



TEKALA CORPORATION BERHAD

Company No: 357125-D

ANNUAL
REPORT
2015

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the TWENTIETH ANNUAL GENERAL MEETING of the Company will be held at Grand Ballroom, Hotel Sandakan, 4th Avenue, 90000 Sandakan, Sabah on 18 September 2015 at 11.00 a.m to transact the following business:

AGENDA	Resolution No
1. To receive the Audited Financial Statements for the year ended 31 March 2015 and the reports of the Directors and Auditors thereon.	1
2. To re-elect the following Directors retiring in accordance with Article 103 of the Company's Articles of Association:-	
(a) Voon Sui Liong @ Paul Voon	2
(b) Quek Siew Hau	3
(c) Fong Kin Wui	4
3. To consider and, if thought fit, to pass the following resolution:-	
"That Datuk Seri Panglima Quek Chiow Yong, who retires in accordance with Section 129 of the Companies Act, 1965, be hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting."	5
4. To approve payment of Directors' fees of RM90,000 for the year ended 31 March 2015.	6
5. To re-appoint Auditors and authorise the Directors to fix their remuneration.	7
6. As Special Business, to consider and if thought fit, to pass the following resolutions:-	
(i) ORDINARY RESOLUTION Authority to issue shares pursuant to the Company's Employees' Share Option Scheme	8
"THAT pursuant to the Company's Employees' Share Option Scheme ("the Scheme") as approved at the Extraordinary General Meeting of the Company held on 28 September 2011, the Directors of the Company be and are hereby authorised, in accordance with Section 132D of the Companies Act 1965, to allot and issue shares in the Company from time to time in accordance with the Scheme."	
(ii) ORDINARY RESOLUTION Retention of Independent Director	9
THAT Mr Voon Sui Liong @ Paul Voon be and is hereby retained as an Independent Director of the Company in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012.	
7. To transact any other business of an ordinary meeting of which due notice has been given.	

BY ORDER OF THE BOARD

THIEN VUI HENG (MIA 5970)
CHUNG CHEN VUI (MIA 7384)
Company Secretaries

Sandakan, Sabah
26 August 2015

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Notes :

- a) *A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on a show of hands or on a poll in his stead. A proxy need not be a member of the Company.*
- b) *In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of some officer of the corporation duly authorised in that behalf.*
- c) *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.*
- d) *The instrument appointing a proxy must be deposited at the Company's Registered Office situated at Wisma Tekala, Lot 2, Lorong Indah Jaya 29, Taman Indah Jaya, Jalan Lintas Selatan, 90000 Sandakan, Sabah not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.*
- e) *For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall request Bursa Malaysia Depository Sdn Bhd in accordance with Article 99 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 8 September 2015. Only a depositor whose name appears therein shall be entitled to attend this meeting or appoint a proxy to attend and/or vote on his stead.*
- f) *Explanatory notes on Special Business:-*
 - (i) *Ordinary Resolution (Resolution 8)*
The ordinary resolution if passed, will enable the Directors of the Company, from the date of the General Meeting, to allot and issue ordinary shares of the Company to those employees who have exercised their options under the Employees' Share Option Scheme. This authority, unless revoked or varied at a General Meeting, will expire at the next Annual General Meeting.
 - (ii) *Ordinary Resolution (Resolution 9)*
Retention of Independent Director
Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") recommends that shareholders' approval must be sought in the event that the Company intends to retain the independent directors who have served in that capacity for more than 9 years. The Proposed Ordinary Resolution No 9, if passed, will enable the Company to retain Voon Sui Liong @ Paul Voon as independent director in accordance with MCCG 2012.

The Board is of the view that Voon Sui Liong @ Paul Voon is able to provide independent and balanced views in a professional manner as well as serving a check and balance and therefore recommends that he continues to act as an independent director of the Company.

CORPORATE AND OTHER INFORMATION

BOARD OF DIRECTORS

**Datuk Seri Panglima
Quek Chiow Yong**
Non-Independent
Non-Executive Chairman

Lim Ted Hing
Group Managing Director/
Chief Executive Officer

Fong Kin Wui
Executive Director

Quek Siew Hau
Executive Director

Seah Sen Onn @ David Seah
Executive Director

Chan Ka Tsung
Executive Director

Voon Sui Liong @ Paul Voon
Independent Non-Executive
Director

Datuk Eric Usip Juin
Independent Non-Executive
Director

Tan Kung Ming
Independent Non-Executive
Director

COMPANY SECRETARIES

Thien Vui Heng (MIA 5970)
Chung Chen Vui (MIA 7384)

REGISTERED OFFICE

Wisma Tekala
Lot 2, Lorong Indah Jaya 29
Taman Indah Jaya
Jalan Lintas Selatan
90000 Sandakan, Sabah
Tel : 089-212177
Fax : 089-271628

REGISTRARS

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-22643883
Fax : 03-22821886

SOLICITORS

Shearn Delamore & Co
Mazlan & Associates
Chin Lau Wong & Foo

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of the
Bursa Malaysia Securities Berhad

CORPORATE AND OTHER INFORMATION (cont'd)

GENERAL INFORMATION

The company is a public limited company, incorporated and domiciled in Malaysia.

All information provided in this Annual Report unless otherwise specified, had been made up to 31 July 2015, a date not earlier than six (6) weeks from the date of notice of the Annual General Meeting.

DIRECTORS' REMUNERATION

a) Details of the Directors' remuneration for the financial year ended 31 March 2015 are as follows:-

	Salaries/ Allowances	Bonus	EPF & Socso Contributions	Directors' Fees	Benefits in kind	Total
Executive Directors	2,155,500	267,000	292,497	50,000	116,530	2,881,527
Non-Executive Directors	708,300	87,750	22,907	40,000	48,178	907,135
Total	2,863,800	354,750	315,404	90,000	164,708	3,788,662

b) The directors whose remuneration falls in each successive band of RM50,000 are as follows:

(i) Executive Directors

Range of Remuneration RM	No of Directors
200,001 - 250,000	1
450,001 - 500,000	1
500,001 - 550,000	1
750,001 - 800,000	1
850,001 - 900,000	1
Total	5

(ii) Non-Executive Directors

Range of Remuneration RM	No of Directors
50,001 - 100,000	3
650,001 - 700,000	1
Total	4

NUMBER OF BOARD MEETINGS

During the financial year ended 31 March 2015, the Company held five (5) Board meetings.

CORPORATE PROPOSAL

There are no corporate proposals outstanding as at the date of the 2015 Annual Report.

CORPORATE AND OTHER INFORMATION (cont'd)

SHARE BUY-BACKS

There were no share buy-backs, resale of treasury shares or shares cancelled during the financial year under review.

OPTIONS OR CONVERTIBLE SECURITIES

There were no options or convertible securities exercised in respect of the financial year under review.

During the financial year under review, no options were offered to and/or granted pursuant to the new Employees' Share Option Scheme of the Company.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme.

SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies.

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year by the external auditors and its affiliated company was RM14,050.00.

VARIATION IN RESULTS

There was no material variance between the results for the financial year and the unaudited results previously announced. The Company did not issue any profit estimate, forecast or projections for the financial year.

PROFIT GUARANTEE

There was no profit guarantee to be received by the Company for the financial year ended 31 March 2015.

MATERIAL CONTRACTS

There are no material contracts of the company and its subsidiaries involving directors and major shareholders' interests for the financial year under review other than the related party transactions as disclosed in note 27 to the financial statements.

INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to independent auditors, KPMG and effective from 1 October 2014, FS Chen & Associates and the costs incurred for the internal audit function in respect of the financial year under review amounted to RM33,341.00.

The activities of the internal audit function are as disclosed in the audit committee report.

CORPORATE SOCIAL RESPONSIBILITY

The Group acknowledges that Corporate Social Responsibility (“CSR”) goes beyond sponsorship and philanthropic activities. It endeavours to entrench CSR in its business operations based on ethical values and respect for the environment, community, marketplace and employees’ welfare.

Environmental Responsibility

The Group sources its logs from sustainable sources, in line with the Government’s efforts to manage its forest resources so as to ensure sustainability. Investments in technologies that are environmentally friendly, such as its steam turbine power plant utilising wood waste and sawdust has allowed the Group to generate energy for its plywood mill.

Community Services

The Group supports benevolent and charitable causes on an ad hoc basis through monetary assistance and sponsorship to promote community activities.

Marketplace

The Group believes that with sound business practices and effective management, shareholders’ value will be enhanced. It takes pride in the production of plywood that meets the Japan Agriculture Standard’s strict certification criteria. The Standard ensures plywood produced is of quality, low odour emission and environmentally safe for the end users in Japan.

The Group has invested into the oil and gas service sector to diversify its earnings.

Employees’ Welfare

The Group believes that employees are one of its most important assets. In line with this belief, the Group is constantly creating and maintaining a working environment where employees who perform well are recognised, rewarded and promoted accordingly.

In addition to the above, at the plywood mill, the Group is committed to maintaining a high safety and health standard by cultivating safe working practices through in-house as well as external trainings.

The Group believes that proper human capital development will produce effective performance and high commitment in all level of employees.

Workforce Diversity

The Group pursues a non-discriminatory policy with regard to gender ethnicity and age of new employees joining the Group.

The recruitments of new employees to the Group are generally meritocratic in nature.

CORPORATE GOVERNANCE

The Board of Directors (“Board”) supports the Malaysian Code on Corporate Governance 2012 (“Code”) and is committed to observing good corporate governance throughout the Group in enhancing shareholders’ value and the financial performance of the Group.

The Board acknowledges its responsibility for compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Listing Requirements”) and all other statutory requirements.

Below is a description of how the Group has observed the principles and recommendations of the Code for the year ended 31 March 2015 including recommendations to be observed to enhance the Corporate Governance by the Group on a voluntary basis.

1. Establish Clear Roles And Responsibilities

The Company has adopted the policy statement on Board Charter and it is updated as necessary. The Board plays a primary role in the conduct and control of the Group’s business affairs. The Board currently consists of 9 members namely a Non-independent Non-executive Chairman, a Chief Executive Officer, 4 Executive Directors and 3 Independent Non-executive Directors. The Directors have diverse skills and a wide range of relevant business, commercial and financial experience.

The Board meets on a quarterly basis to deliberate and consider among others, the Group’s quarterly reports and convene additional meetings as necessary. The Directors exercise independent judgement when deliberating matters concerning the Group including strategy, operations, performance, financial and resources.

Prior to each Board Meeting, the Board members are provided with the Agenda of the Board Meeting and the relevant documents and information. This is to enable them to obtain a comprehensive understanding of the issues to be deliberated upon and to enable them to arrive at an informed decision.

There is a schedule of matters reserved specifically for the Board’s consideration and decision, including the approval of corporate plans, acquisition and disposal of major assets, major investments, changes to the management and control structure of the Group and issues in respect of key policies, procedures and authority limits.

The Chairman of the Board provides overall leadership to the Board in decision making without limiting the principle of collective responsibility for the Board decisions.

The Board is of the opinion that the current Board balance of nine (9) directors (comprising four (4) Non-executive Directors and five (5) Executive Directors) is appropriate for the Group. The Board and the Nominating Committee will continue to regularly review the size and composition of the Board in order for the Board to function effectively. The Board is satisfied that the present three (3) independent directors fulfils the Listing Requirements and is sufficient to fairly reflect the investment of the minority shareholders. The Board has identified Mr Voon Sui Liong @ Paul Voon as the senior independent non-executive director of the Company to whom the concerns of shareholders/investors may be conveyed.

In carrying out their duties, the Directors have complete access to all staff for information both financial and non-financial pertaining to the Group’s affairs. The Directors also have full access to the advice and services of the Company Secretaries. Where necessary, the Directors engage independent professional for advice at the Group’s expense to enable them to discharge their duties with full knowledge of the cause and effect.

CORPORATE GOVERNANCE (cont'd)

1. Establish Clear Roles And Responsibilities (cont'd)

The Directors are responsible for the Group's operations and the role of the independent non-executive Directors is important to the Group in ensuring that strategies proposed by the executive Directors are deliberated, and take into account the interests of the shareholders, employees, customers, suppliers, and other stakeholders before they are implemented.

Where a potential conflict of interest may arise, it is mandatory practice for the director concerned to declare his interest and abstain from the decision making process.

The Board delegates certain responsibilities to the Board Committees in order to enhance business and operational efficiency as well as efficacy. All Committees have their written terms of reference. All minutes of their proceedings and deliberations at the Committee meetings are tabled at the subsequent Board meetings and are duly noted and acted on where appropriate by the Board.

To date, the Board has set up five committees namely Audit Committee, Remuneration Committee, Nominating Committee, ESOS Option Committee and Executive Committee.

The ESOS Option Committee consists of four (4) members as follows:-

- Voon Sui Liong @ Paul Voon (Chairman)
- Lim Ted Hing
- Quek Siew Hau
- Seah Sen Onn @ David Seah

The Company's Employees Share Option Scheme ("ESOS") approved by the shareholders at the Extraordinary General Meeting held on 28 September 2011 was implemented on 14 February 2012 for a period of 5 years, expiring on 13 February 2017.

The Executive Committee of Directors (Exco) consists of five (5) members as follows:

- Fong Kin Wui (Chairman)
- Lim Ted Hing
- Quek Siew Hau
- Seah Sen Onn @ David Seah
- Chan Ka Tsung

The Exco undertakes tasks assigned to it by the Board of Directors.

The Exco is vested with powers and authorities in respect of the management, control, and direction of the Group as approved by the Board save for the schedule of matters reserved specifically for the Board's consideration and decision.

2. Strengthen Composition

The Board has established a Nominating Committee comprising non-executive directors, majority of whom are independent. The Committee is responsible for proposing new nominees to the board and for assessing the effectiveness of the Board and the contributions of each director towards the effectiveness of the decision-making process of the Board.

CORPORATE GOVERNANCE (cont'd)

2. Strengthen Composition (cont'd)

The Nominating Committee members of the Company are as follows:-

- Datuk Seri Panglima Quek Chiow Yong (Chairman)
- Voon Sui Liong @ Paul Voon
- Datuk Eric Usip Juin
- Tan Kung Ming

The Board has set up a Remuneration Committee consisting of non-executive directors. The Committee is responsible for drawing up the policy framework on all elements of remuneration such as reward structure, fringe benefits and other terms of employment of Directors.

The Remuneration Committee members of the Company are as follows:-

- Datuk Seri Panglima Quek Chiow Yong (Chairman)
- Voon Sui Liong @ Paul Voon
- Datuk Eric Usip Juin
- Tan Kung Ming

Directors' remuneration packages are approved by the Board as a whole. The Directors whose remuneration packages are being deliberated have the right to be heard during the deliberation but are not allowed to participate in decisions on their own remuneration packages. The Group reimburses expenses incurred by the Directors in the course of their duties as directors.

The level of remuneration for a Director is determined with a view to ensure experienced and capable Directors are attracted and retained to run the Group. There are no attendance fee for both executive and non-executive directors as attendance are expected of the directors in the discharge of their duties as Directors. For Executive Directors, they are appropriately rewarded. For non-executive Directors, the level of remuneration will commensurate with the responsibilities undertaken by them.

The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration are appropriately served by the band disclosure made.

3. Reinforce Independence

Generally based on observations throughout the year, the Board is satisfied with the level of objectivity and independence shown by the three Independent Directors in board deliberations and their ability to act in the best interests of the Company.

The Board views that Mr Voon Sui Liong @ Paul Voon who has served more than nine years as an Independent Director can continue to contribute to the Board as an independent director and hence will be seeking shareholders' approval at the forthcoming annual general meeting to retain him in this position.

The Chairman of the Company is Datuk Seri Panglima Quek Chiow Yong, a non-independent non-executive director while the Chief Executive Officer of the Company is Mr Lim Ted Hing.

Though not an independent director in compliance with recommendation 3.5 of the Code, but being a founder of the Company, the Board believes the Chairman will provide the necessary leadership to the Group.

CORPORATE GOVERNANCE (cont'd)

4. Foster Commitment

The Board is generally satisfied with the level of time commitment accorded by the Directors in fulfilling their respective roles and responsibilities as Directors of the Company.

The Directors are required to update and review their other directorships and shareholdings in the Company every half-yearly. This information is used to monitor their directorships to ensure the Directors have the time to focus and fulfil their roles and responsibilities effectively.

In determining the training needs of the Directors, the Board has adopted a policy that each director should attend such training which will aid them in the discharge of their duties and to accumulate no lesser than 48 points in a financial year ("the Minimum CEP points"). Each hour of training session attended shall be awarded 2 CEP points. Each director is allowed to have any excess CEP point carried forward to the next financial year provided that the number of points carried forward shall not exceed 24 CEP points. Should any Director not meet the minimum CEP points in a financial year, the Board may grant such extension of time as required for him to meet it.

5. Uphold Integrity In Financing Reporting

In presenting the annual financial statements and quarterly announcements, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists the Board in reviewing information to ensure its accuracy and adequacy and ensure that financial statements comply with all applicable financial reporting standards.

The Group's external auditors, whose suitability and independence are assessed annually by the Audit Committee, report independently to the shareholders of the company in accordance with the statutory requirements. The Group and the Directors provide full assistance to the external auditors so as to enable them to discharge their duties.

The external auditors meet with the internal auditors as and when deemed necessary, without the presence of the management.

6. Recognise And Manage Risks

The Directors acknowledge their responsibilities and have established the Group's system of internal control covering not only financial controls but also operational and compliance controls as well as risk management. The system has been designed to meet the Group's needs and to manage the risks to which it is exposed.

In order to achieve the economic expectations of our shareholders, the Group would pursue business opportunities/activities involving certain degree of risk. Due consideration would be given to the balance of risks and rewards, as far as practicable, to optimize the returns from the Group's business activities.

The Directors have since June 2002 set up an internal audit function which reports directly to the Audit Committee.

CORPORATE GOVERNANCE (cont'd)

7. Ensure Timely And High Quality Disclosure

The Group recognises the importance for timely and high quality dissemination of information to its shareholders, stakeholders and investors on the Group's performance and other developments via appropriate channels of communication including information posted on its website, www.tekala.com.my. The interim results announcements, other relevant announcements, the annual reports and the circulars to shareholders are the primary modes of communication to report the Group's business, results and other major developments to its shareholders, stakeholders and investors.

However, price-sensitive and any information that may be regarded as undisclosed material information about the Group is not disclosed until after the prescribed announcement to Bursa Malaysia Securities Berhad has been made.

8. Strengthen Relationship Between Company and Shareholders

The Annual General Meeting serves as a principal forum for dialogue with shareholders.

At the Annual General Meeting, shareholders are accorded the opportunity to raise questions on the agenda items of the general meeting. Directors and Senior Management Officers would provide answers and appropriate clarifications to issues raised.

Adequate notice of the meeting will be served and accompanied by an explanatory statement for the proposed resolution to facilitate understanding and evaluation of issues involved for each item of special business.

The Group values dialogue with its shareholders and investors as a means of effective communication that enables the Board and management to convey information about Group's performance, corporate strategy and other matters affecting shareholders' interests.

DIRECTORS' PROFILE



**Datuk Seri Panglima
Quek Chiow Yong**

A Malaysian aged 84, is the Non-Independent Non-Executive Chairman of the Company and was appointed to the Board on 22 June 1996. He is one of the founder members of the Group. He is the Chairman of Syarikat Kretam (Far East) Holdings Sdn Bhd group of companies and also the Chairman of the Board of several private companies. He was the Chairman of the Timber Association of Sabah from 1985 to 1988. With his experience in the timber industry, he contributes to the direction and pace of the Group. He is the Chairman of the Remuneration Committee and Nominating Committee of the Board. He has no directorships in other public companies. He had attended all five Board Meetings held during the financial year ended 31 March 2015. He is the father of Quek Siew Hau. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.



Lim Ted Hing

Aged 60, a Malaysian and a fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He is the Group Managing Director/ Chief Executive Officer of the Company and was appointed to the Board on 22 June 1996. He joined Ernst & Young, a public accounting firm in 1985 and was the Senior Manager in charge of its Sandakan Office before leaving to join the Group as Group Financial Controller in July 1994. He was later appointed as Executive Director/Chief Operating Officer in June 1996 and was promoted to the present position in January 2013. He is a member of the ESOS Option Committee and Executive Committee of the Board. He is currently a Director of NPC Resources Berhad and several other private companies. As at 31 July 2015, his direct shareholding in the Company was 1,711,100 ordinary shares of RM1 each. He had attended all five Board Meetings held during the financial year ended 31 March 2015. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.



Fong Kin Wui

Aged 55, a Malaysian with a Bachelor of Science (Hons) in Civil Engineering from Plymouth Polytechnic, United Kingdom which he obtained in 1983. He is an Executive Director of the Company and was appointed to the Board on 22 June 1996. He has extensive experience and knowledge in the construction industry and plantation business. He is the Chairman of the Executive Committee of the Board. He currently sits on the Board of several other private companies. He has no directorships in other public companies. He had attended all five Board Meetings held during the financial year ended 31 March 2015. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.

DIRECTORS' PROFILE (cont'd)



Quek Siew Hau

Aged 60, a Malaysian with Higher National Diploma in Electrical and Electronic Engineering from Portsmouth Polytechnic, United Kingdom which he obtained in 1978 and also holds a Post Graduate Diploma in Management Studies from Brighton Polytechnic, United Kingdom, obtained in 1979. He was appointed to the Board on 1 August 2013. He has been an Executive Director of the Company's subsidiaries since 1990. He has extensive experience and knowledge in the housing development and timber-related industries. His other businesses include plantation, food & beverage, retailing, beauty & health care, import and export business. He is also actively involved in a number of schools and voluntary organizations either as Chairman or committee member. He is a member of the ESOS Option Committee and Executive Committee of the Board. He also sits on the Board of several other private companies. He has no directorships in other public companies. He has attended all five Board Meetings held during the financial year ended 31 March 2015. He is the son of Datuk Seri Panglima Quek Chiow Yong. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.



**Seah Sen Onn @
David Seah**

Aged 46, a Malaysian with degree in Business (Accounting) from Curtin University of Technology, Perth, Australia which he obtained in 1990 and also holds a Graduate Diploma in Business (Information System) from Edith Cowan University, Perth, Australia, obtained in 1992. He is a Certified Practising Accountant with CPA Australia and member of the Malaysian Institute of Accountants. He was appointed to the Board on 2 January 2014. He has been an Executive Director of the Company's subsidiaries (Group) since 1994. He had one and a half year experience with Ernst & Young, a public accounting firm prior to his appointment as a director of the Group. He possesses extensive experience and knowledge in timber-related business, plantation and housing development. He is a member of the ESOS Option Committee and Executive Committee of the Board. He currently sits on the Board of several other private companies. He has no directorships in other public companies. He has attended all five Board Meetings held during the financial year ended 31 March 2015. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.



Chan Ka Tsung

Aged 32, a Malaysian with Bachelor of Science (Hons) in Psychology from the University of Nottingham, United Kingdom which he obtained in 2004. He was appointed to the Board on 1 August 2013. He has been an Executive Director of Certain of the Company's subsidiaries since 1 September 2012. He possesses experience in plantation, hotel and housing business. He is a member of the Executive Committee of the Board. He currently sits on the Board of several other private companies. He has no directorships in other public companies. He is the son of Chan Saik Chuen, a substantial shareholder of the Company. He has attended all five Board Meetings held during the financial year ended 31 March 2015. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.

DIRECTORS' PROFILE (cont'd)



**Voon Sui Liong @
Paul Voon**

Aged 64, Malaysian businessman domiciled in Sabah. A graduate from the University of Ottawa, Canada in Bachelor of Commerce (Hons). He is an Independent Non-Executive Director of the Company and was appointed to the Board on 15 December 1998. He was the majority shareholder and the Managing Director of Nountun Press (S) Sdn Bhd, and the publisher of the "Borneo Mail", a daily newspaper for 10 years (1988-1998). He was also the Managing Director of Borneo Golf Resort Berhad from 1993 to 1996. He was appointed as a Board Member of Sabah Tourism Board from 1998 to 2009. He is the Chairman of the Audit Committee and ESOS Option Committee and a member of the Remuneration Committee and Nominating Committee of the Board. He has no directorships in other public companies. He had attended all five Board Meetings held during the financial year ended 31 March 2015. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.



**Datuk Eric Usip
Juin**

Aged 62, a Malaysian with a Master of Science (Forestry) from Stephen F. Austin State University, Nacogdoches, East Texas, USA (1991) and a Bachelor of Science (Forestry) from Universiti Putra Malaysia (1979). He is an Independent Non-Executive Director and was appointed to the Board on 1 November 2008. He was the Director of Environment Protection Department in the Ministry of Tourism, Culture and Environment, Sabah from 1 August 1998 prior to his retirement on 9 August 2008. Prior to that, he was with the Forestry Department for about 28 years from March 1970 to July 1998 in various capacities, responsibilities and positions, the last as Senior Assistant Director of Forestry before his transfer to the Environment Protection Department. He is a life member of the Sabah Wetlands Conservation Society and the Sabah Society. He is a member of the Audit Committee, Remuneration Committee and Nominating Committee of the Board. He has no directorship in other public companies. He had attended all five Board Meetings held during the financial year ended 31 March 2015. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.



Tan Kung Ming

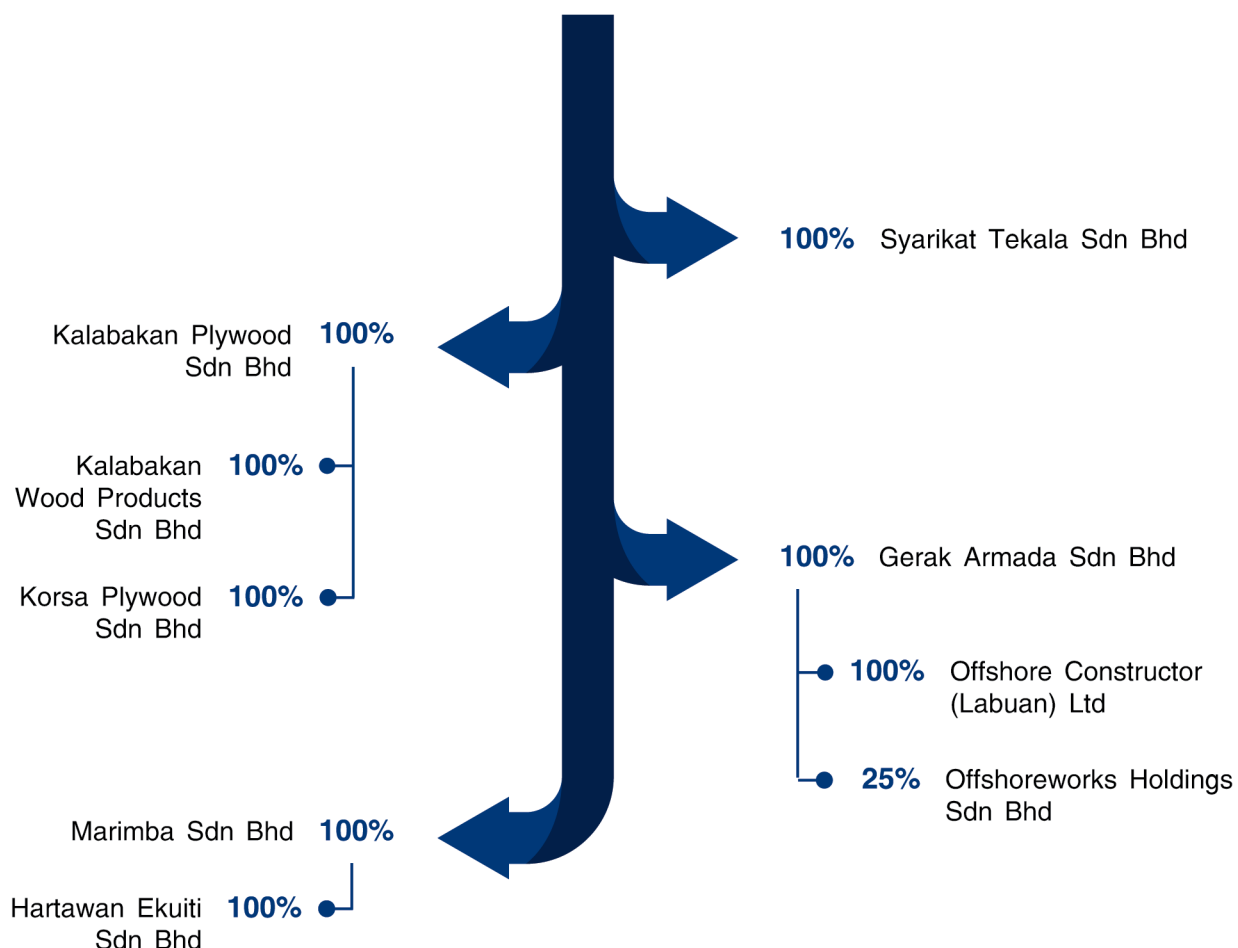
Aged 44, a Malaysian and a Chartered Accountant, a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountant. He is an Independent Non-Executive Director of the Company and was appointed to the Board on 1 November 2008. He has 5 years audit experience with KPMG, a public accounting firm from 1991 to 1996 prior to joining Zung Zang Holdings Sdn Bhd's Group of Companies as Finance Manager. He was the Accountant with PricewaterhouseCoopers Wood Products Berhad from 2001 to 2003 before commencing his own public accounting practice in 2003 under the name of TKM & Co. He is a member of the Audit Committee, Remuneration Committee and Nominating Committee of the Board. He is currently a director of Kretam Holdings Berhad. He had attended all five Board Meetings held during the financial year ended 31 March 2015. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.

CORPORATE STRUCTURE



TEKALA CORPORATION BERHAD

(Company No: 357125-D)



FIVE-YEAR FINANCIAL HIGHLIGHTS

		2011	2012	2013	2014	2015
Revenue	(RM'000)	130,944	105,949	96,099	83,195	53,255
Profit/(loss) after tax	(RM'000)	(46,766)	(58,637)	(13,442)	3,691	(12,888)
Net assets per share attributable to owners of the Company	(RM)	0.99	0.72	0.63	0.65	0.56
Earnings/(loss) per share attributable to owners of the Company	(sen)	(37.76)	(25.93)	(9.60)	2.64	(9.21)
Dividend per share	(sen)	2.00	-	-	-	-
Current ratio		2.72	1.38	0.97	8.79	29.66
Debt equity ratio		0.42	0.47	0.47	0.04	-

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Ekala Corporation Berhad, I would like to present the Annual Report and the audited financial statements of Ekala Corporation Berhad Group of companies for the financial year ended 31 March 2015.



CHAIRMAN'S STATEMENT (cont'd)

FINANCIAL RESULTS

The Group recorded a lower revenue amounting to RM53.25 million for the current financial year ended 31 March 2015 as compared to the previous financial year totalling RM83.20 million from its timber processing business segment.

For the current year under review, the Group registered a loss before tax of RM12.89 million mainly due to lower plywood sales as compared to a profit before tax of RM3.71 million mainly due to gain from the disposal of the Group's vessel in the previous financial year.

PROSPECTS

For the coming financial year, the Directors expect the Group's current core plymill operations to remain challenging.

To diversify future earnings, the Group is looking to invest in a profitable new business.

DIVIDENDS

In view of the losses sustained by the Group, the Board of Directors has not recommended any dividend to be paid in respect of the financial year ended 31 March 2015 at the forthcoming Annual General Meeting of the Company.

APPRECIATION

On behalf of the Board of Directors, I would like to express my heartfelt gratitude and thanks to our customers, suppliers, business associates, relevant government authorities, shareholders and our bankers for their continued support and understanding during these trying times.

I also like to convey my appreciation to the Management and staff of the Group for their efforts and contributions.

DATUK SERI PANGLIMA QUEK CHIEW YONG
CHAIRMAN

Sandakan
31 July 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year then ended and lay them before the General Meeting together with a copy of the auditors' report thereon. The financial statements should be made up to a date not more than six months before the date of the meeting.

In preparing the financial statements, the Directors have:

- * adopted suitable accounting policies and apply them consistently unless a change is required by statute or by an approved accounting standard or if the change will result in a more appropriate presentation of events or transactions in the financial statements;
- * exercised judgement and made estimates that are prudent and reasonable;
- * ensured applicable approved accounting standards have been followed and material departures, if any, have been disclosed and explained in the financial statements; and
- * prepared the financial statements on the going concern basis unless it is inappropriate to assume that the Group and the Company will continue in business in the foreseeable future.

The Directors are also responsible for ensuring that proper accounting and other records are kept as will sufficiently explain the transactions and financial position of the Group and of the Company and enable true and fair financial statements be prepared which comply with approved accounting standards and the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge that they are responsible for the Group's system of internal control and risk management and ensuring its adequacy and integrity. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and therefore can only provide reasonable and not absolute assurance against material misstatements or losses.

A sound system of internal control provides reasonable, but not absolute assurance that a Group will not be hindered in achieving its business objectives or the orderly conduct of its business. A system of internal control cannot, however, provide protection with certainty against a Group failing to meet its business objectives or all material errors, losses, fraud, or breaches of laws or regulations as a sound system of internal control reduces, but cannot eliminate the possibility of poor judgement in decision-making; human errors; control processes being circumvented by employees and others; management overriding controls; and the occurrence of unforeseeable circumstances.

The Group operates within a control environment and risk management framework developed and refined over the years. The Management is responsible for the identification and evaluation of significant risks and to formulate the design and operation of appropriate controls and procedures for its businesses. Risk assessment for the Group is carried out on a regular basis. Comprehensive reports on the Group's financial information and performance are also presented to the Directors on a regular basis.

The Audit Committee, comprising three independent non-executive Directors, operates under written terms of reference. Its functions include discussing and reviewing with the external auditors their audit findings, their evaluation of the Group's system of internal control and risk management, the adequacy of the scope and functions of the internal audit functions and the detailed review of the quarterly reports prior to its recommendation to the Directors for consideration and approval.

For the financial year under review, the Audit Committee reviewed, amongst others, the external and internal audit work carried out to assess the effectiveness, adequacy and integrity of the Group's system of internal control and risk management to ensure compliance with the systems and standard operating procedures of the Group, the process of identifying and evaluating significant risks affecting the Group's business and the policies and procedures by which risks are managed. The results of their review were satisfactory.

The Directors evaluated and reviewed the Group's major business risks and its control environment and risk management including management's assurance thereof. The Directors noted that controls and procedures in operation are appropriate and adequate. Accordingly, the Directors are satisfied with the system of internal control and risk management of the Group for the financial year under review.

STATEMENT OF DIRECTORS' TRAINING

The Board assesses the training needs of the Directors to aid them in the discharge of their duties as Directors. The training is designed to cover, among others, updates/amendments on the Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities including relevant business opportunities.

The training programmes attended by the Directors during the financial year ended 31 March 2015 are as follows:-

LIM TED HING

- GST Briefing 14 May 2014
- HSBC Going Global Series Tapping International Trade Opportunities 10 September 2014
- 2015 Budget Seminar & Recent Tax Developments 6 November 2014
- Asean Capital Market CEO Summit 2015 12 February 2015

FONG KIN WUI

- GST Briefing 14 May 2014

QUEK SIEW HAU

- GST Briefing 14 May 2014
- Global Tourism Cities Conference 2014 24 - 25 June 2014

SEAH SEN ONN @ DAVID SEAH

- Understanding of GST and Updates in Malaysia 7 - 8 April 2014
- GST Briefing 14 May 2014
- Corporate Tax Issues for 2014 8 July 2014
- 2015 Budget Seminar & Getting Ready for GST 3 November 2014

CHAN KA TSUNG

- Global Tourism Cities Conference 2014 24 - 25 June 2014
- Managing Strategic Risks at Board Level 17 December 2014

VOON SUI LIONG @ PAUL VOON

- Audit Committee Conference 2015 – Rising to New Challenges 24 March 2015

STATEMENT OF DIRECTORS' TRAINING (cont'd)

The training programmes attended by the Directors during the financial year ended 31 March 2015 are as follows:- (cont'd)

DATUK ERIC USIP JUIN

- International Conference on Enhancing Biodiversity Towards No Net Loss & Beyond Within The Heart of Borneo Landscape 10 November 2014
- 17th Malaysian Forestry Conference – “A Century of Forest Management: Lessons Learnt and The Way Forward” 11 - 12 November 2014
- Audit Committee Conference 2015 – Rising to New Challenges 24 March 2015

TAN KUNG MING

- Understanding of GST and Updates in Malaysia 10 - 11 April 2014
- National Tax Conference 2014 12 - 13 August 2014
- Appreciation & Application of ASEAN Corporate Governance Scorecard 7 October 2014
- Seminar Percukaian Kebangsaan 2014 (National Tax Seminar 2014) 30 October 2014
- Goods and Services Tax (GST) Training Course 31 October - 2 November 2014
- Goods and Services Tax (GST) Training Course 7 - 9 November 2014
- Audit Committee Conference 2015 – Rising to New Challenges 24 March 2015

During the financial year under review, Mr Seah Sen Onn @ David Seah, Mr Chan Ka Tsung and Mr Tan Kung Ming have fulfilled their required 48 CEP points sets by the Company while the other 6 directors, namely Datuk Seri Panglima Quek Chiow Yong, Mr Lim Ted Hing, Mr Fong Kin Wui, Mr Quek Siew Hau, Mr Voon Sui Liong @ Paul Voon and Datuk Eric Usip Juin have been granted extension of time to fulfil their shortfall in CEP points in the coming financial year.

STATEMENT ON NOMINATING COMMITTEE ACTIVITIES

For the financial year under review, the Committee assessed the training programmes attended by the Directors and the size, composition and effectiveness of the Board of the Company and its subsidiaries and the Board committees as well as expertise and experience of the Board members of the Company and its subsidiaries including Directors' duties and responsibilities.

The Group pursued a non-discriminatory policy with regard to gender, ethnicity and age of new employees and appointments were generally meritocratic in nature.

AUDIT COMMITTEE REPORT

The Directors are pleased to present the Audit Committee Report of the Company in respect of the financial year ended 31 March 2015 ("year under review").

(A) COMPOSITION

The members of the Audit Committee are as follows:

		No of meetings attended during the year under review
CHAIRMAN		
Voon Sui Liong @ Paul Voon	Independent Non-Executive Director	5 of 5
COMMITTEE MEMBERS		
Datuk Eric Usip Juin	Independent Non-Executive Director	5 of 5
Tan Kung Ming (MIA 21364)	Independent Non-Executive Director	5 of 5

(B) MEETINGS

The audit committee held five meetings in respect of the financial year under review.

(C) ACTIVITIES

The activities of the Audit Committee in the discharge of its functions and duties in respect of the financial year under review included the review of the work carried out by the internal auditors, review of the quarterly reports prior to submission to the Board for consideration and approval, review with the external auditors their accounting and audit issues arising from their audit, review of the draft audited accounts and related party transactions before consideration and approval by the Board. The Audit Committee also discussed and recommended the re-appointment of Auditors and their fees.

During the financial year under review, the Audit Committee verified that no options were granted.

In addition, based on its annual assessment of the work performed by Ernst & Young during the financial year under review, the Audit Committee was satisfied as to the suitability and independence of Ernst & Young to be re-appointed by the shareholders as the external auditors of the Company for the following financial year.

(D) INTERNAL AUDIT FUNCTION

The Internal Audit function of the Company, established in June 2002, is independent of the activities it audits and reports directly to the Audit Committee. Its responsibilities are, amongst others, to assist the Audit Committee in providing independent assessments of the adequacy, efficiency and effectiveness of the internal control systems to ensure compliance with the systems and standard operating procedures in the Group and to carry other tasks as specified by the Audit Committee.

AUDIT COMMITTEE REPORT (cont'd)

(D) INTERNAL AUDIT FUNCTION (cont'd)

The main activities undertaken by the internal auditors during the year under review are audits for the following functional areas of the Group's plymill operations namely:-

- Sales, Billings and Collections; and
- Human Resource.

(E) KEY FUNCTIONS OF THE AUDIT COMMITTEE

The Audit Committee shall, amongst others, discharge the following functions:-

- (1) review the following and report the same to the Board:-
 - (a) with the external auditors, the audit plan;
 - (b) with the external auditors, his evaluation of the system of internal controls;
 - (c) with the external auditors, his audit report;
 - (d) the assistance given by the employees of the Company to the external auditors;
 - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:-
 - (i) charges in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
 - (h) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (i) any letter of resignation from the external auditors of the Company; and
 - (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
- (2) recommend the nomination of a person or persons as external auditors.

SHAREHOLDING STATISTICS

AS AT 31 JULY 2015

Authorised Share Capital	:	500,000,000
Paid-Up & Issued Share Capital	:	152,983,300
Treasury Shares	:	13,008,000
Adjusted capital (after netting Treasury Shares)	:	139,975,300
Type of Share	:	Ordinary share of RM1.00 each
No of Shareholders	:	8,656
Voting Rights	:	1 vote per shareholder on a show of hands 1 vote per ordinary share on a poll

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No of Holders	Total Holdings [#]	Percentage [#]
1 to 99	11	227	0.00
100 to 1,000	3,742	3,708,264	2.65
1,001 to 10,000	3,948	16,021,244	11.44
10,001 to 100,000	851	24,620,273	17.59
100,001 to 6,998,764*	102	77,624,871	55.46
6,998,765 and above**	2	18,000,421	12.86
TOTAL	8,656	139,975,300	100.00

Notes:-

* Less than 5% of Issued Holdings

** 5% and above of Issued Holdings

Excluding a total of 13,008,000 shares bought-back by the Company and retained as treasury shares as per Record of Depositors as at 31 July 2015

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

[based on notifications in writing received by the Company on or before 31 July 2015]

<----- Ordinary Shares of RM1 each ----->					
No	Name of Substantial Shareholder	Direct Interest	%	Indirect interest	%
1	Chan Saik Chuen	-	-	9,506,997 ¹	6.79
2	Chan Ka Tsung	-	-	9,506,997 ¹	6.79
3	Chan Saik Chuen Sdn Bhd	9,506,997	6.79	-	-
4	Datuk Seri Panglima Quek Chiow Yong	-	-	8,493,424 ²	6.07
5	Quek Siew Hau	309,489	0.22	8,493,424 ²	6.07
6	Quek Chiow Yong Holdings Sdn Bhd	8,493,424	6.07	-	-

Notes:-

1 Deemed interested through Chan Saik Chuen Sdn Bhd.

2 Deemed interested through Quek Chiow Yong Holdings Sdn Bhd.

SHAREHOLDING STATISTICS (cont'd)

AS AT 31 JULY 2015

DIRECTORS' INTERESTS

According to Register maintained under Section 134 of the Companies Act, 1965, the directors' interests in shares of the Company or in a related corporation are as follows:-

Name of Directors	<--- Ordinary Shares of RM1 each in the Company --->			
	Direct Interest	%	Indirect interest	%
Datuk Seri Panglima Quek Chiow Yong	-	-	8,493,424 ¹	6.07
			419,489 ²	0.30
Lim Ted Hing	1,711,100 ³	1.22	-	-
Fong Kin Wui	1,695,794 ⁴	1.21	969,574 ⁵	0.69
Quek Siew Hau	309,489	0.22	8,493,424 ¹	6.07
Seah Sen Onn @ David Seah	2,788,800	1.99	-	-
Chan Ka Tsung	-	-	9,506,997 ⁶	6.79

The Directors by virtue of their interest in shares in the Company are also deemed to have interest in shares in all of its related corporations to the extent the Company has an interest.

Notes:-

- 1 Deemed interested through Quek Chiow Yong Holdings Sdn Bhd.
- 2 Deemed interested for shares held by children.
- 3 Held directly and also via CIMSEC Nominees (Tempatan) Sdn Bhd-CIMB Bank.
- 4 Held directly and also via Maybank Nominees (Tempatan) Sdn Bhd-Amanahraya Investment Management Sdn Bhd.
- 5 Deemed interested through Fong Tham Hing Enterprise Sdn Bhd.
- 6 Deemed interested through Chan Saik Chuen Sdn Bhd.

THIRTY (30) LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

No.	Name	No. Of Shares Held [#]	% [#]
1.	CHAN SAIK CHUEN SDN BHD	9,506,997	6.79
2.	QUEK CHIOU YONG HOLDINGS SDN BHD	8,493,424	6.07
3.	LIE TJIE MOH @ LEE CHEE HIONG	6,888,663	4.92
4.	SEAH TEE LEAN	6,474,621	4.63
5.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>Exempt An for EFG Bank Ag (A/C Client)</i>	4,869,929	3.48
6.	TAN TONG CHEW	4,238,729	3.03
7.	KWAN PUN CHO	3,453,384	2.47
8.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Pang Kim Fan (8051066)</i>	3,000,000	2.14
9.	SEAH SEN ONN @ DAVID SEAH	2,788,800	1.99
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Pang Kim Fan (120012)</i>	2,667,900	1.91

SHAREHOLDING STATISTICS (cont'd)

AS AT 31 JULY 2015

No.	Name	No. Of Shares Held [#]	% [#]
11.	KWAN CHEE HANG SDN BHD	2,481,729	1.77
12.	T Y FONG SDN BHD	2,478,373	1.77
13.	YEOH PHEK LENG	2,332,100	1.67
14.	Q C M SDN BHD	1,981,975	1.42
15.	SEAH TEE SUI SDN BHD	1,923,057	1.37
16.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>C C Ho Sdn Bhd (T- 071001)</i>	1,854,284	1.32
17.	ALLIANCEGROUP NOMINESS (TEMPATAN) SDN BHD <i>Pledged securities account for Kwan Hung Cheong (8093908)</i>	1,658,000	1.18
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>Amanahraya Investment Management Sdn Bhd For Fong Kin Wui (C346-240450)</i>	1,395,794	1.00
19.	UOB KAY HIAN NOMINEES (ASING) SDN BHD <i>Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)</i>	1,217,000	0.87
20.	CHIANG YOK LENG	1,135,700	0.81
21.	PANG KIM FAN	1,132,100	0.81
22.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB Bank for Lim Ted Hing (MY0410)</i>	1,100,000	0.79
23.	FONG THAM YU	998,000	0.71
24.	FONG THAM HING ENTERPRISE SDN BHD	969,574	0.69
25.	RHB CAPITAL NOMINEES (ASING) SDN BHD <i>Rosalind Wong Mei Wai (T-071582)</i>	899,800	0.64
26.	HSBC NOMINEES (ASING) SDN BHD <i>Coutts & Co Ltd Sg For Jubilee Asset Limited</i>	789,000	0.56
27.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Lim Nyuk Sang @ Freddy Lim</i>	705,329	0.50
28.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB Bank For Ng Chai Hock (MY0972)</i>	679,000	0.49
29.	JOHAN ENTERPRISE SDN BHD	668,000	0.48
30.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>Exempt An For Bank of Singapore Limited</i>	650,000	0.46

Note:-

Excluding a total of 13,008,000 shares bought-back by the Company and retained as treasury shares as per Record of Depositors as at 31 July 2015.

LIST OF PROPERTIES

Registered Owner and address	Land Area (per title deed)	Description	Tenure	Age of Building (years)	Net Book Value As At 31 March 2015 (RM'000)	Date of Acquisition
Kalabakan Plywood Sdn Bhd CL 105464766 Sungai Imam Pasir Putih District of Tawau	32.73 acres	Plywood factory, warehouse, office and auxiliary buildings	999 years leasehold (expiry 02.09.2923)	25	4,316	21.06.1996
Kalabakan Wood Products Sdn Bhd CL 105463956 Sungai Imam Pasir Putih District of Tawau	29.57 acres	Factory building	99 years leasehold (expiry 31.12.2088)	18	6,312	21.06.1996
Korsa Plywood Sdn Bhd CL 105421814 Sungai Imam Pasir Putih District of Tawau	46.38 acres	Industrial land and building	99 years leasehold (expiry 31.12.2076)	20	8,676	21.06.1996

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DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are timber processing and investment holding.

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

RESULTS

	Group RM	Company RM
Loss net of tax	(12,888,426)	(32,896,878)

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

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

DIRECTORS

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

Datuk Seri Panglima Quek Chiow Yong
Lim Ted Hing
Fong Kin Wui
Quek Siew Hau
Chan Ka Tsung
Seah Sen Onn @ David Seah
Voon Sui Liong @ Paul Voon
Datuk Eric Usip Juin
Tan Kung Ming

Datuk Seri Panglima Quek Chiow Yong retires in accordance with Section 129 of the Companies Act, 1965 and the board recommends him for re-appointment to hold office until the conclusion of the next Annual General Meeting of the Company.

In accordance with Article 103 of the Company's Articles of Association, Fong Kin Wui, Quek Siew Hau and Voon Sui Liong @ Paul Voon retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' REPORT (cont'd)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 12 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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 as disclosed in Note 27 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

Name of director	Number of ordinary shares of RM1 each			
	1.4.2014	Acquired	Sold	31.3.2015
Datuk Seri Panglima Quek Chiow Yong				
Indirect shareholding#	8,493,424	-	-	8,493,424
Deemed interest*	419,489	-	-	419,489
Lim Ted Hing				
Direct shareholding	1,711,100	-	-	1,711,100
Fong Kin Wui				
Direct shareholding	1,695,794	-	-	1,695,794
Indirect shareholding#	969,574	-	-	969,574
Quek Siew Hau				
Direct shareholding	309,489	-	-	309,489
Indirect shareholding#	8,493,424	-	-	8,493,424
Chan Ka Tsung				
Deemed interest#	9,506,997	-	-	9,506,997
Seah Sen Onn @ David Seah				
Direct shareholding	2,788,800	-	-	2,788,800

Held through another body corporate

* Held by spouse and/or children

TREASURY SHARES

There was no share buy-back during the financial year under review.

As at 31 March 2015, the Company held as treasury shares a total of 13,008,000 of its 152,983,300 issued ordinary shares. Such treasury shares are held at a carrying amount of RM9,386,487 and further relevant details are disclosed in Note 24 to the financial statements.

DIRECTORS' REPORT (cont'd)

EMPLOYEES' SHARE OPTION SCHEME (ESOS)

The Company's ESOS for eligible directors and employees of the Company and its subsidiary companies was approved by the shareholders at the Extraordinary General Meeting held on 28 September 2011. The ESOS became effective on 14 February 2012 when the last of the requisite approvals was obtained and is valid for a period of five (5) years expiring on 13 February 2017.

The Company has yet to grant options under the ESOS to eligible directors and employees of the Company and its subsidiary companies at the reporting date.

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 July 2015.

Lim Ted Hing

Quek Siew Hau

STATEMENT BY DIRECTOR'S

Pursuant to Section 169(15) of the Companies Act, 1965

We, Lim Ted Hing and Quek Siew Hau, being two of the directors of Tekala Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 39 to 96 give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 34 on page 97 to the financial statements has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 July 2015.

Lim Ted Hing

Quek Siew Hau

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Lim Ted Hing, being the director primarily responsible for the financial management of Tekala Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 39 to 97 are in my opinion 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 the abovenamed Lim Ted Hing
at Sandakan in the State of Sabah
on 29 July 2015

Lim Ted Hing

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TEKALA CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Tekala Corporation Berhad, which comprise statements of financial position as at 31 March 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 96.

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 the 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF TEKALA CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 34 on page 97 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

Sandakan, Malaysia
29 July 2015

Yong Voon Kar
1769/04/16(J/PH)
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Note	Group		Company	
		2015 RM	2014 RM (Restated)	2015 RM	2014 RM
Revenue	4	53,254,913	83,195,220	-	-
Cost of sales	5	(58,203,343)	(78,690,284)	-	-
Gross (loss)/profit		(4,948,430)	4,504,936	-	-
Other items of income					
Interest income	6	1,361,038	1,003,362	-	-
Dividend income	7	74,569	107,994	-	-
Other income	8	279,787	11,558,217	-	-
Other items of expense					
Distribution costs		(432,127)	(744,907)	-	-
Administrative expenses		(8,469,081)	(9,030,068)	(491,726)	(468,771)
Finance costs	9	-	(1,778,118)	-	-
Other expenses		(754,182)	(1,910,743)	(32,405,152)	2,258,137
(Loss)/profit before tax	10	(12,888,426)	3,710,673	(32,896,878)	1,789,366
Income tax expense	13	-	(20,000)	-	-
(Loss)/profit net of tax attributable to owners of the Company		(12,888,426)	3,690,673	(32,896,878)	1,789,366
Total comprehensive (loss)/income attributable to owners of the Company		(12,888,426)	3,690,673	(32,896,878)	1,789,366
(Loss)/Earnings per share attributable to owners of the Company (sen per share):					
Basic/diluted	14	(9.21)	2.64		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 March 2015

	Note	31.3.2015 RM	31.3.2014 RM (Restated)	1.4.2013 RM (Restated)
Assets				
Non-current asset				
Property, plant and equipment	15	21,525,428	23,417,362	105,009,575
Other investments	17	114,501	125,000	125,000
		<u>21,639,929</u>	<u>23,542,362</u>	<u>105,134,575</u>
Current assets				
Other investments	17	1,550,773	6,168,591	2,054,348
Inventories	18	13,382,710	20,163,746	17,446,701
Trade and other receivables	19	555,154	3,530,895	7,287,829
Prepayments		400,054	501,175	493,797
Tax refundable		-	-	151,050
Cash and bank balances	20	43,527,505	46,815,858	4,175,000
		<u>59,416,196</u>	<u>77,180,265</u>	<u>31,608,725</u>
Total assets		<u>81,056,125</u>	<u>100,722,627</u>	<u>136,743,300</u>
Equity and liabilities				
Current liabilities				
Borrowings	21	-	3,618,579	25,657,815
Trade and other payables	22	2,003,241	5,162,738	7,059,666
		<u>2,003,241</u>	<u>8,781,317</u>	<u>32,717,481</u>
Net current assets/(liabilities)		<u>57,412,955</u>	<u>68,398,948</u>	<u>(1,108,756)</u>
Non-current liabilities				
Borrowings	21	-	-	15,775,182
Deferred tax liabilities	23	498,595	498,595	498,595
		<u>498,595</u>	<u>498,595</u>	<u>16,273,777</u>
Total liabilities		<u>2,501,836</u>	<u>9,279,912</u>	<u>48,991,258</u>
Net assets		<u>78,554,289</u>	<u>91,442,715</u>	<u>87,752,042</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

As at 31 March 2015

		31.3.2015 RM	31.3.2014 RM (Restated)	1.4.2013 RM (Restated)
	Note			
Equity attributable to owners of the Company				
Share capital	24	152,983,300	152,983,300	152,983,300
Share premium	24	16,548,724	16,548,724	16,548,724
Treasury shares	24	(9,386,487)	(9,386,487)	(9,386,487)
Accumulated losses		(82,886,028)	(69,997,602)	(73,688,275)
Other reserve	25	1,294,780	1,294,780	1,294,780
Total equity		78,554,289	91,442,715	87,752,042
Total equity and liabilities		81,056,125	100,722,627	136,743,300

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY STATEMENTS OF FINANCIAL POSITION

As at 31 March 2015

	Note	31.3.2015 RM	31.3.2014 RM (Restated)	1.4.2013 RM (Restated)
Assets				
Non-current asset				
Investments in subsidiaries	16	29,071,678	57,225,930	57,225,930
Other receivables	19	74,957,347	79,664,867	77,794,077
		<u>104,029,025</u>	<u>136,890,797</u>	<u>135,020,007</u>
Current assets				
Trade and other receivables	19	6,500	6,500	6,500
Prepayments		-	15,000	15,000
Tax refundable		-	-	8,700
Cash and bank balances	20	21,919	44,020	111,421
		<u>28,419</u>	<u>65,520</u>	<u>141,621</u>
Total assets		<u>104,057,444</u>	<u>136,956,317</u>	<u>135,161,628</u>
Equity and liabilities				
Current liabilities				
Trade and other payables	22	140,010	142,005	136,682
Net current (liabilities)/assets		<u>(111,591)</u>	<u>(76,485)</u>	<u>4,939</u>
Net assets		<u>103,917,434</u>	<u>136,814,312</u>	<u>135,024,946</u>
Equity attributable to owners of the Company				
Share capital	24	152,983,300	152,983,300	152,983,300
Share premium	24	16,548,724	16,548,724	16,548,724
Treasury shares	24	(9,386,487)	(9,386,487)	(9,386,487)
Accumulated losses		(56,228,103)	(23,331,225)	(25,120,591)
Total equity		<u>103,917,434</u>	<u>136,814,312</u>	<u>135,024,946</u>
Total equity and liabilities		<u>104,057,444</u>	<u>136,956,317</u>	<u>135,161,628</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2015

	Attributable to owners of the Company					
		Share capital RM	Share premium RM	Treasury shares RM	Distributable Accumulated losses RM	Non-distributable Other reserve RM
Note	Equity, total RM					
Group						
2015						
Opening balance at 1 April 2014:						
- As previously reported	91,442,715	152,983,300	16,548,724	(9,386,487)	(68,702,822)	-
- Prior year adjustment	-	-	-	-	(1,294,780)	1,294,780
	91,442,715	152,983,300	16,548,724	(9,386,487)	(69,997,602)	1,294,780
Loss for the year	(12,888,426)	-	-	-	(12,888,426)	-
	78,554,289	152,983,300	16,548,724	(9,386,487)	(82,886,028)	1,294,780
Closing balance at 31 March 2015						
2014						
Opening balance at 1 April 2013	87,752,042	152,983,300	16,548,724	(9,386,487)	(73,688,275)	1,294,780
Total comprehensive income	3,690,673	-	-	-	3,690,673	-
Closing balance at 31 March 2014 (Restated)	91,442,715	152,983,300	16,548,724	(9,386,487)	(69,997,602)	1,294,780

STATEMENTS OF CHANGES IN EQUITY (cont'd)

For the financial year ended 31 March 2015

	Attributable to owners of the Company				Distributable (Accumulated losses)/ retained earnings RM
	Non-distributable				
	Equity, total RM	Share capital RM	Share premium RM	Treasury shares RM	
2015					
Company					
Opening balance at 1 April 2014	136,814,312	152,983,300	16,548,724	(9,386,487)	(23,331,225)
Total comprehensive loss	(32,896,878)	-	-	-	(32,896,878)
Closing balance at 31 March 2015	103,917,434	152,983,300	16,548,724	(9,386,487)	(56,228,103)
2014					
Opening balance at 1 April 2013	135,024,946	152,983,300	16,548,724	(9,386,487)	(25,120,591)
Total comprehensive income	1,789,366	-	-	-	1,789,366
Closing balance at 31 March 2014	136,814,312	152,983,300	16,548,724	(9,386,487)	(23,331,225)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 March 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Operating activities					
(Loss)/profit before tax		(12,888,426)	3,710,673	(32,896,878)	1,789,366
<u>Adjustments for:</u>					
Depreciation of property, plant and equipment	15	1,923,702	3,103,344	-	-
Dividend income		(74,569)	(107,994)	-	-
Equipment scrapped	10	2,279	460	-	-
Finance costs	9	-	1,778,118	-	-
Gain on disposal of plant and equipment	8	-	(10,903,050)	-	-
Gain on disposal of short-term investment	8	(7,613)	(6,249)	-	-
Impairment loss on amounts due from subsidiaries	10	-	-	3,796,331	-
Interest income	6	(1,361,038)	(1,003,362)	-	-
Net unrealised foreign exchange gain		(40,376)	(60,542)	-	-
Impairment losses in					
- investment in a subsidiary		-	-	28,154,252	-
- investment securities		10,499	-	-	-
Reversal of impairment on amount due from a subsidiary		-	-	-	(2,565,020)
Write-down of inventories	10	1,871,262	-	-	-
Total adjustments		2,324,146	(7,199,275)	31,950,583	(2,565,020)
Operating cash flows before changes in working capital		(10,564,280)	(3,488,602)	(946,295)	(775,654)
<u>Changes in working capital</u>					
Decrease/(increase) in inventories		4,909,774	(2,717,045)	-	-
Decrease in receivables		3,189,555	3,806,996	15,000	-
(Decrease)/increase in payables		(3,159,497)	(1,896,928)	(1,995)	5,323
Total changes in working capital		4,939,832	(806,977)	13,005	5,323
Cash flows used in operations		(5,624,448)	(4,295,579)	(933,290)	(770,331)
Income tax refunded		-	151,050	-	8,700
Income tax paid		-	(20,000)	-	-
Net cash flows used in operating activities		(5,624,448)	(4,164,529)	(933,290)	(761,631)

STATEMENTS OF CASH FLOWS (cont'd)

For the financial year ended 31 March 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Investing activities					
Disposal/(acquisition) of investment in money market fund		4,617,818	(4,114,243)	-	-
Dividend received		74,569	107,994	-	-
Interest received		1,296,334	949,234	-	-
Purchase of property, plant and equipment	15	(34,047)	(130,892)	-	-
Proceeds from disposal of property, plant and equipment		-	89,522,352	-	-
Net cash flows from investing activities		5,954,674	86,334,445	-	-
Financing activities					
Finance costs paid	9	-	(1,778,118)	-	-
Proceeds from borrowings		7,112,804	12,388,364	-	-
Repayment of borrowings		(10,731,383)	(50,139,304)	-	-
Net changes in accounts with subsidiaries		-	-	911,189	694,230
Net cash flows (used in)/from financing activities		(3,618,579)	(39,529,058)	911,189	694,230
Net (decrease)/increase in cash and cash equivalents		(3,288,353)	42,640,858	(22,101)	(67,401)
Cash and cash equivalents at beginning of year		46,815,858	4,175,000	44,020	111,421
Cash and cash equivalents at end of year	20	43,527,505	46,815,858	21,919	44,020

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and the principal place at which business is carried out is located at Wisma Tekala, Lot 2, Lorong Indah Jaya 29, Taman Indah Jaya, Jalan Lintas Selatan, 90000 Sandakan, Sabah.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are timber processing and investment holding. There have been no significant changes in the nature of the principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2014, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2014.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	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

The adoption of the above new and amended MFRSs and IC Interpretation did not have any effect on the financial performance or position and policy of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012–2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiative	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2017
MFRS 9: Financial Instruments	1 January 2018

Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

This amendment is not expected to have any impact to the Group as the Group does not have deferred benefit plans.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of MFRS 141. Instead, MFRS 116 will apply. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of MFRS 141 and are measured at fair value less costs to sell.

The amendments are effective for annual periods beginning on or after 1 January 2016 and are to be applied retrospectively, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements as the Group and Company do not have biological assets.

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Amendments to MFRS 11: Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to MFRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant MFRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to MFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted.

These amendments are not expected to have any impact to the Group as the Group does not have any interest in joint operations.

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

MFRS 14: Regulatory Deferral Accounts

MFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of MFRS. Entities that adopt MFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in the account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing MFRS preparer, this standard would not apply.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

Annual Improvements to MFRSs 2010–2012 Cycle

The Annual Improvements to MFRSs 2010–2012 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

MFRS 2: Share-based Payment

This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This improvement is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

MFRS 3: Business Combinations

The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.

MFRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Annual Improvements to MFRSs 2010–2012 Cycle (cont'd)

MFRS 116: Property, Plant and Equipment and MFRS 138: Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

MFRS 124: Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

Annual Improvements to MFRSs 2011–2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

MFRS 3: Business Combinations

The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.

MFRS 13: Fair Value Measurement

The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable).

MFRS 140: Investment Property

The amendments to MFRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of MFRS 140; and
- the transaction meets the definition of a business combination under MFRS 3, to determine if the transaction is a purchase of an asset or is a business combination.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Annual Improvements to MFRSs 2012–2014 Cycle

The Annual Improvements to MFRSs 2012–2014 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

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

The amendment to MFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in MFRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

MFRS 7: Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

MFRS 119: Employee Benefits

The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

MFRS 134: Interim Financial Reporting

MFRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation

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

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. However, the Group has no goodwill as at the reporting date.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.6 Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.7 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.8 Foreign currency

a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Leasehold land are depreciated over their remaining leases which range from 61 years to 908 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

	Years
Buildings	20
Plant, machinery and heavy equipment	5 - 10
Motor vehicles	5
Furniture, fittings and equipment	5 - 10

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.10 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.11 Current versus non-current classification

The Group presents assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

- Loans and receivables

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 19.

Available-for-sale (AFS) financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments – initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Available-for-sale (AFS) financial investments (cont'd)

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments – initial recognition and subsequent measurement (cont'd)

(b) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments – initial recognition and subsequent measurement (cont'd)

(b) Impairment of financial assets (cont'd)

Available-for-sale (AFS) financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments – initial recognition and subsequent measurement (cont'd)

(c) Financial liabilities (cont'd)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information refer Note 21.

Derecognition

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

(d) Offsetting of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.13 Cash and cash equivalents

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

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials includes the purchase price of inventories acquired and other attributable costs in bringing the inventories to their present location and condition.

Cost of production supplies (spare parts and consumables) is computed using the weighted average method.

Cost of work-in-progress and finished goods for wood products are computed using the weighted average method. Cost includes direct materials, direct labour, direct overheads and variable production overheads.

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

2.15 Provisions

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

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

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.17 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.18 Revenue

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

a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

b) Dividend income

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

2.19 Income taxes

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.19 Income taxes (cont'd)

b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

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 transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.20 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

2. Summary of significant accounting policies (cont'd)

2.21 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.22 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

3. Significant accounting judgements and estimates

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

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Useful lives of plant and equipment

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 10 years. These are common life expectancies applied in the timber industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 15.

b) Impairment of trade and other receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

3. Significant accounting judgements and estimates (cont'd)

c) Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

During the previous financial year, the Group had recognised impairment losses in respect of a subsidiary's property, plant and equipment. The Group carried out the impairment test based on a variety of estimation including the value in use of the cash-generating units ("CGU") to which the property, plant and equipment were allocated. Estimating the value in use required the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment of the Group as at 31 March 2015 were RM21,525,428 (2014: RM23,417,362).

d) Impairment of investments in subsidiaries

During the financial year, an impairment loss of RM28,154,252 had been written down against the cost of investments in subsidiaries. The recoverable amounts of the CGU have been determined based on fair value less costs to sell. Based on the indicative market value information of property, plant and equipment of Kalabakan Plywood Sdn. Bhd., the carrying amount of the segment exceed the fair value less costs to sell which represents the recoverable amount. As such, the director is in the opinion that the impairment is necessary.

e) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The carrying values of deferred tax assets of the Group at 31 March 2015 are disclosed in Note 23. The recognised unabsorbed capital allowances of the Group was RM235,960 (2014: RM308,868) and the unrecognised tax losses and unabsorbed capital allowances of the Group was RM49,207,921 (2014: RM38,744,642).

4. Revenue

This represents revenue from timber processing.

5. Cost of sales

This represents cost of inventories sold.

Depreciation of property, plant and equipment included in cost of sales amounting to RM1,364,297 (2014: RM1,498,692).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

6. Interest income

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest on short-term deposits	1,361,038	1,003,362	-	-

7. Dividend income

This represents dividend income from short-term investment.

8. Other income

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Gain on foreign exchange	129,747	68,290	-	-
Gain on disposal of plant and equipment	-	10,903,050	-	-
Gain on disposal of short-term investment	7,613	6,249	-	-
Miscellaneous income	136,427	574,628	-	-
Rental income	6,000	6,000	-	-
	279,787	11,558,217	-	-

9. Finance costs

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest expense on borrowings	-	1,778,118	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

10. (Loss)/profit before tax

The following amounts have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Auditors' remuneration:				
- statutory audits	73,400	73,400	28,000	28,000
- other services	14,050	15,050	1,800	1,800
- under provision in prior year	-	5,200	-	3,000
Depreciation of property, plant and equipment (Note 15)	1,923,702	3,103,344	-	-
Employee benefits expense (Note 11)	14,361,982	17,601,554	50,000	35,900
Equipment scrapped	2,279	460	-	-
Non-executive directors' remuneration (Note 12)	858,957	829,579	233,457	224,329
Rental of premises	171,000	171,000	-	-
Impairment loss on amounts due from subsidiaries	-	-	3,796,331	-
Foreign exchange loss	-	329,079	-	-
Impairment losses in				
- investment in a subsidiary	-	-	28,154,252	-
- investment securities	10,499	-	-	-
Write-down of inventories	1,871,262	-	-	-
Reversal of impairment on amount due from a subsidiary	-	-	-	(2,565,020)

11. Employee benefits expense

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries, wages and allowances	13,045,661	16,203,514	50,000	35,900
Social security contributions	64,750	76,233	-	-
Contributions to defined contribution plan	948,995	964,589	-	-
Benefits-in-kind	302,576	357,218	-	-
	14,361,982	17,601,554	50,000	35,900

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,856,997 (2014: RM3,110,079) and RM50,000 (2014: RM35,900) respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

12. Directors' remuneration

The details of remuneration receivable by directors of the Group and of the Company during the year are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Executive directors of the Company:				
- Salaries and bonus	2,422,500	2,202,750	-	-
- Fees	50,000	35,900	50,000	35,900
- Defined contribution plan	291,257	265,146	-	-
- Social security contribution	1,240	1,033	-	-
	2,764,997	2,504,829	50,000	35,900
Executive directors of subsidiaries:				
- Salaries and bonus	92,000	605,250	-	-
Total executive directors' remuneration (excluding benefits-in-kind) (Note 11)	2,856,997	3,110,079	50,000	35,900
Benefits-in-kind	132,004	196,107	-	-
Total executive directors' remuneration (including benefits-in-kind)	2,989,001	3,306,186	50,000	35,900
Non-Executive:				
- Fees	40,000	40,000	40,000	40,000
- Salaries and bonus	796,050	767,600	170,550	162,350
- Defined contribution plan	21,402	20,474	21,402	20,474
- Social security contribution	1,505	1,505	1,505	1,505
Total non-executive directors' remuneration (excluding benefits-in-kind) (Note 10)	858,957	829,579	233,457	224,329
Benefits-in-kind	48,178	44,030	-	-
Total non-executive directors' remuneration	907,135	873,609	233,457	224,329
Total directors' remuneration	3,896,136	4,179,795	283,457	260,229

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

12. Directors' remuneration (cont'd)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	<u>Number of directors</u>	
	2015	2014
Executive directors:		
RM100,001-150,000	-	1
RM200,001-250,000	1	-
RM450,001-500,000	1	1
RM500,001-550,000	1	1
RM750,001-800,000	1	2
RM850,001-900,000	1	-
Non-Executive directors:		
RM50,001-100,000	3	3
RM650,001-700,000	1	1

13. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2015 and 2014 are:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Statement of comprehensive income:				
Current income tax:				
- Labuan Business Activity Tax	-	20,000	-	-
Income tax expense recognised in profit or loss	-	20,000	-	-

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 March 2015 and 2014 are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Accounting (loss)/profit before tax	(12,888,426)	3,710,673	(32,896,878)	1,789,366
Tax expense at Malaysian statutory tax rate of 25% (2014: 25%)	(3,222,106)	927,668	(8,224,220)	447,341
Income not subject to tax	-	(2,725,762)	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

13. Income tax expense (cont'd)

Reconciliation between tax expense and accounting profit (cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Reversal of impairment losses on amount due from subsidiary not subject to tax	-	-	-	(641,255)
Different tax rate of a subsidiary in Labuan	-	20,000	-	-
Expenses not deductible for tax purposes	407,484	957,616	8,224,220	193,914
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	2,814,622	840,478	-	-
Income tax expense recognised in profit or loss	-	20,000	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced from the current year's rate of 25% to 24% with effect from the year of assessment 2016.

The computation of deferred tax as 31 March 2015 has reflected these changes.

	Group	
	2015 RM	2014 RM
Unutilised tax losses carried forward	41,600,475	31,904,323
Unabsorbed capital allowances carried forward	7,843,406	7,149,187

14. (Loss)/earnings per share

Basic/diluted

Basic/diluted (loss)/earnings per share amount is calculated by dividing the (loss)/earnings for the year, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

	Group	
	2015	2014
(Loss)/earnings net of tax attributable to owners of the Company (RM)	(12,888,426)	3,690,673
Weighted average number of ordinary shares in issue	139,975,300	139,975,300
Basic/diluted (loss)/earnings per share for the year (sen)	(9.21)	2.64

The Company has no potential ordinary shares in issue as at end of the financial years and therefore, basic and diluted (loss)/earnings per share are equal.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

15. Property, plant and equipment

Group	Vessel RM	Long leasehold land RM	Buildings RM	Plant, machinery and heavy equipment RM	Motor vehicles RM	Furniture, fittings and equipment RM	Total RM
Cost							
At 1 April 2013	155,571,250	19,811,249	23,643,594	66,281,316	2,788,883	1,435,970	269,532,262
Additions	-	-	-	7,100	97,989	25,803	130,892
Disposals	(155,571,250)	-	-	-	(91,569)	-	(155,662,819)
Scrapped	-	-	-	(1,582,145)	-	(31,786)	(1,613,931)
At 31 March 2014 and 1 April 2014	-	19,811,249	23,643,594	64,706,271	2,795,303	1,429,987	112,386,404
Additions	-	-	-	8,020	-	26,027	34,047
Scrapped	-	-	-	(4,063,711)	-	(32,999)	(4,096,710)
At 31 March 2015	-	19,811,249	23,643,594	60,650,580	2,795,303	1,423,015	108,323,741

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

15. Property, plant and equipment (cont'd)

Group	Vessel RM	Long leasehold land RM	Buildings RM	Plant, machinery and heavy equipment RM	Motor vehicles RM	Furniture, fittings and equipment RM	Total RM
At 1 April 2013	75,917,597	1,556,449	21,026,816	62,681,788	2,173,370	1,166,666	164,522,686
Depreciation charge for the year	1,034,352	222,350	569,472	919,712	245,805	111,653	3,103,344
Disposals	(76,951,949)	-	-	-	(91,568)	-	(77,043,517)
Scrapped	-	-	-	(1,582,126)	-	(31,345)	(1,613,471)
At 31 March 2014 and 1 April 2014	-	1,778,799	21,596,288	62,019,374	2,327,607	1,246,974	88,969,042
Depreciation charge for the year	-	222,350	553,746	861,723	180,124	105,759	1,923,702
Scrapped	-	-	-	(4,063,590)	-	(30,841)	(4,094,431)
At 31 March 2015	-	2,001,149	22,150,034	58,817,507	2,507,731	1,321,892	86,798,313
Net carrying amount							
At 31 March 2014	-	18,032,450	2,047,306	2,686,897	467,696	183,013	23,417,362
At 31 March 2015	-	17,810,100	1,493,560	1,833,073	287,572	101,123	21,525,428

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

16. Investments in subsidiaries

	Company	
	2015 RM	2014 RM
Unquoted shares, at cost	85,054,749	85,054,749
Less: Accumulated impairment losses	(55,983,071)	(27,828,819)
	<u>29,071,678</u>	<u>57,225,930</u>

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

Name of Subsidiaries	Principal Activities	Proportion (%) of ownership interest	
		2015	2014
Syarikat Tekala Sdn. Bhd.	Provision of corporate services	100	100
Kalabakan Plywood Sdn. Bhd.	Timber processing	100	100
Marimba Sdn. Bhd.	Investment holding	100	100
Gerak Armada Sdn. Bhd.	Investment holding	100	100
Subsidiaries of Kalabakan Plywood Sdn. Bhd.			
Kalabakan Wood Products Sdn. Bhd.	Provision of storage services	100	100
Korsa Plywood Sdn. Bhd.	Downstream timber processing (Not yet commenced operation)	100	100
Subsidiaries of Marimba Sdn. Bhd.			
Hartawan Ekuiti Sdn. Bhd.	Ceased operation	100	100
Subsidiary of Gerak Armada Sdn. Bhd.			
Offshore Constructor (Labuan) Ltd.	Ceased operation	100	100

All the subsidiaries of the Company are audited by Ernst & Young, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

16. Investments in subsidiaries (cont'd)

Impairment of investment in subsidiaries

During the financial year, the directors performed an impairment test for the investment in Kalabakan Plywood Sdn. Bhd. ("KPSB") as KPSB had been incurring losses. An impairment loss of RM28,154,252 was recognised to write down the investment in KPSB to its recoverable amount of RM29,071,678. The recoverable amount of the investment in KPSB has been determined based on its fair value less costs of disposal. The fair value of the investment in KPSB was determined by reference to the indicative market value information of property, plant and equipment.

The above impairment losses have been recognised in the profit or loss under "Other expenses" line item in the Company's profit or loss for the year ended 31 March 2015.

17. Other investments

	Group	
	2015 RM	2014 RM
Non-Current		
Available for sale:		
Investment securities	114,501	125,000
Investment in unquoted shares*	-	-
	<u>114,501</u>	<u>125,000</u>
Current		
Wholesale money market fund	<u>1,550,773</u>	<u>6,168,591</u>

Investment in wholesale money market fund represents investment in an unit trust fund that invests in fixed deposits with tenures of less than one year with financial institutions and/or money market instruments.

- * The investment in unquoted shares, fully impaired in prior years, was previously an investment in associate and due to the loss of significant influence, this investment is now classified as other investment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

18. Inventories

	Group	
	2015 RM	2014 RM
Cost		
Finished goods	-	5,884,952
Production supplies	2,071,537	2,234,157
Raw materials	2,221,181	2,895,730
Stock-in-transit	-	817,544
Work-in-progress	-	7,389,207
	<u>4,292,718</u>	<u>19,221,590</u>
Net realisable value		
Finished goods	4,566,330	832,135
Work-in-progress	4,523,662	110,021
	<u>9,089,992</u>	<u>942,156</u>
	<u>13,382,710</u>	<u>20,163,746</u>

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM37,443,791 (2014: RM62,507,129).

19. Trade and other receivables

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current				
Trade receivables				
Third parties	5,457,529	7,057,237	-	-
Less: Allowance for impairment				
Third parties	(5,457,529)	(5,457,529)	-	-
	<u>-</u>	<u>1,599,708</u>	<u>-</u>	<u>-</u>
Other receivables				
Deposits for log supplies	325,283	1,652,393	-	-
Deposits	79,735	78,635	6,500	6,500
Sundry receivables	150,136	200,159	-	-
	<u>555,154</u>	<u>1,931,187</u>	<u>6,500</u>	<u>6,500</u>
	<u>555,154</u>	<u>3,530,895</u>	<u>6,500</u>	<u>6,500</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

19. Trade and other receivables (cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-current				
Other receivables				
Amounts due from subsidiaries	-	-	134,416,408	135,327,597
Less: Accumulated impairment losses	-	-	(59,459,061)	(55,662,730)
	-	-	74,957,347	79,664,867
Total trade and other receivables	555,154	3,530,895	74,963,847	79,671,367
Add: Cash and bank balances (Note 20)	43,527,505	46,815,858	21,919	44,020
Total loans and receivables	44,082,659	50,346,753	74,985,766	79,715,387

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 day to 60 day (2014: 30 to 60 day) terms. They are recognized at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2015 RM	2014 RM
Neither past due nor impaired	-	1,599,708
Impaired	5,457,529	5,457,529
	5,457,529	7,057,237

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. In the previous year, 80% of the Group's trade receivables arise from customers with more than five years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that were neither past due nor impaired were renegotiated during previous financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

19. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired

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

	Group	
	Individually impaired	
	2015 RM	2014 RM
Trade receivables-nominal amounts	5,457,529	5,457,529
Less: Allowance for impairment	(5,457,529)	(5,457,529)
	-	-

The movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2015 RM	2014 RM
At beginning and end of year	5,457,529	5,457,529

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not recoverable.

(b) Amount due from subsidiaries

Amount due from subsidiaries are non-interest bearing and are repayable on demand. These amounts are unsecured and to be settled in cash.

(c) Deposits for log supplies

Deposits for log supplies represent advances paid to log supplies for logs to be purchased.

(d) Sundry receivables

These amounts are non-interest bearing and due within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

20. Cash and bank balances

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash on hand and at banks	2,027,505	1,165,858	21,919	44,020
Short term deposits with:				
- licensed banks	41,500,000	45,650,000	-	-
Cash and cash equivalents	43,527,505	46,815,858	21,919	44,020

Short-term deposits are made for varying periods of between three days and one month depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The interest rates of deposits of the Group for the financial year ranged from 2.00% to 3.20% (2014: 2.00% to 3.10%) per annum.

21. Borrowings

	Group	
	2015 RM	2014 RM
Current		
Secured:		
Term loans:		
- 2.6% p.a. fixed rate USD loan	-	3,618,579

The remaining maturities of borrowings as at 31 March 2015 are as follows:

	Group	
	2015 RM	2014 RM
On demand or within one year	-	3,618,579

2.6% p.a. fixed rate USD loan

This loan was denominated in United States Dollar and amounted to USD1,097,071 as at 31 March 2014. It was secured by corporate guarantee provided by the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

22. Trade and other payables

	2015 RM	Group 2014 RM	Company 2015 RM	2014 RM
Trade payables				
Third parties	684,461	3,701,927	-	-
Other payables				
Accruals	573,379	771,077	118,000	103,900
Other payables	745,401	689,734	22,010	38,105
	1,318,780	1,460,811	140,010	142,005
Total trade and other payables	2,003,241	5,162,738	140,010	142,005
Add: Loans and borrowings	-	3,618,579	-	-
Total financial liabilities carried at amortised cost	2,003,241	8,781,317	140,010	142,005

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled within the trade credit terms granted to the Group ranging from 30 days to 90 days (2014: 30 days to 90 days).

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of four months.

23. Deferred tax

	As at 1 April 2013 RM	Recognised in profit or loss RM	As at 31 March 2014 RM	Recognised in profit or loss RM	As at 31 March 2015 RM
Group					
Deferred tax liabilities:					
Property, plant and equipment	609,996	(34,184)	575,812	(18,227)	557,585
Deferred tax assets:					
Unabsorbed capital allowances	(111,401)	34,184	(77,217)	18,227	(58,990)
	498,595	-	498,595	-	498,595

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

23. Deferred tax (cont'd)

Unrecognised deferred tax assets

Due to uncertainty of recoverability, deferred tax assets have not been recognised in respect of the following items which are available for offset against future taxable profits of the respective subsidiaries in which those items arose:

	Group	
	2015 RM	2014 RM
Unutilised tax losses	41,600,475	31,904,323
Unabsorbed capital allowances	7,607,446	6,840,319
Property, plant and equipment	4,076,006	3,280,795
	<u>53,283,927</u>	<u>42,025,437</u>

The unutilised tax losses and unabsorbed capital allowances of the Group are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

24. Share capital, share premium and treasury shares

	Number of ordinary shares of RM1 each		Amount			
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1 April 2013 and 31 March 2014, 1 April 2014 and 31 March 2015	152,983,300	(13,008,000)	152,983,300	16,548,724	169,532,024	(9,386,487)

	Number of ordinary shares of RM1 each		Amount	
	2015	2014	2015 RM	2014 RM
Authorised share capital				
At beginning and end of year	500,000,000	500,000,000	500,000,000	500,000,000

(a) Share capital

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

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance, where applicable.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

25. Other reserve

	2015 RM	Group 2014 RM (Restated)
At beginning of year:		
- As previously reported	1,294,780	-
- Prior year adjustment (Note 32(a))	-	1,294,780
At end of year	<u>1,294,780</u>	<u>1,294,780</u>

The Company acquired the non-controlling interests in its subsidiary, Offshore Constructor (Labuan) Ltd in financial year ended 31 March 2012. Other reserve represents the difference between the adjusted carrying amount of the non-controlling interests and the fair value of the consideration paid.

26. Employees' share option scheme (ESOS)

The Company's ESOS for eligible directors and employees of the Company and its subsidiary companies was approved by the shareholders at the Extraordinary General Meeting held on 28 September 2011. The ESOS became effective on 14 February 2012 when the last of the requisite approvals was obtained and is valid for a period of five (5) years expiring on 13 February 2017.

The Company has yet to grant options under the ESOS to eligible directors and employees of the Company and its subsidiary companies at the reporting date.

27. Related party transactions

(a) Sale and purchase of goods and services

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties at terms agreed between the parties during the financial year:

	2015 RM	2014 RM
Group		
Transactions with companies in which certain directors of the Company are also directors:		
Power backup services from Wah Mie Realty Sdn. Bhd.	24,000	24,000
Rent of premises from		
- Syarikat Kretam Sdn. Bhd.	36,000	36,000
- Wah Mie Realty Sdn. Bhd.	<u>135,000</u>	<u>135,000</u>

(b) Compensation of key management personnel

Group		
Short-term employee benefits	3,074,717	3,451,618
Defined contribution plan	<u>335,609</u>	<u>306,579</u>
	<u>3,410,326</u>	<u>3,758,197</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

28. Fair value of financial instruments

The management assessed that cash and short-term deposits, loans and borrowings (current), trade and other payables (current), current trade and other receivables except for deposits paid to logs suppliers, prepayments and other assets approximate their carrying amounts largely due to their short-term nature or that they are floating rate investments that are re-priced to market interest rates on or near the reporting date.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

29. Financial risk management objectives and policies

The Group and Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and approves policies and procedures for the management of these risks, which are executed by the executive committee. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken.

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

a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2015		2014	
	RM	% of total	RM	% of total
By industry sectors:				
Timber processing	-	-	1,599,708	100%
	-	-	1,599,708	100%

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

29. Financial risk management objectives and policies (cont'd)

Crisk concentration profile (cont'd)

In last financial year, 51% of the Group's trade receivables were due from two customers located in Japan.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

b) **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

As part of its overall liquidity management, the Group maintains sufficient level of cash to meet its working capital requirements. At the reporting date, the Group did not have any borrowings.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year	
	2015	2014
	RM	RM
Group		
Financial liabilities:		
Trade and other payables	2,003,241	5,162,738
Borrowings	-	3,676,451
Total undiscounted financial liabilities	2,003,241	8,839,189
Company		
Financial liabilities:		
Other payables	140,010	142,005
Total undiscounted financial liabilities	140,010	142,005

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

29. Financial risk management objectives and policies (cont'd)

c) Interest rate risk

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

d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the functional currency of the Group entities. The foreign currency in which these transactions are denominated is mainly United States Dollars.

100% (2014: 100%) of the Group's sales are denominated in foreign currencies. The Group's foreign currency exposures arising from receivable balances at the reporting date are as follows:

	2015 RM	2014 RM
Trade receivables	-	1,599,708

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amount to RM322,115 (2014: RM291,391) for the Group.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's net of tax to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Increase/(Decrease) in Profit Net of Tax			
	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
USD/RM				
- strengthened 3% (2014: 2%)	(9,663)	(5,828)	-	-
- weakened 3% (2014: 2%)	9,663	5,828	-	-

30. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2015 and 31 March 2014.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

30. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The calculations of the Group's and Company's gearing ratios are as follows:

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Borrowings	21	-	3,618,579	-	-
Trade and other payables	22	2,003,241	5,162,738	140,010	142,005
Less: Cash and bank balances	20	(43,527,505)	(46,815,858)	(21,919)	(44,020)
Net debt		N/A	N/A	118,091	97,985
Equity attributable to the owners of the Company		78,554,289	91,442,715	103,917,434	136,814,312
Total capital		78,554,289	91,442,715	103,917,434	136,814,312
Capital and net debt		78,554,289	91,442,715	104,035,525	136,912,297
Gearing ratio		N/A	N/A	0.11%	0.07%

31. Segmental information

For management purposes, the Group is organised into business units based on their products and services, and has three (2014: four) reportable operating segments as follows:

- I. The timber processing segment is involved in the manufacture and sale of plywood.
- II. The oil and gas segment is involved in vessel chartering and investment in an associate which is an oil and gas services provider. The Group disposed off the vessel in the previous year and no longer has this segment in the current year.
- III. The investment holding segment is involved in business investments.
- IV. "Others" represents the provision of corporate services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

31. Segmental information (cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment.

Business Segments	Timber processing RM	Investment holding RM	Others RM	Adjustments/ Elimination RM	Notes	Consolidated RM
31 March 2015						
Revenue:						
External customers	53,254,913	-	-	-		53,254,913
Inter-segment	-	-	1,080,000	(1,080,000)	A	-
Total revenue	53,254,913	-	1,080,000	(1,080,000)		53,254,913
Results:						
Interest income	784,876	-	576,162	-		1,361,038
Depreciation	1,849,040	-	83,151	(8,489)		1,923,702
Impairment losses on:						
- investment in a subsidiary	-	(28,154,252)	-	28,154,252		-
- amount due from subsidiaries	-	(3,796,331)	-	3,796,331		-
Finance costs	-	-	-	-		-
Other non-cash expenses	-	-	(40,376)	-	B	(40,376)
Segment loss	(11,578,271)	(32,903,503)	(365,724)	31,959,072	C	(12,888,426)
Assets:						
Additions to non-current assets	25,016	-	9,031	-	D	34,047
Segment assets	62,873,914	146,588	18,035,623	-	E	81,056,125
Segment liabilities	1,414,319	144,010	444,912	498,595	F	2,501,836

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

31. Segmental information (cont'd)

Business Segments	Timber processing RM	Oil and gas RM	Investment holding RM	Others RM	Adjustments/ Elimination RM	Notes	Consolidated RM
31 March 2014							
Revenue:							
External customers	83,195,220	-	-	-	-		83,195,220
Inter-segment	-	-	-	1,080,000	(1,080,000)	A	-
Total revenue	83,195,220	-	-	1,080,000	(1,080,000)		83,195,220
Results:							
Interest income	572,664	-	-	430,698	-		1,003,362
Depreciation	1,995,210	1,034,352	-	83,778	(9,996)		3,103,344
Reversal of impairment on amount due from a subsidiary	-	-	2,565,020	-	(2,565,020)		-
Finance costs	624,564	1,153,554	-	-	-		1,778,118
Other non-cash expenses	(63,479)	2,937	-	-	-	B	(60,542)
Segment loss	(3,694,095)	8,476,440	2,093,898	(610,546)	(2,555,024)	C	3,710,673
Assets:							
Additions to non-current assets	130,243	-	-	649	-	D	130,892
Segment assets	79,828,941	479,125	80,500	20,342,550	(8,489)	E	100,722,627
Segment liabilities	8,531,929	7,200	143,005	99,183	498,595	F	9,279,912

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

31. Segmental information (cont'd)

Notes	Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements
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A	Inter-segment revenues are eliminated on consolidation
---	--

B	Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:
---	---

	2015 RM	2014 RM
Net unrealised foreign exchange gain	(40,376)	(60,542)

C	The following items are (deducted from)/added to segment (loss)/profit to arrive at "(Loss)/profit before tax" presented in the statements of comprehensive income:
---	---

	2015 RM	2014 RM
Inter-segment transactions	(31,959,072)	2,555,024

D	Additions to non-current assets consist of:
---	---

Property, plant and equipment	34,047	130,892
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E	The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:
---	--

	2015 RM	2014 RM
Inter-segment assets	-	(8,489)
	-	(8,489)

F	The following item is added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:
---	---

	2015 RM	2014 RM
Deferred tax liabilities	498,595	498,595

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

31. Segmental information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2015 RM	2014 RM	2015 RM	2014 RM
Malaysia	-	-	21,639,929	23,542,362
North Asia	53,254,913	83,195,220	-	-
	<u>53,254,913</u>	<u>83,195,220</u>	<u>21,639,929</u>	<u>23,542,362</u>

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2015 RM	2014 RM
Property, plant and equipment	21,525,428	23,417,362
Other investment	114,501	125,000
	<u>21,639,929</u>	<u>23,542,362</u>

Information about major customers

Revenue from two (2014: three) major customers amount to RM13,314,528 (25% of revenue) and RM36,813,404 (69% of revenue) respectively (2014: RM34,066,120 (41% of revenue), RM39,268,246 (47% of revenue), RM9,860,854 (12% of revenue)) arising from sale of plywood by the timber processing segment.

32. Comparative information

- (a) The Group acquired the non-controlling interests in its subsidiary, Offshore Constructor (Labuan) Ltd during the financial year ended 31 March 2012. Arising from the acquisition, the Group recognised directly in equity the difference between the adjusted carrying amount of the non-controlling interest and the fair value of the consideration paid. This amount will be transferred directly to retained earnings on disposal of the subsidiary. In the previous financial year, the Group had reclassified this reserve to other comprehensive income even though the subsidiary had not been disposed. The Group has now rectified the reclassification retrospectively in the financial statements of the current financial year.

The effects of this adjustment to the financial statements of the Group for the prior periods are as follows:

	As previously stated RM	Adjustments RM	As restated RM
Group			
Statement of financial position			
At 31 March 2014:			
Accumulated losses	(68,702,822)	(1,294,780)	(69,997,602)
Other reserve	-	1,294,780	1,294,780

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

32. Comparative information (cont'd)

There is no effect on the statement of financial position as at 1 April 2013.

Group	As previously stated RM	Adjustments RM	As restated RM
Statement of financial position			
Financial year ended 31 March 2014:			
Other comprehensive income	1,294,780	(1,294,780)	-
Total comprehensive income	4,985,453	(1,294,780)	3,690,673

- (b) During the financial year, the directors have assessed that the investments in wholesale money market fund are not cash and cash equivalents as defined in MFRS 107 Statement of Cash Flows. Accordingly, these investments have been reclassified as available for sale (AFS) financial assets.

The effects of this adjustment to the financial statements of the Group for the prior periods are as follows:

Group	As previously stated RM	Adjustments RM	As restated RM
Statement of financial position			
At 31 March 2014:			
Cash and bank balances	52,984,449	(6,168,591)	46,815,858
Other investments (current)	-	6,168,591	6,168,591
At 1 April 2013:			
Cash and bank balances	6,229,348	(2,054,348)	4,175,000
Other investments (current)	-	2,054,348	2,054,348

Statement of cash flows

Financial year ended 31 March 2014:			
Disposal/(acquisition) of investment in money market fund	-	(4,114,243)	(4,114,243)
Net cash flows from investing activities	90,448,688	(4,114,243)	86,334,445
Net (decrease)/increase in cash and cash equivalents	46,755,101	(4,114,243)	42,640,858
Cash and cash equivalents at beginning of year	6,229,348	(2,054,348)	4,175,000
Cash and cash equivalents at end of year	52,984,449	(6,168,591)	46,815,858

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

32. Comparative information (cont'd)

- (c) In prior financial years, certain amounts due from subsidiaries of the Company were classified as current assets. During the financial year, the directors have assessed and determined that they do not expect to realise these amounts due from subsidiaries within twelve months after the reporting period. Accordingly, these amounts have been reclassified as non-current assets.

The effects of this adjustment to the financial statements of the Company for the prior periods are as follows:

Company	As previously stated RM	Adjustments RM	As restated RM
Statement of financial position			
At 31 March 2014:			
Investment in subsidiaries	104,438,788	(47,212,858)	57,225,930
Other receivables (non-current)	-	79,664,867	79,664,867
Non-current assets	104,438,788	32,452,009	136,890,797
Other receivables (current)	32,458,509	(32,452,009)	6,500
Current assets	32,517,529	(32,452,009)	65,520
At 1 April 2013:			
Investment in subsidiaries	119,646,593	(62,420,663)	57,225,930
Other receivables (non-current)	-	77,794,077	77,794,077
Non-current assets	119,646,593	15,373,414	135,020,007
Other receivables (current)	15,379,914	(15,373,414)	6,500
Current assets	15,515,035	(15,373,414)	141,621

33. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on 29 July 2015.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 March 2015

34. Supplementary information – breakdown of (accumulated losses)/retained earnings into realised and unrealised

The breakdown of the (accumulated losses)/retained earnings of the Group and of the Company as at 31 March 2015 into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 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 Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total (accumulated losses)/ retained earnings of the Company and its subsidiaries				
- Realised	(23,971,899)	(12,514,965)	31,385,210	32,331,505
- Unrealised	40,376	60,542	(87,613,313)	(55,662,730)
	<u>(23,931,523)</u>	<u>(12,454,423)</u>	<u>(56,228,103)</u>	<u>(23,331,225)</u>
Total share of loss from associate				
- Realised	<u>(39,296,554)</u>	<u>(39,296,554)</u>	-	-
Less: Consolidation adjustments	<u>(19,657,951)</u>	<u>(18,246,625)</u>	-	-
Accumulated losses as per financial statements	<u>(82,886,028)</u>	<u>(69,997,602)</u>	<u>(56,228,103)</u>	<u>(23,331,225)</u>

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TEKALA CORPORATION BERHAD

(Company No: 357125-D)

PROXY FORM

I/We _____

of _____

being a Member/Members of the Tekala Corporation Berhad, hereby appoint _____

of _____

or failing him _____

of _____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held at Grand Ballroom, Hotel Sandakan, 4th Avenue, 90000 Sandakan, Sabah on 18 September 2015 at 11.00 a.m or any adjournment thereof.

I/We direct my/our proxy to vote for or against the Resolutions to be proposed at the Meeting as hereinafter indicated.

No.		FOR	AGAINST
1.	To receive Directors' Report and Audited Financial Statements.		
2.	To re-elect the following Directors in accordance with Articles 103 of the Company's Articles of Association:- - Mr Voon Sui Liong @ Paul Voon		
3.	- Mr Quek Siew Hau		
4.	- Mr Fong Kin Wui		
5.	To re-appoint Datuk Seri Panglima Quek Chiow Yong who retires in accordance with Section 129 of the Companies Act, 1965.		
6.	To approve Directors' Fees of RM 90,000 for the year ended 31 March 2015.		
7.	To re-appoint Auditors and to authorise the Directors to fix their remuneration.		
8.	To grant authority to issue shares pursuant to the Company's Employees' Share Option Scheme.		
9.	To approve the retention of Mr Voon Sui Liong @ Paul Voon as Independent Director.		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this _____ day of _____ 2015

Number of shares held

Signature(s) of Member(s)

Notes:

- A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on a show of hands or on a poll in his stead. A proxy need not be a member of the Company.
- In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of some officer of the corporation duly authorised in that behalf.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
- The instrument appointing a proxy must be deposited at the Company's Registered Office situated at Wisma Tekala, Lot 2, Lorong Indah Jaya 29, Taman Indah Jaya, Jalan Lintas Selatan, 90000 Sandakan, Sabah not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
- For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall request Bursa Malaysia Depository Sdn Bhd in accordance with Article 99 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 8 September 2015. Only a depositor whose name appears therein shall be entitled to attend this meeting or appoint a proxy to attend and/or vote on his stead.

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The Company Secretaries
TEKALA CORPORATION BERHAD
(Company No. 357125-D)

Wisma Tekala
Lot 2, Lorong Indah Jaya 29
Taman Indah Jaya
Jalan Lintas Selatan
90000 Sandakan, Sabah

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TEKALA CORPORATION BERHAD (357125-D)

Wisma Tekala, Lot 2
Lorong Indah Jaya 29
Taman Indah Jaya
Jalan Lintas Selatan
90000 Sandakan, Sabah

Tel: 6089 212177

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