^ Source : Bursa Securities Malaysia Berhad

The full exercise of 490,243,800 Warrants under maximum scenario will generate a total of RM9,412,681 warrants reserve with the relative fair value method of the Warrants of RM0.019 per Warrant.

The full exercise of 250,000,000 Warrants under minimum scenario will generate a total of RM4,800,000 warrants reserve with the relative fair value method of the Warrants of RM0.019 per Warrant.

**GPA HOLDINGS BERHAD (“GPA” OR “THE COMPANY”)  
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2014**

**1. BASIS OF PREPARATION (CONT'D)**

**1.2 Pro forma II**

The full exercise of 490,243,800 Warrants under maximum scenario will generate total cash proceeds of RM49,024,380. The exercise price of the Warrants at RM0.10 per Warrant represents a discount of 9.09% and 16.67% to the 5D-WAMP of GPA Shares up to 14 April 2015 of RM0.11 and the theoretical ex-rights price of GPA Shares of RM0.115, respectively. Pursuant to the full exercise of the 490,243,800 Warrants, 490,243,800 new GPA Shares will be issued and this will increase the issued and paid-up share capital and share premium account of GPA by RM49,023,380 and RM9,220,000, respectively. The amount of RM9,220,000 of the warrants reserve will be transferred to share premium.

The full exercise of 250,000,000 Warrants under minimum scenario will generate total cash proceeds of RM25,000,000. The exercise price of the Warrants at RM0.10 per Warrant represents a discount of 9.09% and 16.67% to the 5D-WAMP of GPA Shares up to 14 April 2015 of RM0.11 and the theoretical ex-rights price of GPA Shares of RM0.115, respectively. Pursuant to the full exercise of the 250,000,000 Warrants, 250,000,000 new GPA Shares will be issued and this will increase the issued and paid-up share capital and share premium account of GPA by RM25,000,000 and RM4,607,000, respectively. The amount of RM4,607,000 of the warrants reserve will be transferred to share premium.

**2. CASH AND BANK BALANCES**

The movements in cash and bank balances of GPA are as follows:-

|  | <b>Maximum<br/>Scenario<br/>RM'000</b> | <b>Minimum<br/>Scenario<br/>RM'000</b> |
|--|--|--|
| At 31 March 2014                               | 6,653                                  | 6,653                                  |
| Arising from rights issue                      | 19,610                                 | 10,000                                 |
| Repayment of bank borrowing                    | (15,000)                               | (9,600)                                |
| Estimated expenses related to the rights issue | (400)                                  | (400)                                  |
| As per Pro forma I                             | 10,863                                 | 6,653                                  |
| Arising from full exercise of Warrants         | 49,024                                 | 25,000                                 |
| As per Pro forma II                            | 59,887                                 | 31,653                                 |



**GPA HOLDINGS BERHAD ("GPA" OR "THE COMPANY")  
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2014**

**3. SHARE CAPITAL**

The movements in share capital of GPA are as follows:-

|  | Maximum Scenario             |         | Minimum Scenario             |         |
|--|------------------------------|---------|------------------------------|---------|
|  | No. of Ordinary Share ('000) | RM'000  | No. of Ordinary Share ('000) | RM'000  |
| At 31 March 2014                       | 784,390                      | 78,439  | 784,390                      | 78,439  |
| Arising from rights issue              | 196,098                      | 19,610  | 100,000                      | 10,000  |
| As per Pro forma I                     | 980,488                      | 98,049  | 884,390                      | 88,439  |
| Arising from full exercise of Warrants | 490,244                      | 49,024  | 250,000                      | 25,000  |
| As per Pro forma II                    | 1,470,731                    | 147,073 | 1,134,390                    | 113,439 |

**4. SHARE PREMIUM**

The movements in share premium of GPA are as follows:-

|  | Maximum Scenario RM'000 | Minimum Scenario RM'000 |
|--|-------------------------|-------------------------|
| At 31 March 2014   | 6,803                   | 6,803                   |
| Estimated expenses related to the rights issue *   | (207)                   | (207)                   |
| As per Pro forma I   | 6,596                   | 6,596                   |
| Arising from full exercise of Warrants and transfer from warrants reserve upon full exercise of Warrants | 9,220                   | 4,607                   |
| As per Pro forma II  | 15,816                  | 11,203                  |

\* - Represents 52% of the total estimated expenses of RM400,000 in relation to the Rights Issue with Warrants. The basis of 52% is derived by way of applying weighted average method according to the proportion of the fair value of one (1) Rights Share in GPA of approximately RM0.052 over the indicative issue price of RM0.10 per Rights Share, which is based on the recommended practice stated in Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 9.

**GPA HOLDINGS BERHAD (“GPA” OR “THE COMPANY”)  
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2014**

**5. (ACCUMULATED LOSS)/RETAINED PROFIT**

The movements in retained profit of GPA are as follows:-

|                                       | <b>Maximum<br/>Scenario<br/>RM'000</b> | <b>Minimum<br/>Scenario<br/>RM'000</b> |
|---------------------------------------|--|--|
| At 31 March 2014                      | 8,019                                  | 8,019                                  |
| Arising from issuance of the warrants | (9,413)                                | (4,800)                                |
| As per Pro forma I/II                 | <u>(1,394)</u>                         | <u>3,219</u>                           |

The deduction in retained profit is due to allocation of fair value of warrants to the warrant reserve.

**6. WARRANTS RESERVE**

The movements in warrants reserve of GPA are as follows:-

|   | <b>Maximum<br/>Scenario<br/>RM'000</b> | <b>Minimum<br/>Scenario<br/>RM'000</b> |
|---|--|--|
| At 31 March 2014  | -                                      | -                                      |
| Arising from issuance of the warrants                           | 9,413                                  | 4,800                                  |
| Estimated expenses relating to the Rights Issue with Warrants * | (193)                                  | (193)                                  |
| As per Pro forma I  | <u>9,220</u>                           | <u>4,607</u>                           |
| Transfer to share premium upon full exercise of Warrants        | (9,220)                                | (4,607)                                |
| As per Pro forma II   | <u>-</u>                               | <u>-</u>                               |

\* - Represents 48% of the total estimated expenses of RM400,000 in relation to the Rights Issue with Warrants. The basis of 48% is derived by way of applying weighted average method according to the proportion of the fair value of warrants of approximately RM0.048 over the indicative issue price of RM0.10 per Rights Share, which is based on the recommended practice stated in Financial Reporting Standards Implementation Committee (“FRSIC”) Consensus 9.

**GPA HOLDINGS BERHAD ("GPA" OR "THE COMPANY")  
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2014**

**7. BANK BORROWINGS**

The movements in bank borrowing of GPA are as follows:-

|                              | <b>Maximum<br/>Scenario<br/>RM'000</b> | <b>Minimum<br/>Scenario<br/>RM'000</b> |
|------------------------------|--|--|
| Current liabilities          |  |  |
| - short-term borrowings      | 1,527                                  | 1,527                                  |
| - bank overdraft             | 2,683                                  | 2,683                                  |
| Non-current liabilities      |  |  |
| - long-term borrowings       | 14,328                                 | 14,328                                 |
| At 31 March 2014             | 18,538                                 | 18,538                                 |
| Repayment of bank borrowings | (15,000)                               | (9,600)                                |
| As per Pro forma I/II        | 3,538                                  | 8,938                                  |

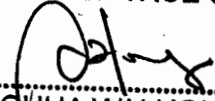
Approved and adopted by the Board of Directors in accordance with a resolution dated 23 April 2015.

  
 \_\_\_\_\_  
 Gan Lock Yong @ Gan Choon Hur

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON**

ATTESTED COPY

CERTIFIED TRUE COPY

  
.....  
CHUA WAI HONG  
Partner  
Crowe Horwath AF 1018  
Chartered Accountants

**GPA HOLDINGS BERHAD**

(Incorporated In Malaysia)  
Company No : 493897 - V

**FINANCIAL REPORT**

for the financial year ended 31 March 2014

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**GPA HOLDINGS BERHAD**

(Incorporated in Malaysia)  
Company No : 493897 - V

**DIRECTORS' REPORT**

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

**PRINCIPAL ACTIVITIES**

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

**RESULTS**

|  | The Group<br>RM'000 | The Company<br>RM'000 |
|--|---------------------|-----------------------|
| Loss after taxation for the financial year | (7,950)             | (278)                 |
| Attributable to:                           |                     |                       |
| Owners of the Company                      | (7,925)             | (278)                 |
| Non-controlling interests                  | (25)                | -                     |
|  | (7,950)             | (278)                 |

**DIVIDENDS**

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

**RESERVES AND PROVISIONS**

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

## **GPA HOLDINGS BERHAD**

(Incorporated in Malaysia)  
Company No : 493897 - V

### **DIRECTORS' REPORT**

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#### **ISSUES OF SHARES AND DEBENTURES**

During the financial year:-

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

#### **OPTIONS GRANTED OVER UNISSUED SHARES**

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

#### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

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

#### **CURRENT ASSETS**

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

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



## **GPA HOLDINGS BERHAD**

(Incorporated in Malaysia)  
Company No : 493897 - V

### **DIRECTORS' REPORT**

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#### **CONTINGENT AND OTHER LIABILITIES**

The contingent liability is disclosed in Note 33 to the financial statements. At the date of this report, there does not exist:-

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

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

#### **CHANGE OF CIRCUMSTANCES**

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

#### **ITEMS OF AN UNUSUAL NATURE**

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

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

#### **DIRECTORS**

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

Poh Weng Choon (Appointed On 6 November 2013)  
Gan Lock Yong @ Gan Choon Hur  
Ou Wee Sun  
Wong Hok Yim  
Tan Han Chuan  
Abdul Rasip Bin Haron (Appointed On 5 August 2013)  
Lee Yu-Jin (Appointed On 1 November 2013)  
Lian Teng Hai (Resigned On 1 November 2013)  
Lee Kok Woi (Resigned On 6 November 2013)  
Minhat Bin Mion (Resigned On 2 August 2013)  
Dr. Loh Yee Feei (Resigned On 23 January 2014)

## **GPA HOLDINGS BERHAD**

(Incorporated in Malaysia)  
Company No : 493897 - V

### **DIRECTORS' REPORT**

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#### **DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

#### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with a director as disclosed in Note 36 to the financial statements.

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

**GPA HOLDINGS BERHAD**

(Incorporated in Malaysia)  
Company No : 493897 - V

**DIRECTORS' REPORT**

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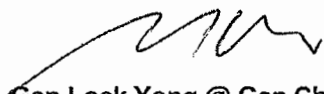
**AUDITORS**

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

Signed in accordance with a resolution of the directors dated 24 July 2014.



Poh Weng Choon



Gan Lock Yong @ Gan Choon Hur

## GPA HOLDINGS BERHAD

(Incorporated in Malaysia)  
Company No : 493897 - V

### STATEMENT BY DIRECTORS

We, Poh Weng Choón and Gan Lock Yong @ Gan Choon Hur, being two of the directors of GPA Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 10 to 85 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 March 2014 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 39, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 24 July 2014.



Poh Weng Choón



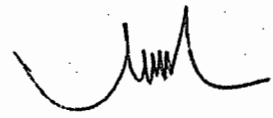
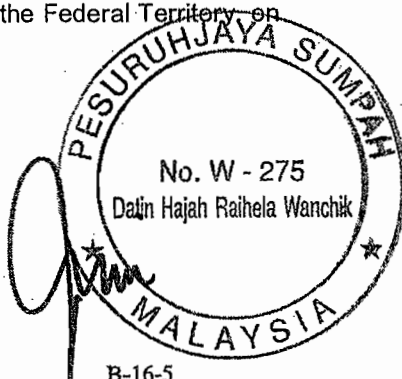
Gan Lock Yong @ Gan Choon Hur

### STATUTORY DECLARATION

I, Lee Chin Wee, I/C No. 730818-10-5285, being the officer primarily responsible for the financial management of GPA Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 10 to 85 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
Lee Chin Wee, I/C No. 730818-10-5285,  
at Kuala Lumpur in the Federal Territory of  
this

Before me



Lee Chin Wee

B-16-5  
Blok B, Ting. 16 Unit 5  
Megan Avenue II  
12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel: 012-3008300  
03-27156556

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GPA HOLDINGS BERHAD**

(Incorporated in Malaysia)  
Company No : 493897 - V

### **Report on the Financial Statements**

We have audited the financial statements of GPA Holdings 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 85.

#### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

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

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

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



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GPA HOLDINGS BERHAD (CONT'D)**

(Incorporated in Malaysia)  
Company No : 493897 - V

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

### **Report on Other Legal and Regulatory Requirements**

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of a subsidiary of which we have not acted as auditors, which is indicated in Note 5 to the financial statements.
- (c) 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.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### **Other Reporting Responsibilities**

The supplementary information set out in Note 39 on page 86 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

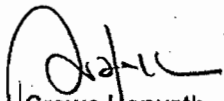


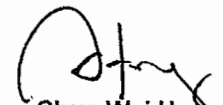
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
GPA HOLDINGS BERHAD (CONT'D)**

(Incorporated in Malaysia)  
Company No : 493897 - V

**Other Matters**

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

  
Crowe Horwath  
Firm No : AF 1018  
Chartered Accountants  
24 JUL 2014  
Kuala Lumpur

  
Chua Wai Hong  
Approval No : 2974/09/15 (J)  
Chartered Accountant

**GPA HOLDINGS BERHAD**

(Incorporated in Malaysia)

Company No : 493897 - V

**STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014**

|  | Note | The Group      |                | The Company    |                |
|--|------|----------------|----------------|----------------|----------------|
|  |      | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| <b>ASSETS</b>                                  |      |                |                |                |                |
| <b>NON-CURRENT ASSETS</b>                      |      |                |                |                |                |
| Investments in subsidiaries                    | 5    | -              | -              | 27,170         | 27,170         |
| Property, plant and equipment                  | 6    | 33,188         | 29,932         | -              | -              |
| Investment properties                          | 7    | 4,912          | 4,962          | -              | -              |
| Amounts owing by subsidiaries                  | 8    | -              | -              | 72,848         | 73,037         |
| Goodwill on consolidation                      | 9    | -              | -              | -              | -              |
|  |      | <u>38,100</u>  | <u>34,894</u>  | <u>100,018</u> | <u>100,207</u> |
| <b>CURRENT ASSETS</b>                          |      |                |                |                |                |
| Inventories                                    | 10   | 50,851         | 38,497         | -              | -              |
| Trade receivables                              | 11   | 39,520         | 43,095         | -              | -              |
| Other receivables, deposits<br>and prepayments | 12   | 7,921          | 8,343          | -              | 19             |
| Amounts owing by subsidiaries                  | 8    | -              | -              | 672            | 746            |
| Tax recoverable                                |      | 963            | 1,239          | 2,221          | 2,269          |
| Cash and bank balances                         |      | 6,653          | 12,334         | 149            | 114            |
|  |      | <u>105,908</u> | <u>103,508</u> | <u>3,042</u>   | <u>3,148</u>   |
| <b>TOTAL ASSETS</b>                            |      | <u>144,008</u> | <u>138,402</u> | <u>103,060</u> | <u>103,355</u> |
| <b>EQUITY AND LIABILITIES</b>                  |      |                |                |                |                |
| <b>EQUITY</b>                                  |      |                |                |                |                |
| Share capital                                  | 13   | 78,439         | 78,439         | 78,439         | 78,439         |
| Share premium                                  | 14   | 6,803          | 6,803          | 6,803          | 6,803          |
| Retained profits                               | 15   | 8,019          | 15,948         | 14,725         | 15,003         |
| Revaluation reserve                            |      | 549            | 549            | -              | -              |
| <b>SHAREHOLDERS' EQUITY</b>                    |      | <u>93,810</u>  | <u>101,739</u> | <u>99,967</u>  | <u>100,245</u> |
| <b>NON-CONTROLLING INTERESTS</b>               |      | <u>4,161</u>   | <u>4,182</u>   | <u>-</u>       | <u>-</u>       |
| <b>TOTAL EQUITY</b>                            |      | <u>97,971</u>  | <u>105,921</u> | <u>99,967</u>  | <u>100,245</u> |



**GPA HOLDINGS BERHAD**

(Incorporated in Malaysia)

Company No : 493897 - V

**STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 (CONT'D)**

|  | Note | The Group      |                | The Company    |                |
|--|------|----------------|----------------|----------------|----------------|
|  |      | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| <b>NON-CURRENT LIABILITIES</b>             |      |                |                |                |                |
| Deferred tax liabilities                   | 16   | 99             | 180            | 2,219          | 2,219          |
| Long-term borrowings                       | 17   | 1,527          | 2,101          | -              | -              |
|  |      | <u>1,626</u>   | <u>2,281</u>   | <u>2,219</u>   | <u>2,219</u>   |
| <b>CURRENT LIABILITIES</b>                 |      |                |                |                |                |
| Trade payables                             | 20   | 13,077         | 8,071          | -              | -              |
| Other payables, accruals<br>and provisions | 21   | 14,323         | 11,925         | 133            | 133            |
| Amount owing to subsidiaries               | 8    | -              | -              | 741            | 758            |
| Short-term borrowings                      | 22   | 14,328         | 9,963          | -              | -              |
| Bank overdrafts                            | 23   | 2,683          | 241            | -              | -              |
|  |      | <u>44,411</u>  | <u>30,200</u>  | <u>874</u>     | <u>891</u>     |
| <b>TOTAL LIABILITIES</b>                   |      | <u>46,037</u>  | <u>32,481</u>  | <u>3,093</u>   | <u>3,110</u>   |
| <b>TOTAL EQUITY AND<br/>LIABILITIES</b>    |      | <u>144,008</u> | <u>138,402</u> | <u>103,060</u> | <u>103,355</u> |
| <b>NET ASSETS PER SHARE<br/>(SEN)</b>      |      |                |                |                |                |
|  | 24   | <u>12.0</u>    | <u>13.0</u>    |                |                |

**GPA HOLDINGS BERHAD**(Incorporated in Malaysia)  
Company No : 493897 - V**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

|  | Note | The Group      |                              | The Company    |                |
|--|------|----------------|------------------------------|----------------|----------------|
|  |      | 2014<br>RM'000 | 2013<br>RM'000<br>(Restated) | 2014<br>RM'000 | 2013<br>RM'000 |
| REVENUE                                  | 25   | 150,898        | 165,454                      | -              | -              |
| COST OF SALES                            |      | (144,776)      | (150,276)                    | -              | -              |
| GROSS PROFIT                             |      | 6,122          | 15,178                       | -              | -              |
| OTHER INCOME                             |      | 5,258          | 4,742                        | -              | -              |
|  |      | 11,380         | 19,920                       | -              | -              |
| ADMINISTRATIVE EXPENSES                  |      | (8,004)        | (6,783)                      | (274)          | (242)          |
| SELLING AND DISTRIBUTION<br>EXPENSES     |      | (8,947)        | (10,510)                     | (4)            | (4)            |
| OTHER EXPENSES                           |      | (1,347)        | (1,014)                      | -              | -              |
| FINANCE COSTS                            |      | (785)          | (562)                        | -              | -              |
| (LOSS)/PROFIT BEFORE<br>TAXATION         | 26   | (7,703)        | 1,051                        | (278)          | (246)          |
| INCOME TAX<br>(EXPENSE)/CREDIT           | 27   | (247)          | (536)                        | -              | 12             |
| (LOSS)/PROFIT AFTER<br>TAXATION          |      | (7,950)        | 515                          | (278)          | (234)          |
| OTHER COMPREHENSIVE<br>INCOME            |      | -              | -                            | -              | -              |
| TOTAL COMPREHENSIVE<br>(EXPENSES)/INCOME |      | (7,950)        | 515                          | (278)          | (234)          |

**GPA HOLDINGS BERHAD**

(Incorporated in Malaysia)

Company No : 493897 - V

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONT'D)**

|   | Note | The Group      |                | The Company    |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| (LOSS)/PROFIT AFTER TAXATION  |      |                |                |                |                |
| ATTRIBUTABLE TO:  |      |                |                |                |                |
| Owners of the Company   |      | (7,925)        | (82)           | (278)          | (234)          |
| Non-controlling interests   |      | (25)           | 597            | -              | -              |
|   |      | <u>(7,950)</u> | <u>515</u>     | <u>(278)</u>   | <u>(234)</u>   |
| TOTAL COMPREHENSIVE (EXPENSES)/INCOME                                 |      |                |                |                |                |
| ATTRIBUTABLE TO:  |      |                |                |                |                |
| Owners of the Company   |      | (7,925)        | (82)           | (278)          | (234)          |
| Non-controlling interests   |      | (25)           | 597            | -              | -              |
|   |      | <u>(7,950)</u> | <u>515</u>     | <u>(278)</u>   | <u>(234)</u>   |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY |      |                |                |                |                |
| - basic (sen)   | 28   | <u>(1.01)</u>  | <u>(0.01)</u>  |                |                |

**GPA HOLDINGS BERHAD**(Incorporated in Malaysia)  
Company No. : 493897 - V**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

|   | Note | Non-Distributable          |                            |                                  | Distributable                 |  |  | Total<br>Equity<br>RM'000 |
|---|------|----------------------------|----------------------------|----------------------------------|-------------------------------|--|--|---------------------------|
|   |      | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | Revaluation<br>Reserve<br>RM'000 | Retained<br>Profits<br>RM'000 | Attributable<br>To Owners Of<br>The<br>Company<br>RM'000 | Non-<br>controlling<br>Interests<br>RM'000 |                           |
| <b>THE GROUP</b>  |      |                            |                            |                                  |                               |  |  |                           |
| Balance at 1.4.2012   |      | 78,439                     | 6,803                      | 549                              | 16,030                        | 101,821  | 2,785                                      | 104,606                   |
| Profit after taxation/Total comprehensive income for the financial year   |      | -                          | -                          | -                                | (82)                          | (82)   | 597  | 515                       |
| Contributions by and distribution to owners of the Company:               |      |                            |                            |                                  |                               |  |  |                           |
| - Subscription of new shares in a subsidiary by non-controlling interests |      | -                          | -                          | -                                | -                             | -  | 800  | 800                       |
| Balance as 31.3.2013/1.4.2013   |      | 78,439                     | 6,803                      | 549                              | 15,948                        | 101,739  | 4,182                                      | 105,921                   |
| Loss after taxation/Total comprehensive expenses for the financial year   |      | -                          | -                          | -                                | (7,925)                       | (7,925)  | (25)                                       | (7,950)                   |
| Contributions by and distribution to owners of the Company:               |      |                            |                            |                                  |                               |  |  |                           |
| - Loss on accretion of interest in subsidiary                             |      | -                          | -                          | -                                | (4)                           | (4)  | 4  | -                         |
| Balance at 31.3.2014  |      | 78,439                     | 6,803                      | 549                              | 8,019                         | 93,810   | 4,161                                      | 97,971                    |

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

**GPA HOLDINGS BERHAD**(Incorporated in Malaysia)  
Company No : 493897 - V**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONT'D)**

|   | Note | ← Non-Distributable →      |                            | Distributable                 | Total<br>Equity<br>RM'000 |
|---|------|----------------------------|----------------------------|-------------------------------|---------------------------|
|   |      | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | Retained<br>Profits<br>RM'000 |                           |
| THE COMPANY   |      |                            |                            |                               |                           |
| Balance at 1.4.2012   |      | 78,439                     | 6,803                      | 15,237                        | 100,479                   |
| Loss after taxation/Total comprehensive expenses for the financial year |      | -                          | -                          | (234)                         | (234)                     |
| Balance at 31.3.2013/1.4.2013   |      | 78,439                     | 6,803                      | 15,003                        | 100,245                   |
| Loss after taxation/Total comprehensive expenses for the financial year |      | -                          | -                          | (278)                         | (278)                     |
| Balance at 31.3.2014  |      | 78,439                     | 6,803                      | 14,725                        | 99,967                    |

**GPA HOLDINGS BERHAD**(Incorporated in Malaysia)  
Company No : 493897 - V**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

|   | Note | The Group       |                | The Company    |                |
|---|------|-----------------|----------------|----------------|----------------|
|   |      | 2014<br>RM'000  | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| <b>CASH FLOWS FOR OPERATING ACTIVITIES</b>        |      |                 |                |                |                |
| Cash receipts from customers                      |      | 159,044         | 159,606        | -              | -              |
| Cash paid to suppliers and employees              |      | (164,682)       | (165,963)      | (211)          | (247)          |
| <b>CASH FOR OPERATIONS</b>                        |      | <b>(5,638)</b>  | <b>(6,357)</b> | <b>(211)</b>   | <b>(247)</b>   |
| Interest received                                 |      | 2               | 5              | -              | -              |
| Tax refund  |      | 893             | 93             | -              | -              |
| Tax paid  |      | (945)           | (315)          | -              | -              |
| <b>NET CASH FOR OPERATING ACTIVITIES</b>          |      | <b>(5,688)</b>  | <b>(6,574)</b> | <b>(211)</b>   | <b>(247)</b>   |
| <b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b> |      |                 |                |                |                |
| Proceeds from disposal of equipment               |      | 163             | 6              | -              | -              |
| Purchase of plant and equipment (net)             | 29   | (4,964)         | (1,938)        | -              | -              |
| Repayment from subsidiaries                       |      | -               | -              | 263            | 76             |
| <b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>   |      | <b>(4,801)</b>  | <b>(1,932)</b> | <b>263</b>     | <b>76</b>      |
| <b>BALANCE CARRIED FORWARD</b>                    |      | <b>(10,489)</b> | <b>(8,506)</b> | <b>52</b>      | <b>(171)</b>   |

**GPA HOLDINGS BERHAD**(Incorporated in Malaysia)  
Company No : 493897 - V**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONT'D)**

|   | Note | The Group      |                | The Company    |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| BALANCE BROUGHT FORWARD                                       |      | (10,489)       | (8,506)        | 52             | (171)          |
| CASH FLOWS FROM FINANCING ACTIVITIES                          |      |                |                |                |                |
| Net drawdown of bank borrowings                               |      | 3,742          | 6,790          | -              | -              |
| Advances (to)/from subsidiaries                               |      | -              | -              | (17)           | 23             |
| Interest paid   |      | (785)          | (562)          | -              | -              |
| Net repayment of hire purchase obligations                    |      | (591)          | (192)          | -              | -              |
| Proceeds from issuance of shares to non-controlling interests |      | -              | 800            | -              | -              |
| NET CASH FROM FINANCING ACTIVITIES                            |      | 2,366          | 6,836          | (17)           | 23             |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS          |      | (8,123)        | (1,670)        | 35             | (148)          |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR  |      | 12,093         | 13,763         | 114            | 262            |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR        | 30   | 3,970          | 12,093         | 149            | 114            |

## **GPA HOLDINGS BERHAD**

(Incorporated in Malaysia)  
Company No : 493897 - V

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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#### **1. GENERAL INFORMATION**

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

Registered office : 8-3, Jalan Segambut,  
51200 Kuala Lumpur, Malaysia.

Principal place of business : Lot 5031 & 5032, Jalan Teratai,  
Off Jalan Meru, 41050 Klang,  
Selangor Darul Ehsan, Malaysia.

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

#### **2. PRINCIPAL ACTIVITIES**

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

#### **3. BASIS OF PREPARATION**

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



## **GPA HOLDINGS BERHAD**

(Incorporated in Malaysia)  
Company No : 493897 - V

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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

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

**MFRSs and IC Interpretations (Including The Consequential Amendments)**

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 (2011) Employee Benefits

MFRS 127 (2011) Separate Financial Statements

MFRS 128 (2011) Investments in Associates and Joint Ventures

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to MFRSs 2009 – 2011 Cycle

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

**GPA HOLDINGS BERHAD**(Incorporated in Malaysia)  
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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014****3. BASIS OF PREPARATION (CONT'D)**

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

| <b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>                              | <b>Effective Date</b>    |
|---|--------------------------|
| MFRS 9 (2009) Financial Instruments   | )                        |
| MFRS 9 (2010) Financial Instruments   | ) To be                  |
| MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)             | ) announced<br>) by MASB |
| Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures            | )<br>)                   |
| MFRS 14 Regulatory Deferral Accounts  | 1 January 2016           |
| Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities                                   | 1 January 2014           |
| Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations                       | 1 January 2016           |
| Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016           |
| Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions                                    | 1 July 2014              |
| Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities                             | 1 January 2014           |
| Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets                           | 1 January 2014           |
| Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting                      | 1 January 2014           |
| IC Interpretation 21 Levies   | 1 January 2014           |
| Annual Improvements to MFRSs 2010 – 2012 Cycle  | 1 July 2014              |
| Annual Improvements to MFRSs 2011 – 2013 Cycle  | 1 July 2014              |

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

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

- (i) MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. It is expected to have no impact on the financial statements of the Group and of the Company upon their initial application of the standard.
- (ii) The amendments to MFRS 10, MFRS 12 and MFRS 127 (2011) require investment entities to measure particular subsidiaries at fair value through profit or loss instead of consolidating them. The Company is an investment entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Accordingly, the Group will deconsolidate its subsidiaries upon the initial application of these amendments and to fair value the investments in accordance with MFRS 139. It is expected to have no impact on the financial statements of the Group and of the Company upon their initial application of the standard.
- (iii) The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. It is expected to have no impact on the financial statements of the Group and of the Company upon their initial application of the standard.
- (iv) The amendments to MFRS 136 remove the requirement to disclose the recoverable amount when a cash-generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives but there has been no impairment. Therefore, there will be no financial impact on the financial statements of the Group upon their initial application but may impact its future disclosures.

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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#### **4. SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

##### **(i) Depreciation of Property, Plant and Equipment**

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

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### **(ii) Income Taxes**

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

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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

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

###### **(iii) Impairment of Non-financial Assets**

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

###### **(iv) Classification between Investment Properties and Owner-Occupied Properties**

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

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

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

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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

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

###### **(v) Write-down of Inventories**

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

###### **(vi) Impairment of Trade and Other Receivables**

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

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

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

###### **(viii) Revaluation of Properties**

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

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumption, market dislocation and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

**(ix) Impairment of Goodwill**

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

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

##### **4.2 BASIS OF CONSOLIDATION**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2014.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

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

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

##### **(i) Business Combinations**

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

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

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



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

##### **4.2 BASIS OF CONSOLIDATION (CONT'D)**

###### **(ii) Non-controlling Interests**

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

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

###### **(iii) Acquisitions of Non-controlling Interests**

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

###### **(iv) Loss of Control**

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

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

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

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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

##### **4.3 GOODWILL**

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

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

##### **4.4 FUNCTIONAL AND FOREIGN CURRENCIES**

###### **(i) Functional and Presentation Currency**

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

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

###### **(ii) Transactions and Balances**

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

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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

##### 4.5 FINANCIAL INSTRUMENTS

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

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

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

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

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

##### (i) Financial Assets

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

- Financial Assets at Fair Value Through Profit or Loss

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

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

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

##### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

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

- Held-to-maturity Investments

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

- Loans and Receivables Financial Assets

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

- Available-for-sale Financial Assets

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

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

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

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

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

##### **4.5 FINANCIAL INSTRUMENTS (CONT'D)**

###### **(ii) Financial Liabilities**

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

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

###### **(iii) Equity Instruments**

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

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

###### **(iv) Derecognition**

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

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

##### **4.6 INVESTMENTS IN SUBSIDIARIES**

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

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

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.7 PROPERTY, PLANT AND EQUIPMENT**

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

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

Freehold land and buildings are revalued periodically by external independent valuers, at intervals of at least once in every five years. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the assets, and the net amount is restated to the revalued amount of the assets.

Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficit arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

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

|                                |                     |
|--------------------------------|---------------------|
| Buildings                      | 50 years            |
| Office equipment               | 7 years to 10 years |
| Plant, machinery and equipment | 7 years to 10 years |
| Renovation                     | 7 years             |
| Furniture and fittings         | 7 years to 10 years |
| Motor vehicles                 | 5 years             |
| Moulds                         | 10 years            |

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

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

##### **4.7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

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

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

##### **4.8 IMPAIRMENT**

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

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

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

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

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

##### **4.8 IMPAIRMENT (CONT'D)**

###### **(i) Impairment of Financial Assets (Cont'd)**

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

###### **(ii) Impairment of Non-Financial Assets**

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

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

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



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

##### **4.9 ASSETS UNDER HIRE PURCHASE**

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.7 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

##### **4.10 INVESTMENT PROPERTIES**

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

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

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

##### **4.11 INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, labour and an appropriate proportion of production overheads.

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

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

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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

##### **4.12 INCOME TAXES**

Income tax for the year comprises current and deferred tax.

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

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

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

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

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

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

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

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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

##### **4.13 BORROWING COSTS**

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

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

##### **4.14 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### **4.15 PROVISIONS**

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

##### **4.16 EMPLOYEE BENEFITS**

###### **(i) Short-term Benefits**

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

###### **(ii) Defined Contribution Plans**

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

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

##### 4.17 RELATED PARTIES

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

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

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

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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

##### **4.18 CONTINGENT LIABILITIES**

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

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

##### **4.19 FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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

##### **4.20 REVENUE AND OTHER INCOME**

###### **(i) Sale of Goods**

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

###### **(ii) Interest Income**

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

###### **(iii) Dividend Income**

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

###### **(iv) Rental Income**

Rental income is recognised on an accrual basis.

##### **4.21 OPERATING SEGMENTS**

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

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|                               | The Company    |                |
|-------------------------------|----------------|----------------|
|                               | 2014<br>RM'000 | 2013<br>RM'000 |
| Unquoted shares, at cost      | 27,240         | 27,240         |
| Accumulated impairment losses | (70)           | (70)           |
|                               | <u>27,170</u>  | <u>27,170</u>  |

The Company had on 17 October 2013 acquired an additional 30,000 ordinary shares of RM1.00 each representing 30% of the issued and paid-up capital of Hasrat Mestika Sdn. Bhd. for a total cash consideration of RM1. Consequently, Hasrat Mestika Sdn. Bhd. became a wholly-owned subsidiary of the Company.

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

| Name Of Company                        | Effective Equity Interest |           | Principal Activities   |
|--|---------------------------|-----------|--|
|  | 2014<br>%                 | 2013<br>% |  |
| GP Autobat Sdn. Bhd.                   | 100                       | 100       | Manufacturing and sale of automotive batteries and components.                                   |
| GP Marketing Sdn. Bhd.                 | 100                       | 100       | Marketing of automotive batteries.   |
| GPA Plastic Industries Sdn. Bhd. *     | 100                       | 100       | Manufacturing of plastic components and related products.  |
| GPA Trading Sdn. Bhd.^                 | 100                       | 100       | Marketing and trading of finished plastic products and battery water.                            |
| GP Products Sdn. Bhd.                  | 70                        | 70        | Marketing of sealed lead acid batteries and other related downstream products.                   |
| GPA Technologies Sdn. Bhd. #           | 70                        | 70        | Manufacturing and sale of sealed lead acid batteries.  |
| Hasrat Mestika Sdn. Bhd.               | 100                       | 70        | Dormant.   |
| GP FirstPower Technologies Sdn. Bhd. # | 42                        | 42        | Manufacturing and sale of Valve Regulated Lead Acid Batteries and/or sealed lead acid batteries. |

\* - Not audited by Messrs. Crowe Horwath

# - Interest held by GP Products Sdn. Bhd.

^ - Interest held by GPA Plastic Industries Sdn. Bhd.

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|                                   | At<br>1.4.2013<br>RM'000 | Additions<br>RM'000 | Disposal<br>RM'000 | Depreciation<br>Charge<br>RM'000 | At<br>31.3.2014<br>RM'000 |
|-----------------------------------|--------------------------|---------------------|--------------------|----------------------------------|---------------------------|
| The Group                         |                          |                     |                    |                                  |                           |
| Net Book Value                    |                          |                     |                    |                                  |                           |
| Freehold land                     | 8,773                    | -                   | -                  | -                                | 8,773                     |
| Buildings                         | 12,188                   | -                   | -                  | (288)                            | 11,900                    |
| Office equipment                  | 269                      | 262                 | -                  | (91)                             | 440                       |
| Plant, machinery and<br>equipment | 6,951                    | 4,386               | -                  | (1,322)                          | 10,015                    |
| Renovation                        | 326                      | 52                  | -                  | (90)                             | 288                       |
| Furniture and fittings            | 80                       | 22                  | -                  | (18)                             | 84                        |
| Motor vehicles                    | 766                      | 618                 | (167)              | (225)                            | 992                       |
| Moulds                            | 579                      | 264                 | -                  | (147)                            | 696                       |
|                                   | 29,932                   | 5,604               | (167)              | (2,181)                          | 33,188                    |

|                                   | At<br>1.4.2012<br>RM'000 | Additions<br>RM'000 | Adjustment<br>RM'000 | Depreciation<br>Charge<br>RM'000 | At<br>31.3.2013<br>RM'000 |
|-----------------------------------|--------------------------|---------------------|----------------------|----------------------------------|---------------------------|
| The Group                         |                          |                     |                      |                                  |                           |
| Net Book Value                    |                          |                     |                      |                                  |                           |
| Freehold land                     | 8,773                    | -                   | -                    | -                                | 8,773                     |
| Buildings                         | 12,516                   | -                   | (43)                 | (285)                            | 12,188                    |
| Office equipment                  | 280                      | 63                  | -                    | (74)                             | 269                       |
| Plant, machinery and<br>equipment | 5,208                    | 2,846               | -                    | (1,103)                          | 6,951                     |
| Renovation                        | 385                      | 46                  | -                    | (105)                            | 326                       |
| Furniture and fittings            | 50                       | 42                  | -                    | (12)                             | 80                        |
| Motor vehicles                    | 1,020                    | -                   | -                    | (254)                            | 766                       |
| Moulds                            | 663                      | 59                  | -                    | (143)                            | 579                       |
|                                   | 28,895                   | 3,056               | (43)                 | (1,976)                          | 29,932                    |



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| At 31.3.2014                   | At<br>Cost<br>RM'000 | At<br>Valuation<br>RM'000 | Accumulated<br>Depreciation<br>RM'000 | Net book<br>Value<br>RM'000 |
|--------------------------------|----------------------|---------------------------|---------------------------------------|-----------------------------|
| Freehold land                  | -                    | 8,773                     | -                                     | 8,773                       |
| Buildings                      | 4,270                | 9,809                     | (2,179)                               | 11,900                      |
| Office equipment               | 1,502                | -                         | (1,062)                               | 440                         |
| Plant, machinery and equipment | 31,913               | -                         | (21,898)                              | 10,015                      |
| Renovation                     | 1,990                | -                         | (1,702)                               | 288                         |
| Furniture and fittings         | 240                  | -                         | (156)                                 | 84                          |
| Motor vehicles                 | 1,607                | -                         | (615)                                 | 992                         |
| Moulds                         | 3,237                | -                         | (2,541)                               | 696                         |
|                                | <b>44,759</b>        | <b>18,582</b>             | <b>(30,153)</b>                       | <b>33,188</b>               |
| At 31.3.2013                   | At<br>Cost<br>RM'000 | At<br>Valuation<br>RM'000 | Accumulated<br>Depreciation<br>RM'000 | Net book<br>Value<br>RM'000 |
| Freehold land                  | -                    | 8,773                     | -                                     | 8,773                       |
| Buildings                      | 4,270                | 9,809                     | (1,891)                               | 12,188                      |
| Office equipment               | 1,239                | -                         | (970)                                 | 269                         |
| Plant, machinery and equipment | 27,607               | -                         | (20,656)                              | 6,951                       |
| Renovation                     | 1,938                | -                         | (1,612)                               | 326                         |
| Furniture and fittings         | 218                  | -                         | (138)                                 | 80                          |
| Motor vehicles                 | 1,253                | -                         | (487)                                 | 766                         |
| Moulds                         | 2,973                | -                         | (2,394)                               | 579                         |
|                                | <b>39,498</b>        | <b>18,582</b>             | <b>(28,148)</b>                       | <b>29,932</b>               |

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

| The Group     | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|---------------|-------------------|-------------------|-------------------|-----------------|
| <b>2014</b>   |                   |                   |                   |                 |
| Freehold land | -                 | 8,773             | -                 | 8,773           |
| Buildings     | -                 | 9,809             | -                 | 9,809           |
|               | -                 | 18,582            | -                 | 18,582          |

The level 2 fair values have been determined using the open market method to reflect the fair value.

The land and buildings were last revalued on 31 March 2011 by an independent qualified valuer. There is an revaluation surplus arising from this last valuation, however, as the amount has no material impact on the Company's net asset value, no adjustment has been made in the financial statements in relation to this revaluation surplus.

The freehold land and building with a total net book value amounting to RM6,690,485 (2013 - RM6,800,555) have been charged to a licensed bank for banking facilities granted to the Group.

Comparative fair value information is not presented by virtue of the exemption given in MFRS 13.

Included in the net book value of the property, plant and equipment of the Group at the end of the reporting period are the following assets acquired under hire purchase terms:

|                                | The Group      |                |
|--------------------------------|----------------|----------------|
|                                | 2014<br>RM'000 | 2013<br>RM'000 |
| Plant, machinery and equipment | 1,475          | 1,434          |
| Motor vehicles                 | 840            | 601            |
|                                | 2,315          | 2,035          |

The net book value of the revalued land and buildings, had these assets been carried at cost less accumulated depreciation are as follows:-

|               | The Group      |                |
|---------------|----------------|----------------|
|               | 2014<br>RM'000 | 2013<br>RM'000 |
| Freehold land | 8,258          | 8,258          |
| Buildings     | 8,040          | 8,254          |
|               | 16,298         | 16,512         |

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|  | The Group      |                |
|--|----------------|----------------|
|  | 2014<br>RM'000 | 2013<br>RM'000 |
| At cost:-                                  | 6,327          | 6,327          |
| Accumulated depreciation                   | (1,415)        | (1,365)        |
| Net book value                             | <u>4,912</u>   | <u>4,962</u>   |
| Accumulated depreciation:-                 |                |                |
| At 1.4.2013/2012                           | (1,365)        | (1,316)        |
| Depreciation charge for the financial year | (50)           | (49)           |
| At 31.3.2014/2013                          | <u>(1,415)</u> | <u>(1,365)</u> |
| Analysed as:-                              |                |                |
| Freehold land                              | 2,363          | 2,363          |
| Building                                   | 2,549          | 2,599          |
|  | <u>4,912</u>   | <u>4,962</u>   |

The fair value of the investment properties of RM6,442,000 (2013 – RM6,442,000) was based on the valuation carried out by an independent qualified valuer using the open market method on 31 March 2011.

The rental income and direct operating expenses arising from the investment properties that generate income amounted to RM261,750 (2013 - RM258,000) and RM24,983 (2013 - RM24,983) respectively.

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|                                 | The Company    |                |
|---------------------------------|----------------|----------------|
|                                 | 2014<br>RM'000 | 2013<br>RM'000 |
| Amounts owing by subsidiaries:- |                |                |
| (a) Non-current:                |                |                |
| - quasi loans                   | 72,848         | 73,037         |
| (b) Current                     |                |                |
| - non-trade balances            | 672            | 746            |
|                                 | <u>73,520</u>  | <u>73,783</u>  |
| Amount owing to subsidiaries:   |                |                |
| Current                         |                |                |
| - non-trade balances            | (741)          | (758)          |

(a) Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

(b) The non-trade balances represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

**9. GOODWILL ON CONSOLIDATION**

|                             | The Group      |                |
|-----------------------------|----------------|----------------|
|                             | 2014<br>RM'000 | 2013<br>RM'000 |
| At cost                     | 2,767          | 2,767          |
| Accumulated impairment loss | (2,767)        | (2,767)        |
|                             | <u>-</u>       | <u>-</u>       |

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|                           | The Group      |                |
|---------------------------|----------------|----------------|
|                           | 2014<br>RM'000 | 2013<br>RM'000 |
| At cost:-                 |                |                |
| Raw materials             | 19,789         | 16,338         |
| Work-in-progress          | 11,606         | 11,775         |
| Finished goods            | 17,067         | 9,087          |
| Spare parts               | 1,170          | 950            |
| Goods-in-transit          | -              | 187            |
|                           | <u>49,632</u>  | <u>38,337</u>  |
| At net realisable value:- |                |                |
| Finished goods            | 1,219          | 160            |
|                           | <u>50,851</u>  | <u>38,497</u>  |

**11. TRADE RECEIVABLES**

|                                     | The Group      |                |
|-------------------------------------|----------------|----------------|
|                                     | 2014<br>RM'000 | 2013<br>RM'000 |
| Trade receivables                   | 43,496         | 46,074         |
| Allowance for impairment losses     | (3,976)        | (2,979)        |
|                                     | <u>39,520</u>  | <u>43,095</u>  |
| Allowance for impairment losses:-   |                |                |
| At 1.4.2013/2012                    | (2,979)        | (2,367)        |
| Addition during the financial year  | (2,271)        | (1,302)        |
| Writeback during the financial year | 1,274          | 664            |
| Writeoff during the financial year  | -              | 26             |
| At 31.3.2014/2013                   | <u>(3,976)</u> | <u>(2,979)</u> |

The Group's normal trade credit terms for local and foreign trade receivables range from 30 to 120 (2013 - 30 to 120) days and 30 to 180 (2013 - 30 to 180) days respectively.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014****12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

|                                    | The Group      |                | The Company    |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Advance payment to trade suppliers | 4,677          | 5,569          | -              | -              |
| Other receivables                  | 1,693          | 387            | -              | -              |
| Deposits                           | 1,250          | 1,798          | -              | 5              |
| Prepayments                        | 301            | 589            | -              | 14             |
|                                    | <u>7,921</u>   | <u>8,343</u>   | <u>-</u>       | <u>19</u>      |

Included in advance payment to trade suppliers are payments amounting to RM1,139,830 (2013 – RM1,139,830) for future purchase of machineries. These advances shall be recovered by way of set-off against the purchase of these machineries.

**13. SHARE CAPITAL**

|                                  | 2014                    | The Company      |                | 2013           |
|----------------------------------|-------------------------|------------------|----------------|----------------|
|                                  | Number Of Shares ('000) | 2013<br>RM'000   | 2014<br>RM'000 | RM'000         |
| Ordinary Shares Of RM0.10 Each:- |                         |                  |                |                |
| Authorised                       | <u>1,000,000</u>        | <u>1,000,000</u> | <u>100,000</u> | <u>100,000</u> |
| Issued and fully paid            | <u>784,390</u>          | <u>784,390</u>   | <u>78,439</u>  | <u>78,439</u>  |

**14. SHARE PREMIUM**

The share premium is not distributable by way of cash dividends and may be utilised only in the manner set out in Section 60(3) of the Companies Act 1965.

**15. RETAINED PROFITS**

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

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|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| At 1.4.2013/2012                          | 180            | 262            | 2,219          | 2,219          |
| Recognised in profit or<br>loss (Note 27) | (81)           | (82)           | -              | -              |
| At 31.3.2014/2013                         | <u>99</u>      | <u>180</u>     | <u>2,219</u>   | <u>2,219</u>   |

The deferred tax liabilities consist of the tax effects of the following items:-

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Taxable temporary<br>differences           |                |                |                |                |
| - Accelerated capital<br>allowances        | 2,080          | 2,026          | -              | -              |
| - Dividend receivable from a<br>subsidiary | -              | -              | 2,219          | 2,219          |
| Deductible temporary<br>differences:       |                |                |                |                |
| - Unabsorbed capital<br>allowances         | (1,260)        | (1,318)        | -              | -              |
| - Provisions                               | (721)          | (528)          | -              | -              |
|  | <u>99</u>      | <u>180</u>     | <u>2,219</u>   | <u>2,219</u>   |

**17. LONG-TERM BORROWINGS**

|                                  | The Group      |                |
|----------------------------------|----------------|----------------|
|                                  | 2014<br>RM'000 | 2013<br>RM'000 |
| Hire purchase payables (Note 18) | 1,187          | 1,212          |
| Term loan (Note 19)              | 340            | 889            |
|                                  | <u>1,527</u>   | <u>2,101</u>   |

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|   | The Group      |                |
|---|----------------|----------------|
|   | 2014<br>RM'000 | 2013<br>RM'000 |
| Minimum hire purchase payables:                           |                |                |
| - not later than one year                                 | 525            | 419            |
| - later than one year and not later than five years       | 1,320          | 1,387          |
|   | <u>1,845</u>   | <u>1,806</u>   |
| Future finance charges                                    | (256)          | (266)          |
| Present value of hire purchase payables                   | <u>1,589</u>   | <u>1,540</u>   |
| The net hire purchase payables are repayable as follows:- |                |                |
| Current (Note 22):  |                |                |
| - not later than one year                                 | 402            | 328            |
| Non-current (Note 17):                                    |                |                |
| - later than one year and not later than five years       | 1,187          | 1,212          |
|   | <u>1,589</u>   | <u>1,540</u>   |

The Group has hire purchase contracts for certain plant and equipment as disclosed in Note 6 to the financial statements. There are no restrictions imposed on the Group by the hire purchase arrangements and the Group has not entered into any arrangements for contingent rent payments.

The weighted average effective interest rate of the hire purchase payables at the end of the reporting period was 6.42% (2013 - 6.48%) per annum.



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|  | The Group      |                |
|--|----------------|----------------|
|  | 2014<br>RM'000 | 2013<br>RM'000 |
| Current portion (Note 22):                           |                |                |
| - not later than one year                            | 550            | 510            |
| Non-current portion (Note 17):                       |                |                |
| - later than one year but not later than two years   | 340            | 549            |
| - later than two years but not later than five years | -              | 340            |
|  | 340            | 889            |
|  | 890            | 1,399          |

The term loan is repayable in 84 equal monthly instalments of RM57,366 each commencing August 2008 and revised to RM49,360 in August 2010. The term loan's monthly instalment was further revised to RM49,670 each commencing from June 2011.

At the end of the reporting period, the term loan of the Group bore an effective interest rate of 7.35% (2013 – 7.35%) per annum and is secured by:-

- (i) a legal charge over the freehold land of a subsidiary together with the buildings erected thereon; and
- (ii) a corporate guarantee of the Company.

**20. TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 30 to 120 (2013 - 30 to 120) days.

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|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Other payables                          | 4,988          | 693            | -              | -              |
| Advance payment<br>from trade customers | 99             | 442            | -              | -              |
| Accruals                                | 4,497          | 5,057          | 133            | 133            |
| Provisions                              | 4,739          | 5,733          | -              | -              |
|   | <u>14,323</u>  | <u>11,925</u>  | <u>133</u>     | <u>133</u>     |

The details of the provisions of the Group are as follows:-

|  | Promotion<br>Incentives<br>RM'000 | Warranty<br>Claims<br>RM'000 | Promotion<br>Bonus<br>RM'000 | Total<br>RM'000 |
|--|-----------------------------------|------------------------------|------------------------------|-----------------|
| At 1.4.2013                              | 3,271                             | 1,493                        | 969                          | 5,733           |
| Addition during<br>the financial year    | 2,984                             | 4,503                        | 1,180                        | 8,667           |
| Utilisation during the<br>financial year | (5,070)                           | (3,663)                      | (928)                        | (9,661)         |
| At 31.3.2014                             | <u>1,185</u>                      | <u>2,333</u>                 | <u>1,221</u>                 | <u>4,739</u>    |
| At 1.4.2012                              | 1,759                             | 2,002                        | 1,406                        | 5,167           |
| Addition during<br>the financial year    | 4,694                             | 2,392                        | 1,506                        | 8,592           |
| Utilisation during the<br>financial year | (3,182)                           | (2,901)                      | (1,943)                      | (8,026)         |
| At 31.3.2013                             | <u>3,271</u>                      | <u>1,493</u>                 | <u>969</u>                   | <u>5,733</u>    |

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|                                  | The Group      |                |
|----------------------------------|----------------|----------------|
|                                  | 2014<br>RM'000 | 2013<br>RM'000 |
| Bankers' acceptances             | 8,019          | -              |
| Hire purchase payables (Note 18) | 402            | 328            |
| Revolving credits                | 4,650          | 4,650          |
| Term loan (Note 19)              | 550            | 510            |
| Trust receipts                   | 707            | 4,475          |
|                                  | <u>14,328</u>  | <u>9,963</u>   |

The bankers' acceptances, revolving credits and trust receipts of the Group are secured in the same manner as the term loan disclosed in Note 19 to the financial statements.

The weighted average effective interest rate per annum at the end of the reporting period for the short-term borrowings was as follows:-

|                      | The Group |           |
|----------------------|-----------|-----------|
|                      | 2014<br>% | 2013<br>% |
| Bankers' acceptances | 7.84      | -         |
| Revolving credits    | 5.16      | 5.06      |
| Trust receipts       | 7.60      | 7.60      |

**23. BANK OVERDRAFTS**

The bank overdrafts of the Group bore a weighted average effective interest rate of 7.60% (2013 - 7.60%) per annum and are secured in the same manner as the term loan disclosed in Note 19 to the financial statements.

**24. NET ASSETS PER SHARE**

The net assets per share is calculated based on the net assets value at the end of the reporting period of RM93,810,000 (2013 - RM101,739,000) divided by the number of ordinary shares in issue at the end of the reporting period of 784,390,080 (2013 - 784,390,080 ordinary shares).

**25. REVENUE**

|               | The Group      |                | The Company    |                |
|---------------|----------------|----------------|----------------|----------------|
|               | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Sale of goods | <u>150,898</u> | <u>165,454</u> | <u>-</u>       | <u>-</u>       |

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|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| (Loss)/Profit before taxation<br>is arrived at after charging/<br>(crediting):- |                |                |                |                |
| Allowance for impairment losses<br>on receivables                               | 2,271          | 1,302          | -              | -              |
| Allowance for slow-moving<br>inventories  | 915            | 35             | -              | -              |
| Audit fee:  |                |                |                |                |
| - for the financial year  | 166            | 124            | 46             | 27             |
| - under/(over)provision in the<br>previous financial year                       | 23             | (4)            | 21             | 15             |
| Bad debts written off   | -              | 68             | -              | -              |
| Depreciation of:  |                |                |                |                |
| - investment properties   | 50             | 49             | -              | -              |
| - property, plant and<br>equipment  | 2,181          | 1,976          | -              | -              |
| Directors' fees:  |                |                |                |                |
| - for the financial year  | 71             | 69             | 59             | 56             |
| - underprovision in the previous<br>financial year                              | 25             | 15             | 24             | 15             |
| Directors' non-fee emoluments   | 1,117          | 968            | -              | -              |
| Interest expense:   |                |                |                |                |
| - bankers' acceptances  | 211            | 70             | -              | -              |
| - bank overdrafts   | 20             | 1              | -              | -              |
| - hire purchase   | 82             | 27             | -              | -              |
| - revolving credits   | 236            | 198            | -              | -              |
| - term loan   | 86             | 116            | -              | -              |
| - director's loan   | 150            | 150            | -              | -              |
| Rental of machinery   | 53             | 54             | -              | -              |
| Staff costs:  |                |                |                |                |
| - salaries, wages, bonuses,<br>and allowances                                   | 14,315         | 13,077         | -              | -              |
| - defined contribution plan   | 851            | 778            | -              | -              |
| - other benefits  | 895            | 1,382          | -              | -              |
| Loss/(gain) on disposal of plant<br>and equipment                               | 4              | (6)            | -              | -              |
| Gain on foreign exchange:   |                |                |                |                |
| - realised  | (375)          | (118)          | -              | -              |
| - unrealised  | (1,011)        | (337)          | -              | -              |
| Interest income   | (2)            | (5)            | -              | -              |
| Rental income   | (262)          | (258)          | -              | -              |
| Writeback of allowance for<br>impairment losses on<br>receivables               | (1,274)        | (664)          | -              | -              |

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**NOTES TO THE FINANCIAL STATEMENTS  
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|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Current tax expense:  |                |                |                |                |
| - for the financial year  | 696            | 758            | -              | -              |
| - overprovision in the previous financial year                  | (368)          | (140)          | -              | (12)           |
|   | 328            | 618            | -              | (12)           |
| Deferred tax liabilities (Note 16):                             |                |                |                |                |
| - relating to origination and reversal of temporary differences | (61)           | (118)          | -              | -              |
| - (over)/underprovision in the previous financial year          | (20)           | 36             | -              | -              |
|   | (81)           | (82)           | -              | -              |
|   | 247            | 536            | -              | (12)           |

During the financial year, the statutory tax rate remained at 25%.

A subsidiary of the Company was granted exemption of income for the value of increased exports under Tax (Exemption) (No.17) Order 2005 - P.U. (A) 158, which exempts 70% of the statutory business income of the subsidiary from income tax.

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

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| (Loss)/Profit before taxation                                | (7,703)        | 1,051          | (278)          | (246)          |
| Tax at the statutory tax rate of 25%                         | (1,926)        | 263            | (70)           | (62)           |
| Tax effects of:  |                |                |                |                |
| Non-deductible expenses                                      | 428            | 266            | 30             | 62             |
| Non-taxable income   | (269)          | (155)          | -              | -              |
| Tax-exempt income  | (86)           | (294)          | -              | -              |
| Deferred tax assets not recognised during the financial year | 2,488          | 1,025          | 40             | -              |
| Utilisation of deferred tax assets previously not recognised | -              | (465)          | -              | -              |
| (Over)/Underprovision in the previous financial year:        |                |                |                |                |
| - current tax  | (368)          | (140)          | -              | (12)           |
| - deferred tax   | (20)           | 36             | -              | -              |
| Tax for the financial year                                   | 247            | 536            | -              | (12)           |

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

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No deferred tax assets are recognised on the following items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised:-

|                               | The Group      |                | The Company    |                |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Unutilised tax losses         | 17,768         | 11,538         | -              | -              |
| Unabsorbed capital allowances | 91             | -              | -              | -              |
| Provisions                    | 7,451          | 3,820          | -              | -              |
|                               | <u>25,310</u>  | <u>15,358</u>  | <u>-</u>       | <u>-</u>       |

**28. LOSS PER SHARE**

The basic loss per share of the Group is calculated by dividing the loss attributable to ordinary equity holders of the Company for the financial year of approximately RM7,925,000 (2013 - RM82,000) by the number of ordinary shares in issue at the end of the reporting period of 784,390,080 ordinary shares (2013 - 784,390,080 ordinary shares).

**29. PURCHASE OF PLANT AND EQUIPMENT**

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Cost of plant and equipment purchased (net)        | 5,604          | 3,013          | -              | -              |
| Amount financed through hire purchase              | (640)          | (1,075)        | -              | -              |
| Cash disbursed for purchase of plant and equipment | <u>4,964</u>   | <u>1,938</u>   | <u>-</u>       | <u>-</u>       |

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

|                        | The Group      |                | The Company    |                |
|------------------------|----------------|----------------|----------------|----------------|
|                        | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Cash and bank balances | 6,653          | 12,334         | 149            | 114            |
| Bank overdrafts        | (2,683)        | (241)          | -              | -              |
|                        | <u>3,970</u>   | <u>12,093</u>  | <u>149</u>     | <u>114</u>     |

**31. OPERATING SEGMENTS**

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of Directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 2 main business segments:-

|  |  |
|--|--|
| Automotive batteries                         | - manufacture, assembly and sale of automotive batteries and components. |
| Valve Regulated Lead Acid ("VRLA") batteries | - manufacture, assembly and sale of sealed lead acid batteries.          |

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly income taxes and related expenses.



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| 2014  | Automotive<br>Batteries<br>RM'000 | VRLA<br>Batteries<br>RM'000 | Eliminations<br>RM'000 | Group<br>RM'000 |
|---|-----------------------------------|-----------------------------|------------------------|-----------------|
| <b>REVENUE</b>  |                                   |                             |                        |                 |
| External revenue  | 86,396                            | 64,502                      | -                      | 150,898         |
| <b>RESULTS</b>  |                                   |                             |                        |                 |
| Segment results   | (6,644)                           | 9                           | -                      | (6,635)         |
| Unallocated expenses  |                                   |                             |                        | (283)           |
| Finance costs   |                                   |                             |                        | (785)           |
| Tax expense   |                                   |                             |                        | (247)           |
| Loss for the financial year                                       |                                   |                             |                        | (7,950)         |
| Segment assets  | 120,427                           | 39,292                      | (16,823)               | 142,896         |
| Unallocated assets  |                                   |                             |                        | 1,112           |
| Total assets  |                                   |                             |                        | 144,008         |
| Segment liabilities   | 17,353                            | 44,519                      | (16,823)               | 45,049          |
| Unallocated liabilities   |                                   |                             |                        | 988             |
| Total liabilities   |                                   |                             |                        | 46,037          |
| <b>OTHER INFORMATION</b>  |                                   |                             |                        |                 |
| Capital expenditure   | 2,403                             | 3,201                       | -                      | 5,604           |
| Depreciation  | 1,987                             | 244                         | -                      | 2,231           |
| Allowance for impairment losses<br>on receivables                 | 2,271                             | -                           | -                      | 2,271           |
| Writeback of allowance for<br>impairment losses on<br>receivables | (1,267)                           | (7)                         | -                      | (1,274)         |
| Warranty claim expenses   | 2,503                             | 1,160                       | -                      | 3,663           |

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| 2013  | Automotive<br>Batteries<br>RM'000 | VRLA<br>Batteries<br>RM'000 | Eliminations<br>RM'000 | Group<br>RM'000 |
|---|-----------------------------------|-----------------------------|------------------------|-----------------|
| <b>REVENUE</b>  |                                   |                             |                        |                 |
| External revenue  | 107,576                           | 57,878                      | -                      | 165,454         |
| <b>RESULTS</b>  |                                   |                             |                        |                 |
| Segment results   | (1,782)                           | 3,644                       | -                      | 1,862           |
| Unallocated expenses  |                                   |                             |                        | (249)           |
| Finance costs   |                                   |                             |                        | (562)           |
| Tax expense   |                                   |                             |                        | (536)           |
| Profit for the financial year                                     |                                   |                             |                        | 515             |
| Segment assets  | 121,937                           | 26,844                      | (11,752)               | 137,029         |
| Unallocated assets  |                                   |                             |                        | 1,373           |
| Total assets  |                                   |                             |                        | 138,402         |
| Segment liabilities   | 27,340                            | 16,575                      | (11,752)               | 32,163          |
| Unallocated liabilities   |                                   |                             |                        | 318             |
| Total liabilities   |                                   |                             |                        | 32,481          |
| <b>OTHER INFORMATION</b>  |                                   |                             |                        |                 |
| Capital expenditure   | 2,991                             | 22                          | -                      | 3,013           |
| Depreciation  | 1,772                             | 253                         | -                      | 2,025           |
| Allowance for impairment losses<br>on receivables                 | 1,295                             | 7                           | -                      | 1,302           |
| Writeback of allowance for<br>impairment losses on<br>receivables | (664)                             | -                           | -                      | (664)           |
| Warranty claim expenses   | 3,287                             | (386)                       | -                      | 2,901           |

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**31. OPERATING SEGMENTS (CONT'D)****(b) Geographical Segments**

Although the Group's business segments are managed on a worldwide basis, they operate in nine main geographical areas, namely Malaysia (Company's home country), China, Lebanon, Nigeria, Singapore, India, Liberia, South Africa and Papua New Guinea.

|                  | Revenue        |                |
|------------------|----------------|----------------|
|                  | 2014<br>RM'000 | 2013<br>RM'000 |
| Malaysia         | 81,758         | 90,300         |
| China            | 9,103          | 16,678         |
| Lebanon          | 7,848          | 10,442         |
| Nigeria          | 11,509         | 11,319         |
| Singapore        | 4,251          | 5,562          |
| India            | 30,839         | 20,509         |
| Liberia          | 420            | 855            |
| South Africa     | 484            | 2,961          |
| Papua New Guinea | 1,241          | 1,347          |
| Others           | 3,445          | 5,481          |
|                  | 150,898        | 165,454        |

**Major Customers**

Revenue from one major customer, with revenue equal to or more than 10% of Group revenue, amounted to RM35,066,045 (2013 – RM23,567,206) arising from sales by the Valve Regulated Lead Acid ("VRLA") batteries segment

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

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Executive directors:<br>- basic salaries, bonus and<br>EPF | 1,117          | 968            | -              | -              |
| Non-executive directors:<br>- fee                          | 96             | 84             | 83             | 71             |

The estimated monetary value of benefits-in-kind received by the directors of the Group amounted to approximately RM10,250 (2013 – RM14,600).

**33. CONTINGENT LIABILITY - UNSECURED**

|  | The Company    |                |
|--|----------------|----------------|
|  | 2014<br>RM'000 | 2013<br>RM'000 |
| Corporate guarantees given to secure banking facilities utilised by certain subsidiaries | 13,492         | 10,765         |

**34. CAPITAL COMMITMENTS**

|  | The Group      |                |
|--|----------------|----------------|
|  | 2014<br>RM'000 | 2013<br>RM'000 |
| Authorised and contracted but not provided for:<br>- plant and equipment | 1,104          | 1,243          |

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

|                      | 2014<br>RM | 2013<br>RM |
|----------------------|------------|------------|
| United States Dollar | 3.30       | 3.00       |
| Australian Dollar    | 3.05       | 3.18       |
| Singapore Dollar     | 2.62       | 2.31       |

**36. RELATED PARTY DISCLOSURES**

(a) Identities of related parties:-

- (i) in addition to the information detailed elsewhere, the Company has related party relationships with its subsidiaries; and
- (ii) the directors who are the key management personnel.

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with its related parties during the financial year:-

|                                  | The Group      |                |
|----------------------------------|----------------|----------------|
|                                  | 2014<br>RM'000 | 2013<br>RM'000 |
| Loan interest paid to a director | 150            | 150            |

(c) Compensation of Key Management Personnel

|                              | The Group      |                | The Company    |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Short-term employee benefits | 2,482          | 1,954          | 83             | 71             |
| Defined contribution plan    | 279            | 219            | -              | -              |

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

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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#### **37. FINANCIAL INSTRUMENTS**

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

##### **(a) FINANCIAL RISK MANAGEMENT POLICIES**

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

##### **(i) Market Risk**

##### **(i) Foreign Currency Risk**

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

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The Group's exposure to foreign currency is as follows:-

| The Group                      | United States Dollar RM'000 | Australian Dollar RM'000 | Other Foreign Currencies RM'000 | Ringgit Malaysia RM'000 | Total RM'000 |
|--------------------------------|-----------------------------|--------------------------|---------------------------------|-------------------------|--------------|
| 2014                           |                             |                          |                                 |                         |              |
| <b>Financial assets</b>        |                             |                          |                                 |                         |              |
| Trade receivables              | 21,999                      | 291                      | -                               | 17,230                  | 39,520       |
| Other receivables and deposits | -                           | -                        | -                               | 2,943                   | 2,943        |
| Cash and bank balances         | 2,521                       | 94                       | 62                              | 3,976                   | 6,653        |
|                                | 24,520                      | 385                      | 62                              | 24,149                  | 49,116       |

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|   | United States Dollar RM'000 | Australian Dollar RM'000 | Other Foreign Currencies RM'000 | Ringgit Malaysia RM'000 | Total RM'000  |
|---|-----------------------------|--------------------------|---------------------------------|-------------------------|---------------|
| The Group                               |                             |                          |                                 |                         |               |
| 2014                                    |                             |                          |                                 |                         |               |
| <b>Financial liabilities</b>            |                             |                          |                                 |                         |               |
| Trade payables                          | 9,816                       | -                        | -                               | 3,261                   | 13,077        |
| Other payables, accruals and provisions | -                           | -                        | -                               | 14,224                  | 14,224        |
| Bankers' acceptance                     | -                           | -                        | -                               | 8,019                   | 8,019         |
| Hire purchase payables                  | -                           | -                        | -                               | 1,589                   | 1,589         |
| Revolving credits                       | -                           | -                        | -                               | 4,650                   | 4,650         |
| Term loan                               | -                           | -                        | -                               | 890                     | 890           |
| Trust receipts                          | -                           | -                        | -                               | 707                     | 707           |
| Bank overdrafts                         | -                           | -                        | -                               | 2,683                   | 2,683         |
|   | <b>9,816</b>                | <b>-</b>                 | <b>-</b>                        | <b>36,023</b>           | <b>45,839</b> |



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|  | United States Dollar RM'000 | Australian Dollar RM'000 | Other Foreign Currencies RM'000 | Ringgit Malaysia RM'000 | Total RM'000  |
|--|-----------------------------|--------------------------|---------------------------------|-------------------------|---------------|
| The Group  |                             |                          |                                 |                         |               |
| 2014   |                             |                          |                                 |                         |               |
| Net financial assets   | 14,704                      | 385                      | 62                              | (11,874)                | 3,277         |
| Less: Net financial assets denominated in the respective entities' functional currencies | -                           | -                        | -                               | 11,874                  | 11,874        |
| <b>Currency exposure</b>   | <b>14,704</b>               | <b>385</b>               | <b>62</b>                       | <b>-</b>                | <b>15,151</b> |

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|                                | United States Dollar RM'000 | Australian Dollar RM'000 | Other Foreign Currencies RM'000 | Ringgit Malaysia RM'000 | Total RM'000 |
|--------------------------------|-----------------------------|--------------------------|---------------------------------|-------------------------|--------------|
| The Group                      |                             |                          |                                 |                         |              |
| 2013                           |                             |                          |                                 |                         |              |
| <b>Financial assets</b>        |                             |                          |                                 |                         |              |
| Trade receivables              | 14,914                      | 506                      | -                               | 27,675                  | 43,095       |
| Other receivables and deposits | -                           | -                        | -                               | 2,185                   | 2,185        |
| Cash and bank balances         | 1,979                       | 36                       | 18                              | 10,301                  | 12,334       |
|                                | 16,893                      | 542                      | 18                              | 40,161                  | 57,614       |

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|   | United States Dollar RM'000 | Australian Dollar RM'000 | Other Foreign Currencies RM'000 | Ringgit Malaysia RM'000 | Total RM'000 |
|---|-----------------------------|--------------------------|---------------------------------|-------------------------|--------------|
| The Group                               |                             |                          |                                 |                         |              |
| 2013                                    |                             |                          |                                 |                         |              |
| <b>Financial liabilities</b>            |                             |                          |                                 |                         |              |
| Trade payables                          | 3,194                       | -                        | -                               | 4,877                   | 8,071        |
| Other payables, accruals and provisions | -                           | -                        | -                               | 11,483                  | 11,483       |
| Hire purchase payables                  | -                           | -                        | -                               | 1,540                   | 1,540        |
| Revolving credits                       | -                           | -                        | -                               | 4,650                   | 4,650        |
| Term loan                               | -                           | -                        | -                               | 1,399                   | 1,399        |
| Trust receipts                          | -                           | -                        | -                               | 4,475                   | 4,475        |
| Bank overdrafts                         | -                           | -                        | -                               | 241                     | 241          |
|   | 3,194                       | -                        | -                               | 28,665                  | 31,859       |

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|  | United States Dollar RM'000 | Australian Dollar RM'000 | Other Foreign Currencies RM'000 | Ringgit Malaysia RM'000 | Total RM'000  |
|--|-----------------------------|--------------------------|---------------------------------|-------------------------|---------------|
| The Group  |                             |                          |                                 |                         |               |
| 2013   |                             |                          |                                 |                         |               |
| Net financial assets   | 13,699                      | 542                      | 18                              | 11,496                  | 25,755        |
| Less: Net financial assets denominated in the respective entities' functional currencies | -                           | -                        | -                               | (11,496)                | (11,496)      |
| <b>Currency exposure</b>   | <b>13,699</b>               | <b>542</b>               | <b>18</b>                       | <b>-</b>                | <b>14,259</b> |

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

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

## (i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

|   | The Group                                 |   |
|---|---|---|
|   | 2014<br>Increase/<br>(Decrease)<br>RM'000 | 2013<br>Increase/<br>(Decrease)<br>RM'000 |
| <b>Effects on (loss)/profit<br/>after taxation and equity</b> |   |   |
| United States Dollar:   |   |   |
| - strengthened by 10%   | 1,103                                     | 1,027                                     |
| - weakened by 10%   | (1,103)                                   | (1,027)                                   |
| Australian Dollar:  |   |   |
| - strengthened by 10%   | 29  | 41  |
| - weakened by 10%   | (29)                                      | (41)                                      |
| Other foreign currencies:                                     |   |   |
| - strengthened by 10%   | 5   | 1   |
| - weakened by 10%   | (5)                                       | (1)                                       |

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**37. FINANCIAL INSTRUMENTS (CONT'D)****(a) FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(i) Market Risk (Cont'd)****(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial liabilities. The Group's policy is to obtain the most favourable interest rates available.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 37(a)(iii) to the financial statements.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

|   | The Group                                 |   |
|---|---|---|
|   | 2014<br>Increase/<br>(Decrease)<br>RM'000 | 2013<br>Increase/<br>(Decrease)<br>RM'000 |
| <b>Effects on (loss)/profit<br/>after taxation and equity</b> |   |   |
| Increase of 100 basis points (bp)                             | (125)                                     | (81)                                      |
| Decrease of 100 bp  | 125                                       | 81  |

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

(a) FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(i) **Market Risk (Cont'd)**

(iii) Equity Price Risk

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

(ii) **Credit Risk**

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

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

Credit risk concentration profile

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

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The exposure of credit risk for trade receivables by geographical region is as follows:-

|           | The Group      |                |
|-----------|----------------|----------------|
|           | 2014<br>RM'000 | 2013<br>RM'000 |
| Australia | 291            | 506            |
| Malaysia  | 17,230         | 27,719         |
| China     | 8,444          | 4,637          |
| Lebanon   | 2,493          | 2,004          |
| Nigeria   | 891            | 167            |
| India     | 6,566          | 5,099          |
| Singapore | 324            | 2,573          |
| Others    | 3,281          | 390            |
|           | <u>39,520</u>  | <u>43,095</u>  |



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

|                      | Gross<br>Amount<br>RM'000 | Individual<br>Impairment<br>RM'000 | Carrying<br>Value<br>RM'000 |
|----------------------|---------------------------|------------------------------------|-----------------------------|
| The Group            |                           |                                    |                             |
| 2014                 |                           |                                    |                             |
| Not past due         | 37,816                    | -                                  | 37,816                      |
| Past due:-           |                           |                                    |                             |
| - less than 3 months | 1,698                     | -                                  | 1,698                       |
| - 3 to 6 months      | 3,579                     | (3,573)                            | 6                           |
| - over 6 months      | 403                       | (403)                              | -                           |
|                      | <b>43,496</b>             | <b>(3,976)</b>                     | <b>39,520</b>               |
| 2013                 |                           |                                    |                             |
| Not past due         | 38,136                    | -                                  | 38,136                      |
| Past due:-           |                           |                                    |                             |
| - less than 3 months | 4,998                     | (210)                              | 4,788                       |
| - 3 to 6 months      | 2,423                     | (2,247)                            | 176                         |
| - over 6 months      | 517                       | (522)                              | (5)                         |
|                      | <b>46,074</b>             | <b>(2,979)</b>                     | <b>43,095</b>               |

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#### 37. FINANCIAL INSTRUMENTS (CONT'D)

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

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

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

##### *Trade receivables that are past due but not impaired*

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

##### *Trade receivables that are neither past due nor impaired*

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

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

## (iii) Liquidity Risk

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

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

| The Group                               | Weighted<br>Average<br>Effective<br>Rate<br>% | Carrying<br>Amount<br>RM'000 | Contractual<br>Undiscounted<br>Cash Flows<br>RM'000 | Within<br>1 Year<br>RM'000 | 1 - 5<br>Years<br>RM'000 |
|---|---|------------------------------|---|----------------------------|--------------------------|
| 2014                                    |   |                              |   |                            |                          |
| Trade payables                          | -   | 13,077                       | 13,077  | 13,077                     | -                        |
| Other payables, accruals and provisions | -   | 14,224                       | 14,224  | 14,224                     | -                        |
| Bankers' acceptances                    | 7.85  | 8,019                        | 8,019   | 8,019                      | -                        |
| Hire purchase payables                  | 6.42  | 1,589                        | 1,845   | 525                        | 1,320                    |
| Revolving credits                       | 5.16  | 4,650                        | 4,650   | 4,650                      | -                        |
| Term loan                               | 7.35  | 890                          | 999   | 643                        | 356                      |
| Trust receipts                          | 7.60  | 707                          | 707   | 707                        | -                        |
| Bank overdrafts                         | 7.60  | 2,683                        | 2,683   | 2,683                      | -                        |
|   |   | 45,839                       | 46,204  | 44,528                     | 1,676                    |

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| The Group                               | Weighted<br>Average<br>Effective<br>Rate<br>% | Carrying<br>Amount<br>RM'000 | Contractual<br>Undiscounted<br>Cash Flows<br>RM'000 | Within<br>1-Year<br>RM'000 | 1 - 5<br>Years<br>RM'000 |
|---|---|------------------------------|---|----------------------------|--------------------------|
| 2013                                    |   |                              |   |                            |                          |
| Trade payables                          | -   | 8,071                        | 8,071   | 8,071                      | -                        |
| Other payables, accruals and provisions | -   | 11,483                       | 11,483  | 11,483                     | -                        |
| Hire purchase payables                  | 6.48  | 1,540                        | 1,806   | 419                        | 1,387                    |
| Revolving credits                       | 5.06  | 4,650                        | 4,650   | 4,650                      | -                        |
| Term loan                               | 7.35  | 1,399                        | 1,540   | 596                        | 944                      |
| Trust receipts                          | 7.60  | 4,475                        | 4,475   | 4,475                      | -                        |
| Bank overdrafts                         | 7.60  | 241                          | 241   | 241                        | -                        |
|   |   | 31,859                       | 32,266  | 29,935                     | 2,331                    |

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| The Company                                | Weighted<br>Average<br>Effective<br>Rate<br>% | Carrying<br>Amount<br>RM'000 | Contractual<br>Undiscounted<br>Cash Flows<br>RM'000 | Within<br>1 Year<br>RM'000 |
|--|---|------------------------------|---|----------------------------|
| 2014                                       |   |                              |   |                            |
| Other payables,<br>accruals and provisions | -   | 133                          | 133   | 133                        |
| Amount owing to<br>subsidiaries            | -   | 741                          | 741   | 741                        |
|  |   | <u>874</u>                   | <u>874</u>  | <u>874</u>                 |
| 2013                                       |   |                              |   |                            |
| Other payables,<br>accruals and provisions | -   | 133                          | 133   | 133                        |
| Amount owing to<br>subsidiaries            | -   | 758                          | 758   | 758                        |
|  |   | <u>891</u>                   | <u>891</u>  | <u>891</u>                 |

**(b) CAPITAL RISK MANAGEMENT**

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

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables (excluding advance payment from trade customers) less cash and cash equivalents.

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## (b) CAPITAL RISK MANAGEMENT (CONT'D)

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

|   | The Group      |                |
|---|----------------|----------------|
|   | 2014<br>RM'000 | 2013<br>RM'000 |
| Hire purchase payables                  | 1,589          | 1,540          |
| Term loan                               | 890            | 1,399          |
| Trade payables                          | 13,077         | 8,071          |
| Other payables, accruals and provisions | 14,224         | 11,483         |
| Revolving credits                       | 4,650          | 4,650          |
| Trust receipts                          | 707            | 4,475          |
| Bankers' acceptances                    | 8,019          | -              |
| Bank overdrafts                         | 2,683          | 241            |
|   | <u>45,839</u>  | <u>31,859</u>  |
| Less: Cash and bank balances            | (6,653)        | (12,334)       |
| Net debt                                | <u>39,186</u>  | <u>19,525</u>  |
| Total equity                            | <u>97,971</u>  | <u>105,921</u> |
| Debt-to-equity ratio                    | <u>0.40</u>    | <u>0.18</u>    |

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

The Group is also required to maintain its gearing level (total borrowings/total net worth) which must not exceed 0.7 time (2013 – 0.7 time) to comply with a bank covenant, failing which, the bank reserve the right to review and/or vary the facilities granted to the Group. The Group has complied with this requirement.

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|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| <b>Financial assets</b>                 |                |                |                |                |
| <u>Loans and receivables</u>            |                |                |                |                |
| <u>financial assets</u>                 |                |                |                |                |
| Trade receivables                       | 39,520         | 43,095         | -              | -              |
| Other receivables and deposits          | 2,943          | 2,185          | -              | 5              |
| Amount owing by subsidiaries            | -              | -              | 672            | 746            |
| Cash and bank balances                  | 6,653          | 12,334         | 149            | 114            |
|   | <u>49,116</u>  | <u>57,614</u>  | <u>821</u>     | <u>865</u>     |
| <b>Financial liabilities</b>            |                |                |                |                |
| <u>Other financial liabilities</u>      |                |                |                |                |
| Trade payables                          | 13,077         | 8,071          | -              | -              |
| Other payables, accruals and provisions | 14,224         | 11,483         | 133            | 133            |
| Amount owing to subsidiaries            | -              | -              | 741            | 758            |
| Bankers' acceptances                    | 8,019          | -              | -              | -              |
| Hire purchase payables                  | 1,589          | 1,540          | -              | -              |
| Revolving credits                       | 4,650          | 4,650          | -              | -              |
| Term loan                               | 890            | 1,399          | -              | -              |
| Trust receipts                          | 707            | 4,475          | -              | -              |
| Bank overdrafts                         | 2,683          | 241            | -              | -              |
|   | <u>45,839</u>  | <u>31,859</u>  | <u>874</u>     | <u>891</u>     |

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Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The fair values are included in level 2 of the fair value hierarchy.

| The Group                              | Fair Value Of Financial Instruments Carried At Fair Value |                   |                   | Fair Value Of Financial Instruments Not Carried At Fair Value |                   |                   | Total Fair Value | Carrying Amount |
|--|---|-------------------|-------------------|---|-------------------|-------------------|------------------|-----------------|
|  | Level 1<br>RM'000   | Level 2<br>RM'000 | Level 3<br>RM'000 | Level 1<br>RM'000   | Level 2<br>RM'000 | Level 3<br>RM'000 |                  |                 |
| <b>2014</b>                            |   |                   |                   |   |                   |                   |                  |                 |
| <u>Financial Assets</u>                |   |                   |                   |   |                   |                   |                  |                 |
| Trade receivables                      | -   | -                 | -                 | -   | -                 | 39,520            | 39,520           | 39,520          |
| Other receivables and deposit          | -   | -                 | -                 | -   | -                 | 2,943             | 2,943            | 2,943           |
| Cash and bank balances                 | -   | -                 | -                 | -   | -                 | 6,653             | 6,653            | 6,653           |
| <u>Financial Liabilities</u>           |   |                   |                   |   |                   |                   |                  |                 |
| Trade payables                         | -   | -                 | -                 | -   | -                 | 13,077            | 13,077           | 13,077          |
| Other payables, accruals and provision | -   | -                 | -                 | -   | -                 | 14,224            | 14,224           | 14,224          |
| Bankers' acceptances                   | -   | -                 | -                 | -   | 8,019             | -                 | 8,019            | 8,019           |
| Hire purchase payables                 | -   | -                 | -                 | -   | 1,808             | -                 | 1,808            | 1,589           |
| Revolving credits                      | -   | -                 | -                 | -   | 4,650             | -                 | 4,650            | 4,650           |
| Term loans                             | -   | -                 | -                 | -   | 890               | -                 | 890              | 890             |
| Trust receipts                         | -   | -                 | -                 | -   | 707               | -                 | 707              | 707             |
| Bank overdrafts                        | -   | -                 | -                 | -   | 2,683             | -                 | 2,683            | 2,683           |



**GPA HOLDINGS BERHAD**(Incorporated in Malaysia)  
Company No : 493897 - V**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014****37. FINANCIAL INSTRUMENTS (CONT'D)****(d) FAIR VALUE INFORMATION (CONT'D)**

|  | Fair Value Of Financial Instruments Carried At Fair Value |         |         | Fair Value Of Financial Instruments Not Carried At Fair Value |         |         | Total Fair Value | Carrying Amount |
|--|---|---------|---------|---|---------|---------|------------------|-----------------|
|  | Level 1   | Level 2 | Level 3 | Level 1   | Level 2 | Level 3 |                  |                 |
|  | RM'000  | RM'000  | RM'000  | RM'000  | RM'000  | RM'000  | RM'000           | RM'000          |
| <b>The Group</b>                       |   |         |         |   |         |         |                  |                 |
| <b>2013</b>                            |   |         |         |   |         |         |                  |                 |
| <u>Financial Assets</u>                |   |         |         |   |         |         |                  |                 |
| Trade receivables                      | -   | -       | -       | -   | -       | 43,095  | 43,095           | 43,095          |
| Other receivables and deposit          | -   | -       | -       | -   | -       | 2,185   | 2,185            | 2,185           |
| Cash and bank balances                 | -   | -       | -       | -   | -       | 12,334  | 12,334           | 12,334          |
| <u>Financial Liabilities</u>           |   |         |         |   |         |         |                  |                 |
| Trade payables                         | -   | -       | -       | -   | -       | 8,071   | 8,071            | 8,071           |
| Other payables, accruals and provision | -   | -       | -       | -   | -       | 11,483  | 11,483           | 11,483          |
| Hire purchase payables                 | -   | -       | -       | -   | 1,618   | -       | 1,618            | 1,540           |
| Revolving credits                      | -   | -       | -       | -   | 4,650   | -       | 4,650            | 4,650           |
| Term loans                             | -   | -       | -       | -   | 1,399   | -       | 1,399            | 1,399           |
| Trust receipts                         | -   | -       | -       | -   | 4,475   | -       | 4,475            | 4,475           |
| Bank overdrafts                        | -   | -       | -       | -   | 241     | -       | 241              | 241             |

**GPA HOLDINGS BERHAD**

(Incorporated in Malaysia)

Company No : 493897 - V

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014****37. FINANCIAL INSTRUMENTS (CONT'D)****(d) FAIR VALUE INFORMATION (CONT'D)**

The fair values of hire purchase payables, revolving credits, term loans, trust receipts and bankers' acceptances are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

|                        | The Group |           | The Company |           |
|------------------------|-----------|-----------|-------------|-----------|
|                        | 2014<br>% | 2013<br>% | 2014<br>%   | 2013<br>% |
| Hire purchase payables | 6.42      | 6.48      | -           | -         |
| Revolving credits      | 5.16      | 5.06      | -           | -         |
| Term loans             | 7.35      | 7.35      | -           | -         |
| Trust receipts         | 7.60      | 7.60      | -           | -         |
| Bankers' acceptances   | 7.84      | -         | -           | -         |

**GPA HOLDINGS BERHAD**

(Incorporated in Malaysia)  
Company No : 493897 - V

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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**38. COMPARATIVE FIGURE**

The following figures have been reclassified to conform with the presentation of the current financial year:-

|  | As<br>Restated<br>RM'000 | As<br>Previously<br>Reported<br>RM'000 |
|--|--------------------------|--|
| Consolidated Statement of Profit or Loss and Other<br>Comprehensive Income (Extract):- |                          |  |
| Cost of sales  | 150,276                  | 149,631                                |
| Other income   | 4,742                    | 4,097                                  |

**GPA HOLDINGS BERHAD**

(Incorporated in Malaysia)

Company No : 493897 - V

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014****39. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES**

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

|                                 | The Group      |                | The Company    |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Total retained profits:         |                |                |                |                |
| - realised                      | 28,311         | 37,371         | 16,944         | 17,222         |
| - unrealised                    | (2,445)        | (3,555)        | (2,219)        | (2,219)        |
|                                 | <hr/>          | <hr/>          | <hr/>          | <hr/>          |
|                                 | 25,866         | 33,816         | 14,725         | 15,003         |
| Less: Consolidation adjustments | (17,847)       | (17,868)       | -              | -              |
|                                 | <hr/>          | <hr/>          | <hr/>          | <hr/>          |
| At 31 March                     | 8,019          | 15,948         | 14,725         | 15,003         |
|                                 | <hr/>          | <hr/>          | <hr/>          | <hr/>          |

## UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE NINE (9) MONTHS FPE 31 DECEMBER 2014

GPA Holdings Berhad

Unaudited Interim Report for the Nine Months Ended 31 December 2014


Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

*(The current year figures have not been audited)*

|   | Individual Quarter |                       | Cumulative Quarter |                      |
|---|--------------------|-----------------------|--------------------|----------------------|
|   | Current Year       | Preceding Year        | Current Year To    | Preceding Year       |
|   | Quarter            | Corresponding Quarter | Date               | Corresponding Period |
|   | 3 months ended     | 3 months ended        | 9 months ended     | 9 months ended       |
|   | 31/12/2014         | 31/12/2013            | 31/12/2014         | 31/12/2013           |
|   | RM'000             | RM'000                | RM'000             | RM'000               |
| Sales                                     | 33,618             | 35,160                | 107,714            | 119,856              |
| Cost of Sales                             | (33,712)           | (34,523)              | (108,404)          | (111,166)            |
| Gross (Loss)/ Profit                      | (94)               | 637                   | (690)              | 8,690                |
| Other income                              |                    |                       |                    |                      |
| - Non-operating income                    | 2,575              | 1,075                 | 6,271              | 4,326                |
| - Interest income                         | -                  | 1                     | 1                  | 2                    |
|   | 2,481              | 1,713                 | 5,582              | 13,018               |
| Operating Expenses                        | (2,763)            | (4,748)               | (8,648)            | (14,550)             |
| Loss from operations                      | (282)              | (3,035)               | (3,066)            | (1,532)              |
| Finance cost                              | (449)              | (178)                 | (930)              | (616)                |
| Loss before tax                           | (731)              | (3,213)               | (3,996)            | (2,148)              |
| Tax                                       | -                  | 368                   | (120)              | (320)                |
| Loss after tax                            | (731)              | (2,845)               | (4,116)            | (2,468)              |
| Total comprehensive loss for the period   | (731)              | (2,845)               | (4,116)            | (2,468)              |
| Total comprehensive loss attributable to: |                    |                       |                    |                      |
| -Owners of the Company                    | (1,222)            | (2,846)               | (4,723)            | (2,777)              |
| -Non-controlling interests                | 491                | 1                     | 607                | 309                  |
| Net comprehensive loss for the period     | (731)              | (2,845)               | (4,116)            | (2,468)              |
| Loss per share - basic (Sen)              | (0.16)             | (0.36)                | (0.60)             | (0.35)               |

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the financial statements for the financial year ended 31 March 2014

Approved by,


  
 Gan Lock Yong @ Gan Choon Hur

**GPA Holdings Berhad**

Unaudited Interim Report as at 31 December 2014

**Condensed Consolidated Statement of Financial Position***(The current year figures have not been audited)*

|                                       | As at<br>31/12/2014<br>RM'000 | As at<br>31/3/2014<br>RM'000 |
|---------------------------------------|-------------------------------|------------------------------|
| <b>ASSETS</b>                         |                               |                              |
| <b>Non-current assets</b>             |                               |                              |
| Property, plant and equipment         | 31,854                        | 33,188                       |
| Investment properties                 | 4,875                         | 4,912                        |
| Deferred Tax Assets                   | -                             | 38                           |
|                                       | <u>36,729</u>                 | <u>38,138</u>                |
| <b>Current assets</b>                 |                               |                              |
| Inventories                           | 50,255                        | 50,849                       |
| Receivables, deposits and prepayments | 44,156                        | 42,092                       |
| Tax Recoverable                       | 1,277                         | -                            |
| Cash and bank balances                | 6,573                         | 6,653                        |
|                                       | <u>102,261</u>                | <u>99,594</u>                |
| <b>TOTAL ASSETS</b>                   | <u>138,990</u>                | <u>137,732</u>               |
| <b>EQUITY AND LIABILITIES</b>         |                               |                              |
| <b>Equity</b>                         |                               |                              |
| Share capital                         | 78,439                        | 78,439                       |
| Reserves                              | 10,648                        | 15,366                       |
| <b>Shareholders' equity</b>           | <u>89,087</u>                 | <u>93,805</u>                |
| Non-controlling interests             | 4,768                         | 4,164                        |
| <b>Total Equity</b>                   | <u>93,855</u>                 | <u>97,969</u>                |
| <b>Non-current liabilities</b>        |                               |                              |
| Deferred tax liabilities              | 99                            | 137                          |
| Bank borrowings                       | 792                           | 1,510                        |
|                                       | <u>891</u>                    | <u>1,647</u>                 |
| <b>Current liabilities</b>            |                               |                              |
| Trade Payables                        | 9,143                         | 9,631                        |
| Other payables                        | 15,054                        | 11,146                       |
| Loan from shareholder                 | 8,000                         | -                            |
| Tax liabilities                       | 166                           | -                            |
| Bank borrowings                       | 11,881                        | 17,339                       |
|                                       | <u>44,244</u>                 | <u>38,116</u>                |
| <b>Total Liabilities</b>              | <u>45,135</u>                 | <u>39,763</u>                |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <u>138,990</u>                | <u>137,732</u>               |
| <b>Net Assets per Share (RM)</b>      | <u>0.11</u>                   | <u>0.12</u>                  |

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the financial statements for the financial year ended 31 March 2014

**GPA Holdings Berhad**

Unaudited Interim Report for the Nine Months Ended 31 December 2014

**Condensed Consolidated Statement of Changes in Equity***(The current year figures have not been audited)*

|   | Attributable to equity holders of the Parent |                             |  |                                    |                                 |                                     |   | Total<br>Equity<br>RM '000 |
|---|--|-----------------------------|--|------------------------------------|---------------------------------|-------------------------------------|---|----------------------------|
|   | Non-distributable                            |                             |  | Distributable                      |                                 | Total<br>Equity<br>Funds<br>RM '000 | Non-<br>controlling<br>interests<br>RM '000 |                            |
|   | Share<br>Capital<br>RM '000                  | Share<br>Premium<br>RM '000 | Available for<br>sales reserves<br>RM '000 | Revaluation<br>reserves<br>RM '000 | Retained<br>Earnings<br>RM '000 |                                     |   |                            |
| <b>Balance as at 1 April 2013</b>                       | 78,439                                       | 6,803                       | -  | 549                                | 15,948                          | 101,739                             | 4,182                                       | 105,921                    |
| Total comprehensive expense for<br>the period           | -  | -                           | -  | -                                  | (7,925)                         | (7,925)                             | (25)  | (7,950)                    |
| -Loss on accretion of interest in subsidiary            |  |                             |  |                                    | (4)                             | (4)                                 | 4   | -                          |
| <b>Balance as at 31 March 2014</b>                      | 78,439                                       | 6,803                       | -  | 549                                | 8,019                           | 93,810                              | 4,161                                       | 97,971                     |
| <b>Balance as at 1 April 2014</b>                       | 78,439                                       | 6,803                       | -  | 549                                | 8,019                           | 93,810                              | 4,161                                       | 97,971                     |
| Total comprehensive (expense)/ income for<br>the period | -  | -                           | -  | -                                  | (4,723)                         | (4,723)                             | 607   | (4,116)                    |
| <b>Balance as at 31 December 2014</b>                   | 78,439                                       | 6,803                       | -  | 549                                | 3,296                           | 89,087                              | 4,768                                       | 93,855                     |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the financial statements for the financial year ended 31 March 2014

**GPA Holdings Berhad**

Unaudited Interim Report for the Nine Months Ended 31 December 2014

**Condensed Consolidated Statement of Cash flows***(The current year figures have not been audited)*

|   | <b>9 months ended<br/>31/12/2014<br/>RM'000</b> | <b>9 months ended<br/>31/12/2013<br/>RM'000</b> |
|---|---|---|
| <b>Cash flows from/(for) operating activities</b>           |   |   |
| Cash receipts from customers                                | 122,712   | 126,696   |
| Cash paid to suppliers and employees                        | (115,474)                                       | (122,269)                                       |
| Interest received   | 1   | 2   |
| Tax refund  | 510   | 166   |
| Tax paid  | (778)   | (756)   |
| <b><i>Net cash from/(used in) operating activities</i></b>  | <b>6,971</b>                                    | <b>3,839</b>                                    |
| <b>Cash flows (for)/ from investing activities</b>          |   |   |
| Purchase of property, plant and equipment                   | (258)   | (1,845)   |
| Proceeds from disposal of property, plant and equipment     | -   | 175   |
| <b><i>Net cash used in investing activities</i></b>         | <b>(258)</b>                                    | <b>(1,670)</b>                                  |
| <b>Cash flows (for)/from financing activities</b>           |   |   |
| Net Repayment of borrowings                                 | (4,754)   | (3,366)   |
| Interest paid   | (930)   | (616)   |
| Net repayments of hire purchase payables                    | (345)   | (486)   |
| <b><i>Net cash used in financing activities</i></b>         | <b>(6,029)</b>                                  | <b>(4,468)</b>                                  |
| <b>Net decrease in cash and cash equivalents</b>            | <b>684</b>                                      | <b>(2,299)</b>                                  |
| <b>Cash and cash equivalents at beginning of the period</b> | <b>3,970</b>                                    | <b>12,093</b>                                   |
| <b>Cash and cash equivalents at end of the period</b>       | <b>4,654</b>                                    | <b>9,794</b>                                    |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the financial statements for the financial year ended 31 March 2014



## **GPA HOLDINGS BERHAD**

### **Notes to the Financial Information – Third Quarter ended 31 December 2014**

*(The current year figures have not been audited)*

#### ***A. Explanatory Notes Pursuant to MFRS 134***

##### ***1) Basis of Preparation***

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRSs") 134: Interim Financial Reporting in Malaysia and Appendix 9B of the ACE Market Listing Requirements of Bursa Securities ("Listing Requirements").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2014.

##### ***2) Changes in Accounting Policies***

The Group's financial statements was prepared in accordance with MFRSs, which is in line with International Financial Reporting Standards as issued by the International Accounting Standards Board. The adoptions of new and revised MFRSs, Amendments/Improvements to MFRSs, IC Interpretations and Amendments to IC Interpretations in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2014.

- a) During the current financial period, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

##### **MFRSs and IC Interpretations (including the Consequential Amendments)**

MFRS 10 Consolidated Financial Statements  
MFRS 11 Joint Arrangements  
MFRS 12 Disclosure of Interests in Other Entities  
MFRS 13 Fair Value Measurement  
MFRS 119 (2011) Employee Benefits  
MFRS 127 (2011) Separate Financial Statements  
MFRS 128 (2011) Investments in Associates and Joint Ventures  
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities  
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance  
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income  
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine  
Annual Improvements to MFRSs 2009 – 2011 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's interim financial statements.

## 2) Changes in Accounting Policies (Cont'd)

- b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial period:-

| <b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>                              | <b>Effective Date</b>    |
|---|--------------------------|
| MFRS 9 (2009) Financial Instruments   | )                        |
| MFRS 9 (2010) Financial Instruments   | ) To be                  |
| MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)             | ) announced<br>) by MASB |
| Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures            | )<br>)                   |
| MFRS 14 Regulatory Deferral Accounts  | 1 January 2016           |
| Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities                                   | 1 January 2014           |
| Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations                       | 1 January 2016           |
| Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016           |
| Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions                                    | 1 July 2014              |
| Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities                             | 1 January 2014           |
| Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets                           | 1 January 2014           |
| Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting                      | 1 January 2014           |
| IC Interpretation 21 Levies   | 1 January 2014           |
| Annual Improvements to MFRSs 2010 – 2012 Cycle  | 1 July 2014              |
| Annual Improvements to MFRSs 2011 – 2013 Cycle  | 1 July 2014              |

## 3) Auditors' Report

The auditors' report on the financial statements for the financial year ended 31<sup>st</sup> March 2014 was not subject to any qualification.

## 4) Seasonal and Cyclical Factors

- Export Sales - High season for battery sales occur during the winter months and low season during the summer months.
- Local Sales - Low season for battery sales occur during the major festive months.

**5) Individually Significant Items**

The Group had started a new business venture in August 2014 which involved the trading of used motor vehicles through the Company's wholly-owned subsidiary, Hasrat Mestika Sdn Bhd ("HMSB"). The new business venture was expected to provide a new income stream for the Group, which will complement the existing manufacturing income stream.

**6) Material Changes in Estimates**

There were no material changes in estimates for the current quarter and financial year-to-date.

**7) Debt and Equity Securities**

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial year-to-date.

**8) Dividends Paid**

No dividend was paid during the current quarter ended 31<sup>st</sup> December 2014.

**9) Segmental Reporting**

The Group is organized into three main business segments as follows:

|  | Automotive<br>Batteries<br>RM'000 | Non-Automotive<br>Batteries<br>RM'000 | Eliminations<br>RM'000 | Group<br>RM'000 |
|--|-----------------------------------|---------------------------------------|------------------------|-----------------|
| <b>Financial year-to-date ended<br/>31 December 2014</b> |                                   |                                       |                        |                 |
| <b>Revenue</b>   |                                   |                                       |                        |                 |
| External revenue   | 53,921                            | 53,793                                | -                      | 107,714         |
| <b>Results</b>   |                                   |                                       |                        |                 |
| Segment results  | (5,035)                           | 2,092                                 | -                      | (2,943)         |
| Unallocated expenses                                     |                                   |                                       |                        | (125)           |
| Finance cost   |                                   |                                       |                        | (930)           |
| Tax expense  |                                   |                                       |                        | (120)           |
| Profit for the period                                    |                                   |                                       |                        | (4,118)         |
| <b>Net assets</b>  |                                   |                                       |                        |                 |
| Segment assets   | 116,880                           | 40,403                                | (76,463)               | 80,820          |
| Unallocated assets                                       |                                   |                                       |                        | 58,170          |
| Total assets   |                                   |                                       |                        | 138,990         |
| <b>Segment liabilities</b>                               |                                   |                                       |                        |                 |
| Segment liabilities                                      | 16,930                            | 103,523                               | (76,463)               | 43,990          |
| Unallocated liabilities                                  |                                   |                                       |                        | 1,145           |
| Total liabilities  |                                   |                                       |                        | 45,135          |
| <b>Other information</b>                                 |                                   |                                       |                        |                 |
| Capital expenditure                                      | 240                               | 17                                    | -                      | 257             |
| Depreciation   | 1,413                             | 216                                   | -                      | 1,629           |

**10) Carrying Amount of Revalued Assets****Property**

A valuation of the Group's land and buildings by independent qualified valuers using the Comparison Method had been performed on the 31<sup>st</sup> March 2011. As no impairment was reflected in the valuation of the properties, the Group had decided not to revalue the properties in the financial year ended 31<sup>st</sup> March 2014.

**11) Material Events Subsequent to the End of the Interim Period**

There were no material events subsequent to the end of the interim period as at the date of this announcement.

**12) Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current quarter and the financial year-to-date.

**13) Contingent Liabilities / Assets**

The Group does not have any contingent liabilities or assets as at the date of this announcement.

**14) Capital Commitments**

Capital commitments are as follows:

|                                  | <b>31/12/2014</b> |
|----------------------------------|-------------------|
|                                  | <b>RM'000</b>     |
| <i>Machineries</i>               |                   |
| Approved and contracted for:     | 1,104             |
| Approved but not contracted for: | -                 |
| Total                            | <u>1,104</u>      |

## **GPA HOLDINGS BERHAD**

**Notes to the Financial Information – Third Quarter ended 31 December 2014**

*(The current year figures have not been audited)*

### ***B. Selected Explanatory Notes to the Interim Financial Report (Part A of Appendix 9B of Bursa Malaysia Listing Requirements)***

#### **1) Operating Segment Review**

##### **Automotive batteries segment**

Revenue from the automotive batteries segment decreased from RM18.76million in previous corresponding quarter to RM18.57 million in current quarter. For the 9 months cumulative period ended 31 December 2014, revenue fell 23.38% year on year to RM53.92 million primarily due to decrease of sales volume in both the domestic and overseas market. Competition from imported batteries in local market as well as the availability of relatively cheaper products from China and Thailand to the overseas market will continue to affect the revenue of this segment.

This segment further recorded a loss before tax (“LBT”) of RM2.46 million in the current quarter compared to LBT of RM3.25 million in the previous year corresponding quarter. Cumulative 9 months recorded a LBT of RM5.92 million closing adversely against last year’s 9 month period by RM2.82 million as a result of lower volume and declining margin.

##### **Non-Automotive Batteries segment**

Revenue for this segment dropped by 8.22% from RM16.40 million in the previous corresponding quarter to RM15.05 million in the current quarter. Cumulative 9 months period revenue grew by 8.71%. This was mainly due to increase in export sales.

In line with the strengthening of the USD, this segment which has a higher export sales mix posted a higher Profit before tax (“PBT”) of RM2.05 million for the current 9 months cumulative period compared to PBT of RM1.16 million in the previous year 9 month period.

#### **2) Material Changes in Profit/(Loss) Before Tax for Current Quarter as Compared with the Immediate Preceding Quarter**

The current quarter’s loss before tax of RM0.80 million was an improvement compared to loss before tax of RM2.38 million in the immediate preceding quarter due to foreign exchange gain.

#### **3) Current Year Prospects**

Automotive battery business division is expected to remain challenging with competition expected to be stiff with the emergence of many new importers in the industry. We will continue to improve our current market share with promotional and pricing strategy while continuous effort in cost optimisation will be carried out on the factory operation.

The Group is focusing on its Non-Automotive segment which is expected to see an increase in sales volume from the exports market. Barring any adverse movement in lead price and/or foreign exchange rate, we expect our performance to improve in the coming quarter.

4) **Variance of Actual Profit from Forecast**

Not applicable.

5) **Statement on Revenue or Profit Estimate, Forecast, Projection or Internal Targets Previously Announced or Disclosed in a Public Document**

Not Applicable.

6) **Tax**

|  | <i>3 months<br/>ended<br/>31/12/2014<br/>RM'000</i> | <i>9 months<br/>ended<br/>31/12/2014<br/>RM'000</i> |
|--|---|---|
| In respect of current period:              |   |   |
| - income tax                               | -   | 120   |
| - deferred tax                             | -   | -   |
| - (Over)/ Under provision of previous year | -   | -   |
|  | -   | 120   |

The effective tax rate on the Group's loss before tax for the financial year-to-date ended 31<sup>st</sup> December 2014 is lower than the statutory tax rate of 25.0% due to the loss suffered by certain subsidiaries.

7) **Corporate Proposals**

On behalf of the Board of Directors of the Company, M&A Securities Sdn Bhd announced on the 27 January 2015 that the Company proposes to undertake the following:

- (a) Proposed renounceable rights issue of up to 196,097,520 new ordinary shares of RM0.10 each in GPA ("Rights Shares") together with up to 490,243,800 new free detachable warrants ("Warrants") at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share for every four (4) GPA Shares held together with five (5) Warrants for every two (2) Rights Shares subscribed ("Proposed Rights Issue with Warrants");
- (b) Proposed increase in the authorised share capital of the Company from RM100,000,000 comprising 1,000,000,000 GPA Shares to RM300,000,000 comprising 3,000,000,000 GPA Shares ("Proposed IASC"); and
- (c) Proposed amendments to the Memorandum of Association of the Company ("Proposed Amendments").

**8) Bank Borrowings**

Details of the Group's bank borrowings as at 31<sup>st</sup> December 2014 are as follows:

|                            | <i>RM'000</i> |
|----------------------------|---------------|
| Repayable within 12 months |               |
| Term loan                  | 482           |
| Banker acceptance          | 4,400         |
| Revolving credits          | 4,629         |
| Bank overdraft             | 1,919         |
| Hire purchase              | 451           |
|                            | <u>11,881</u> |
| Repayable after 12 months  |               |
| Term loan                  | -             |
| Hire purchase              | 792           |
|                            | <u>792</u>    |

**9) Material Litigation**

- (i) GP Marketing Sdn Bhd ("GP Marketing") had on 18 March 2014, via its solicitors served on Super HH Power Sdn Bhd ("Super HH") and Chan Khong Fook and Mr Lee Tian Wah @ Lim Siew Wah (both acting as guarantors) (collectively referred to as the "Defendants") a Writ of Summons and Statement of Claim filed vide Shah Alam High Court Civil Suit No. 22 NCVC-135-03/2014. GP Marketing is claiming against the Defendants for the payment of an aggregate outstanding sum of RM1,671,951.64 being the amount due and owing by the Defendants to GP Marketing in respect of automotive batteries supplied to Super HH. Lee Tian Wah @ Lim Siew Wah has since passed away and GP Marketing has withdrawn the legal suit against the deceased. The matter is fixed for a decision on 23 February 2015.
- (ii) Pursuant to a compulsory acquisition by the Pentadbir Tanah Daerah Klang of a part of a land held under Lot PT 7836, H.S.(D) 17768, Mukim Kapar, District of Klang, Selangor ("Land"), GP Autobat Sdn Bhd ("GP Autobat") has accepted with protest from the Pentadbir Tanah Daerah Klang the compensation award amounting to RM216,000.00 for the aforesaid land acquisition. GP Autobat has opted to object the compensation amount and have the matter on compensation sum to be referred to the Court. GP Autobat via its solicitors is claiming against the Pentadbir Tanah Daerah Klang vide High Court of Shah Alam Originating Summons No. 24-516-05/2014 for an additional sum of RM600,000.00 being compensation to GP Autobat for injury caused to the land as a result of the compulsory acquisition. The case is pending in the High Court of Shah Alam and the hearing date has yet to be fixed.

**10) Dividends**

No interim or final dividend has been declared or recommended to be paid during the quarter under review.

**11) Earnings per Share**

|  |          | <i>3 months ended</i> |                   | <i>9 months ended</i> |                   |
|--|----------|-----------------------|-------------------|-----------------------|-------------------|
|  |          | <i>31/12/2014</i>     | <i>31/12/2013</i> | <i>31/12/2014</i>     | <i>31/12/2013</i> |
| <b>Basic earnings per share</b>  |          |                       |                   |                       |                   |
| Net loss attributable to ordinary equity holders of the parent company | (RM'000) | (1,222)               | (2,846)           | (4,723)               | (2,777)           |
| Total number of ordinary shares in issue                               | ('000)   | 784,390               | 784,390           | 784,390               | 784,390           |
| Basic loss per share   | (sen)    | (0.16)                | (0.36)            | (0.60)                | (0.35)            |

The basic earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the Company against the total number of ordinary shares issue during the period.

**12) Profit/(loss) Before Taxation**

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

|  | <b>Current Quarter<br/>YTD<br/>(RM'000)</b> | <b>YTD<br/>(RM'000)</b> |
|--|---|-------------------------|
| Interest income                                    | -   | (1)                     |
| Other income including investment income           | (867)                                       | (2,928)                 |
| Interest expense                                   | 449   | 930                     |
| Depreciation and amortization                      | 535   | 1,629                   |
| Provision/ (reversal) of impairment on receivables | 258   | 79                      |
| Foreign exchange gain                              | (1,975)                                     | (3,135)                 |

**13) Realised and Unrealised Profits/(Losses) Disclosure**

The retained profits as at 31<sup>st</sup> December 2014 and 31<sup>st</sup> December 2013 are analysed as follows:-

|   | <i>31/12/14</i> | <i>31/12/13</i> |
|---|-----------------|-----------------|
|   | <i>RM'000</i>   | <i>RM'000</i>   |
| Total retained earnings of the company and its subsidiaries:- |                 |                 |
| - Realised  | 22,986          | 32,539          |
| - Unrealised  | (1,236)         | (1,190)         |
| Less: Consolidation adjustments                               | (18,454)        | (18,178)        |
| Total group retained earnings as per consolidated statements  | <u>3,296</u>    | <u>13,171</u>   |



**DIRECTORS' REPORT**

*(Prepared for inclusion in this Abridged Prospectus)*



**GPA HOLDINGS BERHAD** (493897-V)

Regd Address: 8-3, Jalan Segambut, 51200 Kuala Lumpur, Malaysia.  
Tel: (6)03-40439266 Fax: (6)03-40436750  
Business Address: Lot 5031 & 5032, Jalan Teratai, 5½ Miles Off Jalan Meru, 41050 Klang,  
Selangor Darul Ehsan, Malaysia.  
Tel: (6)03-33927180 (6 Lines), 33929423, 33929508 Fax: (6)03-33927237  
E-mail: gpah@streamyx.com Website: www.gp-products.com

**Registered Office:**

No. 8-3  
Jalan Segambut  
51200 Kuala Lumpur  
Date :

**30 APR 2015**

**To: The Entitled Shareholders of GPA Holdings Berhad**

Dear Sir/Madam,

On behalf of the Board of Directors ("Board") of GPA Holdings Berhad (the "Company"), I wish to report that, after due inquiries in relation to the Company and its subsidiaries ("Group") during the period between 31 March 2014, being the date on which the latest audited consolidated statements have been made up, and the date hereof, being a date not earlier than 14 days before the issue of this Abridged Prospectus, that:

- (a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;
- (b) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in Section 9.4 of the Abridged Prospectus, there are no any contingent liabilities which have arisen by reason of any guarantees or indemnities given by any company within the Group;
- (e) since the last audited consolidated 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; and
- (f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited consolidated financial statements of the Group.

Yours faithfully,  
For and on behalf of the Board  
**GPA HOLDINGS BERHAD**

  
**GAN LOCK YONG @ GAN CHOON HUR**  
EXECUTIVE DIRECTOR

**ADDITIONAL INFORMATION****1. SHARE CAPITAL**

- (i) Save for the Rights Shares, Warrants and the new Shares to be issued pursuant to the exercise of the Warrants, no securities shall be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.
- (ii) As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.
- (iii) All the Rights Shares and the new Shares to be issued pursuant to the exercise of Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued and paid-up ordinary share capital, save and except that such Shares will not be entitled to any dividend, rights, allotment and/or other distribution, the entitlement date of which is prior to the date of allotment of such Shares.
- (iv) As at the date of this Abridged Prospectus, save for the Entitled Shareholders who will be provisionally allotted the Rights Shares together with Warrants under the Rights Issue with Warrants, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries as of the date of this Abridged Prospectus.
- (v) Save for the Rights Issue with Warrants and as disclosed in Appendix III of this Abridged Prospectus, none of our securities have been issued or agreed to be issued either as fully or partly paid-up otherwise than in cash, within the two (2) years immediately preceding the date of this Abridged Prospectus.

**2. ARTICLES OF ASSOCIATION**

The provisions in our Articles of Association in relation to the remuneration of our Directors are as follows:

**REMUNERATION OF DIRECTORS**

92. The Directors shall be paid by way of fees for their services, such fixed sum (if any) as shall from time to time be determined by our Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine. PROVIDED ALWAYS that:-
- (a) fee payable to Directors who hold no executive office in our Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
  - (b) salaries and other emoluments payable to Directors who hold an executive office in our Company pursuant to a contract of service need not be determined by our Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover.

- (c) fees payable to 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 convening the meeting.
- (d) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

### 3. MATERIAL CONTRACTS

Save as disclosed below and the Deed Poll, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past two (2) years preceding the date of this Abridged Prospectus:

- (i) GPA Technologies Sdn Bhd ("GPA Tech"), a 70% held subsidiary of GPA, is an importer, exporter and distributor of sealed lead acid batteries ("Goods") and has been supplying Firstpower Technology Co Ltd China ("FP China") with the Goods. FP China in turn has been supplying GP Technologies with raw materials and components for the manufacturing of the Goods. GPA Tech and FP China had on 6 June 2014 entered in a Contra Accounts Agreement for the setting-off of the amount due to GPA Tech from FP China amounting to the sum of USD2,598,794.93 with the amount due to FP China from GPA Tech amounting to the sum of USD1,758,927.40. Subsequent to the setting-off, the net amount owing to GPA Tech by FP China stands at USD839,867.53 which will be settled in the ordinary course of business by FP China. As at the LPD, this amount has been fully settled.

### 4. MATERIAL LITIGATION

Save as disclosed below, our Board confirms that neither our Company nor any of our subsidiaries are engaged in any material litigation, claims or arbitration as at the LPD, either as plaintiff or defendant, and our Board is not aware and does not has any knowledge of any proceedings pending or threatened against our Group or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group:

- (i) GP Marketing Sdn Bhd ("GP Marketing") had on 18 March 2014, via its solicitors served on Super HH Power Sdn Bhd ("Super HH") and Mr Chan Khong Fook ("Mr Chan") and Mr Lee Tian Wah @ Lim Siew Wah ("Mr Lee") (both acting as guarantors) (collectively referred to as the "Defendants") a Writ of Summons and Statement of Claim filed vide Shah Alam High Court Civil Suit No. 22 NCVC-135-03/2014. GP Marketing is claiming against the Defendants for the payment of an aggregate outstanding sum of RM1,671,951.64 being the amount due and owing by the Defendants to GP Marketing in respect of automotive batteries supplied to Super HH ("Amount Claimed"). Mr Chan has since passed away and GP Marketing has withdrawn the legal suit against the deceased. On 23 February 2015, GP Marketing has obtained a summary judgment against Super HH and Mr Lee as the guarantor. GP Marketing and Mr Lee are currently in the process of entering into a settlement agreement for the settlement or partial settlement of the Amount Claimed. GP Marketing is also demanding for the Amount Claimed from the estate of Mr Chan.
- (ii) Pursuant to a compulsory acquisition by the Pentadbir Tanah Daerah Klang of a part of a land held under Lot PT 7836, H.S.(D) 17768, Mukim Kapar, District of Klang, Selangor ("Land"), GP Autobat Sdn Bhd ("GP Autobat") has accepted with protest from the Pentadbir Tanah Daerah Klang the compensation award amounting to RM216,000.00 for

the aforesaid land acquisition. GP Autobat has opted to object the compensation amount and have the matter on compensation sum be referred to the Court. GP Autobat claims that the compulsory acquisition has caused injury to the land and GP Autobat is claiming for compensation amounting to RM600,000. GP Autobat had failed to file an application for the objection to be referred to Court ("Form N") within the permitted time but GP Autobat via its solicitors vide High Court of Shah Alam Originating Summons No. 24-516-05/2014 had successfully obtained an order for an extension of time to file in the Form N. GP Autobat has subsequently filed the Form N with the Pentadbir Tanah Daerah Klang to protest against the compensation awarded and the matter is now pending to be heard in Shah Alam High Court.

## 5. GENERAL

- (i) The nature of our business is set out in Section 1, Appendix III of this Abridged Prospectus. Save as disclosed in Section 5, Appendix III of this Abridged Prospectus, there are no corporations that are related to our Company by virtue of Section 6 of the Act as at the date of this Abridged Prospectus.
- (ii) The total estimated expenses of or in connection with the Proposals including professional fees, fees payable to the relevant authorities, registration and other incidental expenses of approximately RM400,000 will be borne by our Company.
- (iii) None of our Directors have any existing or proposed service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year of the date of this Abridged Prospectus.
- (iv) Save as disclosed in this Abridged Prospectus, our Directors are not aware of any material information including trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.
- (v) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:
  - (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
  - (b) material commitments for capital expenditure;
  - (c) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;
  - (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact of our Group's revenue or operating income; and
  - (e) substantial increase in revenue.

## 6. WRITTEN CONSENTS

The written consents of the Adviser, Company Secretaries, Principal Bankers, Share Registrar, Independent Market Researcher and the Solicitors for the Rights Issue with Warrants to the inclusion in this Abridged Prospectus of their names in the form and context in which they

appear have been given before issuance of this Abridged Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors/Reporting Accountants to the inclusion in this Abridged Prospectus of their names and letters relating to the audited consolidated financial statements of our Group for the FYE 31 March 2014 and the pro forma consolidated statements of financial position of GPA as at 31 March 2014 respectively, in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

## **7. DOCUMENTS FOR INSPECTION**

Copies of the following documents are made available for inspection at our Registered Office at No. 8-3, Jalan Segambut, 51200 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:

- (i) Our MA;
- (ii) The audited consolidated financial statements of GPA for the FYE 31 March 2012, FYE 31 March 2013 and FYE 31 March 2014;
- (iii) Our unaudited consolidated results for the nine (9) months FPE 31 December 2014;
- (iv) The pro forma consolidated statements of financial position of GPA as at 31 March 2014 together with the Reporting Accountants' letter thereon as set out in Appendix IV of this Abridged Prospectus;
- (v) The Deed Poll;
- (vi) The Lead Acid Battery Industry in Malaysia prepared by Infobusiness Research & Consulting Sdn Bhd dated 23 April 2015;
- (vii) The Directors' Report as set out in Appendix VII of this Abridged Prospectus;
- (viii) The consent letters referred to in Section 6 of this Appendix;
- (ix) The Undertaking as referred to in Section 2.5 of this Abridged Prospectus
- (x) The material contracts referred to in Section 3 of this Appendix; and
- (xi) The relevant cause papers in respect of the material litigation referred to in section 4 of this Appendix.

## **8. RESPONSIBILITY STATEMENT**

This Abridged Prospectus together with its accompanying documents have been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of our knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

M&A Securities, being the Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.