

CP COATINGS SDN. BHD.  
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS  
30 JUNE 2014

Certified True Copy of the Original



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ELAINE TAN AI LIN

Advocate & Solicitor

Selangor

T/979

WANG & CO  
CHARTERED ACCOUNTANTS

**CP COATINGS SDN. BHD.**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT**

The directors hereby submit their report and the audited financial statements of the Company for the year ended 30 June 2014.

**PRINCIPAL ACTIVITY**

The principal activity of the company is that of manufacturing and trading of anti-corrosion products. There has been no significant change in the nature of this activity of the Company during the financial year.

**RESULTS**

	RM
Net profit for the year after taxation	98,466
Accumulated losses brought forward	(38,365)
Retained earnings carried forward	<u>60,101</u>

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

**DIVIDENDS**

No dividend has been declared or paid by the Company since the end of the previous financial year. The directors does not recommend any dividend payment in respect of the current financial year.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year.

**ISSUE OF SHARES AND DEBENTURES**

On 15 October 2014, the authorised share capital of the Company was increased from RM100,000 to RM 1,000,000 by creation of 900,000 ordinary shares of RM 1 each at par. The paid up capital of the Company was increased from RM100,000 to RM 1,000,000 by additional issues of 900,000 ordinary shares of RM 1 each at par. The purpose of these issues is to provide additional working capital for the Company.

On 25 November 2014, the authorised share capital of the Company was increased from RM1,000,000 to RM 5,000,000 by creation of 4,000,000 ordinary shares of RM 1 each at par.

There were no issue of any debentures during the financial year.

## SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

## DIRECTORS

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

LING LIONG LAI

TAN KUI CHIN

In accordance with the Company's Articles of Association, Ling Liong Lai shall retire from the Board at the Forthcoming Annual General Meeting and being eligible, offers himself for re-election.

## DIRECTORS' INTEREST

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:-

Shares in the Company Registered in the name of director	<i>Number of Ordinary Shares of RM 1 each</i>			
	At 01.07.2013	Bought	Sold	At 30.06.2014
LING LIONG LAI	50,000	-	-	50,000
TAN KUI CHIN	50,000	-	-	50,000

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

## OTHER FINANCIAL INFORMATION

Before the income statement and balance sheet of the Company were made out, the directors took reasonable steps :

- (a) 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 have satisfied themselves that there were no known bad debts and no provision for doubtful debts is required; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would require the writing off of bad debts or the setting up of a provision for doubtful debts in the financial statements of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

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

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

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, in the opinion of the directors, will or may affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the directors, 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 Company for the succeeding financial year.

#### **PRINCIPAL PLACE OF BUSINESS**

The principal place of business of the Company is located at:

No. 13-3, Jalan USJ 9/5P  
Subang Business Centre  
47620 UEP Subang Jaya  
Selangor Darul Ehsan

#### **REGISTERED OFFICE**

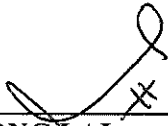
The registered office of the Company is located at:

No.21B, Room 2  
Jalan USJ 10/1C  
47620 Subang Jaya  
Selangor Darul Ehsan

**AUDITORS**

The auditors, Messrs Wang & Co., Chartered Accountants, have indicated their willingness to continue in office.

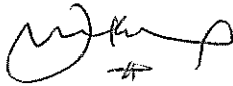
Signed on behalf of the Board in  
accordance with a resolution of the  
Directors dated 10 DEC 2014



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**LING LIONG LAI**

**Director**



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**TAN KUI CHIN**

**Director**

Subang Jaya

**CP COATINGS SDN. BHD.**  
**(Incorporated in Malaysia)**

**STATEMENT BY DIRECTORS**

The Directors of the **CP COATINGS SDN. BHD.**, state that, in their opinion, the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and cash flow statement, together with the notes thereto, are drawn up in accordance with the provisions of the Companies Act, 1965 and the Malaysian Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 30 June 2014, its results and changes in equity and cash flows of the Company for the year ended for that date.

Signed on behalf of the Board in  
accordance with a resolution of  
the Directors dated **10 DEC 2014**



**LING LIONG LAI**  
Director



**TAN KUI CHIN**  
Director

Subang Jaya

**STATUTORY DECLARATION**

I, **LING LIONG LAI**, being the director primarily responsible for the financial management of **CP COATINGS SDN. BHD.**, do solemnly and sincerely declare that the financial statements set out on pages 8 to 31 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared ]  
by **LING LIONG LAI** ]  
at Subang Jaya on ]  
**10 DEC 2014**  
Before me,

  
**LING LIONG LAI**

**COMMISSIONER FOR OATHS**

39 (2nd Flr)  
Jalan USJ 10/1D  
47620 Subang Jaya  
Selangor Darul Ehsan

**WANG & CO**  
CHARTERED ACCOUNTANTS AF 1334

No. 15-3, Jalan USJ 9/5Q,  
Subang Business Centre,  
47620 UEP Subang Jaya,  
Selangor Darul Ehsan.  
Tel : 03-8023 3323 Fax : 03-8023 3823

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**CP COATINGS SDN. BHD.**  
**(Incorporated in Malaysia)**

**Report on the Financial Statements**

We have audited the financial statements of CP Coatings Sdn. Bhd., which comprise the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 31.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Malaysian Financial Reporting Standards and requirements of the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*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 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

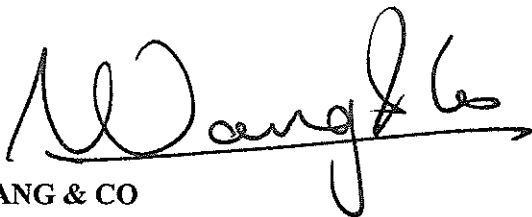
In our opinion, the financial statements have been properly drawn up in accordance with the Malaysian Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 30 June 2014 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**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.



**WANG & CO**  
**Firm No. AF1334**  
**Chartered Accountants**



**WANG FOOK FOK**  
**No. 2073/04/15(J)**  
**Chartered Accountant**

Date: 10 DEC 2014  
Subang Jaya



**CP COATINGS SDN. BHD.**  
**(Incorporated in Malaysia)**

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

	Note	2014 RM	2013 RM
<b>Non-Current Assets</b>			
Property, plant and equipment	3	186,703	227,529
<b>Current Assets</b>			
Inventories	5	60,034	-
Trade receivables	6	901,748	1,753,654
Cash and bank balance	7	169,581	77,610
Fixed deposits placed with a licensed bank	7	317,131	307,950
Tax recoverable		-	132
		<u>1,448,494</u>	<u>2,139,346</u>
<b>TOTAL ASSETS</b>		<u><u>1,635,197</u></u>	<u><u>2,366,875</u></u>
<b>Equity</b>			
Share capital	8	100,000	100,000
Retained earnings/ (accumulated losses)	9	<u>60,101</u>	<u>(38,365)</u>
<b>TOTAL EQUITY</b>		160,101	61,635
<b>Non-Current Liabilities</b>			
Hire purchase creditor - portion due after one year	10	13,312	53,320
Deferred tax liabilities	4	<u>6,110</u>	<u>4,549</u>
		<u>19,422</u>	<u>57,869</u>
<b>Current Liabilities</b>			
Trade payables	11	516,965	1,030,560
Other payables and accruals	12	868,231	739,599
Short term borrowings	13	40,008	477,212
Provision for taxation		30,470	-
		<u>1,455,674</u>	<u>2,247,371</u>
<b>TOTAL LIABILITIES</b>		<u>1,475,096</u>	<u>2,305,240</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,635,197</u></u>	<u><u>2,366,875</u></u>

The accompanying Notes form an integral part of the Financial Statements.

**CP COATINGS SDN. BHD.**  
**(Incorporated in Malaysia)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 RM	2013 RM
REVENUE	14	2,705,994	2,961,114
CHANGES IN TRADING INVENTORIES		60,034	-
COST OF GOODS SOLD		(1,857,703)	(2,576,230)
OTHER OPERATING INCOME		9,182	7,950
STAFF COSTS (INCLUSIVE OF KEY MANAGEMENT PERSONNEL COMPENSATION)		(616,304)	(210,800)
DEPRECIATION OF PROPERTY, PLANT & EQUIPMENT		(53,754)	(51,261)
OTHER OPERATING EXPENSES		<u>(87,543)</u>	<u>(80,799)</u>
PROFIT FROM OPERATIONS	15	159,906	49,974
FINANCE COSTS	16	(18,683)	(23,638)
PROFIT BEFORE TAXATION		<u>141,223</u>	<u>26,336</u>
TAXATION	17	(42,757)	(5,143)
NET PROFIT FOR THE FINANCIAL YEAR		<u>98,466</u>	<u>21,193</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>98,466</u>	<u>21,193</u>

The accompanying Notes form an integral part of the Financial Statements.

**CP COATINGS SDN. BHD.**  
**(Incorporated in Malaysia)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Share Capital RM	Retained Earnings / (Accumulated losses) RM	Total RM
Balance at 30 June 2012	100,000	(59,558)	40,442
Total comprehensive income for the year	-	21,193	21,193
Balance at 30 June 2013	100,000	(38,365)	61,635
Total comprehensive income for the year	-	98,466	98,466
Balance at 30 June 2014	100,000	60,101	160,101

The accompanying Notes form an integral part of the Financial Statements.

**CP COATINGS SDN. BHD.**  
**(Incorporated in Malaysia)**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 RM	2013 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		141,223	26,336
Adjustments for:			
Depreciation of property, plant and equipment		53,754	51,261
Interest expenses		18,683	23,638
Operating profit before working capital changes		<u>213,660</u>	<u>101,235</u>
Increase in inventories		(60,034)	-
Decrease/(increase) in trade receivables		851,906	(1,752,799)
(Decrease)/increase in trade payables		(513,595)	1,024,560
Increase in other payables and accruals		128,632	728,799
Cash generated from operations		<u>620,569</u>	<u>101,795</u>
Interest expenses		(18,683)	(23,638)
Tax paid		(10,594)	-
Net cash generated from operating activities		<u>591,292</u>	<u>78,157</u>
<b>CASH FLOW FROM INVESTING ACTIVITY</b>			
Purchase of property, plant and equipment		<u>(12,928)</u>	<u>(108,197)</u>
Net cash used in investing activity		<u>(12,928)</u>	<u>(108,197)</u>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>			
Repayment of hire purchase creditor		<u>(40,008)</u>	<u>(26,672)</u>
Net cash used in financing activity		<u>(40,008)</u>	<u>(26,672)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		538,356	(56,712)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(51,644)	5,068
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	<u>486,712</u>	<u>(51,644)</u>

The accompanying Notes form an integral part of the Financial Statements.

**CP COATINGS SDN. BHD.  
(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2014**

**1. BASIS OF PREPARATION**

**(a) Statement of compliance**

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

The following are accounting standards, amendments, and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Company:

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014***

- Amendments to MFRS 10, *Consolidated Financial Statements; Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities : Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation- Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments : Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014***

- Amendments to MFRS 1, *First time Adoption of Malaysian Financial Reporting Standards ( Annual improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment ( Annual improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations ( Annual improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments ( Annual improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement ( Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment ( Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

**1. BASIS OF PREPARATION (continued)**

**(a) Statement of compliance (continued)**

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016***

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 116 and MFRS 138, *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 116 and MFRS 141, *Agriculture : Bearer Plants*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017***

- MFRS 15, *Revenue for Contracts with Customers*

***MFRSs, Interpretations and amendments effective for a date yet to be confirmed***

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments : Disclosures -Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Company plan to apply the above mentioned accounting standards, amendments and interpretations :

- from the annual period beginning on 1 July 2014, for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014 and 1 July 2014.
- from the annual period beginning on 1 July 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016.
- from the annual period beginning on 1 July 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.

The Company are assessing any material impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are discussed below:

The initial application of the other accounting standards, amendments and interpretations are not expected to have any material financial impacts on the financial statements of the Company except as mentioned below :

**1. BASIS OF PREPARATION (Continued)**

**(a) Statement of compliance (Continued)**

**MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedging accounting. Upon the adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 may result in a change in accounting policy for financial assets. The Company is currently assessing the financial impact that may arise from the adoption of MFRS 9.

**MFRS 15, *Revenue from Contracts with Customers***

MFRS 15 replaces MFRS 118, *Revenue* and introduces a new revenue recognition model for contracts with customers and new disclosure requirements. The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

**(c) Functional and presentation of currency**

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest Ringgit, unless otherwise stated.

**(d) Use of estimates and judgements**

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Company.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Foreign currency**

#### **(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

### **(b) Financial instruments**

#### **(i) Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

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

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



## **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **(ii) Financial instrument categories and subsequent measurement**

The Company categorise financial instruments as follows:

#### **Financial assets**

##### **Loans and receivables**

Loans and receivables category comprises debt instruments that are not quoted in an active market and also includes trade and other receivables and cash and cash equivalents.

Financial assets recognised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

Financial instruments categorised as loans and receivables are subject to review of impairment ( See Note 2 (f)(i) )

##### **Financial liabilities**

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

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instruments) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

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

### **(iii) Derecognition**

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

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **(c) Property, plant and equipment**

#### **(i) Recognition and measurement**

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

#### **(ii) Subsequent costs**

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

#### **(iii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The estimated useful lives for the current and comparative periods are as follows:

## **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **(c) Property, plant and equipment (Continued)**

#### **(iii) Depreciation (continued)**

Furniture and fittings	10%
Machinery and tools	20%
Motor vehicle	20%
Office equipment	10%
Renovation	10%

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

### **(d) Inventories**

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

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

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

### **(e) Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value within original maturities of three months or less, and are used by the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

### **(f) Impairment**

#### **(i) Financial assets**

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

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **(f) Impairment (continued)**

#### **(i) Financial assets (continued)**

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

#### **(ii) Other assets**

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units.

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in the profit or loss. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

### **(g) Equity instruments**

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

#### **Ordinary shares**

Ordinary shares are classified as equity.

## **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **(h) Employee benefits**

#### **(i) Short-term employee benefits**

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus plan if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **(ii) State plans**

The Company's contribution to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

### **(i) Contingencies**

#### **(i) Contingent liabilities**

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

#### **(ii) Contingent assets**

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

### **(j) Fair value measurements**

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

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **(j) Fair value measurements (continued)**

The adoption of MFRS 13 has not significantly affected the measurements of the Company's assets or liabilities.

### **(k) Revenue and other income**

#### **(i) Goods sold**

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

#### **(ii) Interest income**

Interest income is recognised as it accrues using the effective interest method in profit or loss.

### **(l) Income tax**

Income tax comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

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

**3. PROPERTY, PLANT AND EQUIPMENT**

<b><u>Cost</u></b>	<b>Balance at 01.07.2013</b>	<b>Addition</b>	<b>Disposal</b>	<b>Balance at 30.06.2014</b>
	RM	RM	RM	RM
Furniture & fittings	6,714	-	-	6,714
Machinery and tools	47,230	12,000	-	59,230
Motor vehicle	180,967	-	-	180,967
Office equipment	6,000	928	-	6,928
Renovation	43,500	-	-	43,500
	<u>56,214</u>	<u>12,928</u>	<u>-</u>	<u>297,339</u>

**Accumulated Depreciation**

Furniture & fittings	1,342	671	-	2,013
Machinery and tools	9,446	11,846	-	21,292
Motor vehicle	36,194	36,194	-	72,388
Office equipment	1,200	693	-	1,893
Renovation	8,700	4,350	-	13,050
	<u>56,882</u>	<u>53,754</u>	<u>-</u>	<u>110,636</u>

	<b>Net Book Value</b>		<b>Depreciation Charged for</b>
	<b>30.06.2014</b>	<b>30.06.2013</b>	<b>30.06.2013</b>
	RM	RM	RM
Furniture & fittings	4,701	5,372	671
Machinery and tools	37,938	37,784	9,446
Motor vehicle	108,579	144,773	36,194
Office equipment	5,035	4,800	600
Renovation	30,450	34,800	4,350
	<u>186,703</u>	<u>227,529</u>	<u>51,261</u>

**4. DEFERRED TAX ASSETS/( LIABILITIES)**

	<b>2014</b>	<b>2013</b>
	RM	RM
Recognised deferred tax assets/(liabilities):		
At the beginning of the financial year	(4,549)	-
Recognised in profit or loss	<u>(1,561)</u>	<u>(4,549)</u>
At end of the financial year	<u>(6,110)</u>	<u>(4,549)</u>

**4. DEFERRED TAX ASSETS/(LIABILITIES) (continued)**

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

	At 1.7.2012 RM	Recognised in profit or loss RM	At 1.7.2013 RM	Recognised in profit or loss RM	At 30.6.2014 RM
Property, plant and equipment	1,186	3,363	4,549	1,561	6,110
Unabsorbed tax losses	(10,984)	10,984	-	-	-
Unabsorbed capital allowances	(1,537)	1,537	-	-	-
	<u>(11,334)</u>	<u>15,884</u>	<u>4,549</u>	<u>1,561</u>	<u>6,110</u>

**5. INVENTORIES**

	2014 RM	2013 RM
Trading goods - at cost	<u>60,034</u>	<u>-</u>

**6. TRADE RECEIVABLES**

	2014 RM	2013 RM
Trade receivables	<u>901,748</u>	<u>1,753,654</u>

The Company's normal credit term ranges from 30 days to 60 days ( 2013 : 30 days to 60 days) from date of invoice. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent the fair values at initial recognition.

**7. CASH AND CASH EQUIVALENTS**

	2014 RM	2013 RM
Cash in hand	33,000	33,000
Cash in bank	136,581	44,610
Fixed deposits placed with a licensed bank	317,131	307,950
Bank overdraft	-	(437,204)
	<u>486,712</u>	<u>(51,644)</u>



**8. SHARE CAPITAL**

Share capital is represented by:-

**Authorised**

100,000 ordinary shares of RM1/- each

**2014**  
RM**2013**  
RM100,000100,000**Issued and fully paid**

100,000 ordinary shares of RM1/- each

100,000100,000**9. RETAINED EARNINGS**

As at 30 June 2014, the Company has sufficient tax credit under the single tier system to frank the payment of dividends out of its retained earnings.

**10. HIRE PURCHASE CREDITOR**

Total hire purchase instalments due :

**2014**  
RM**2013**  
RM

Within one year

42,996

42,996

Between two to five years

14,308

57,304

Unexpired term charges

57,304  
(3,984)100,300  
(6,972)

Outstanding principal amount due

53,320

93,328

Within one year (Note 13)

(40,008)(40,008)

Between two to five years(Included in long term liabilities)

13,31253,320**11. TRADE PAYABLES**

Included in trade payables is an amount of RM 6,000 (2013: RM 6,000) due to a company in which the directors have substantial equity interest. The amount due is unsecured, interest free and are repayable subject to the normal trade terms.

The normal credit terms granted to the Company range from 30 days to 60 days (2013 : 30 days to 60 days).

**12. OTHER PAYABLES AND ACCRUALS**

	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
Other payables	106	318
Accruals	8,125	79,281
Amount owing to directors	860,000	660,000
	<u>868,231</u>	<u>739,599</u>

The amount owing to directors is unsecured, interest free and has no fixed term of repayment.

**13. SHORT TERM BORROWINGS**

	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
Bank overdraft (secured)	-	437,204
Hire purchase creditor (Note 10)	40,008	40,008
	<u>40,008</u>	<u>477,212</u>

The bank overdraft is secured by:-

- 1) The fixed deposit of the Company.
- 2) Jointly and severally guaranteed by the directors of the Company.
- 3) Corporate guaranteed by a company in which a director has substantial financial interest.

The bank overdraft bear interest at rate ranging at 2.00% per annum above the base lending rate of the commercial bank.

**14. REVENUE**

Revenue of the Company represents income derived from invoiced value of goods sold, less discounts and returns.

**15. PROFIT FROM OPERATIONS**

	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
This has been arrived at after charging :		
Audit fee	3,300	3,300
Depreciation of property, plant & equipment	53,754	51,261
Personnel expenses (including key management personnel)		
- Contributions to Employees Provident Fund and Social Security Contributions	32,358	9,585
- Wages, salaries and others	882,989	201,215
-Others	287	8,041
Rental of premises	<u>15,000</u>	<u>-</u>

**15. PROFIT FROM OPERATIONS (continued)**

	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
And crediting:-		
Interest income	<u>9,182</u>	<u>7,950</u>

**16. FINANCE COSTS**

	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
Interest expenses on :-		
Bank overdraft	10,971	18,821
Commitment fee	4,724	2,825
Hire purchase	<u>2,988</u>	<u>1,992</u>
	<u>18,683</u>	<u>23,638</u>

**17. TAXATION**

	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
Income tax expenses		
-current year provision	41,196	594
Deferred tax expense	<u>1,561</u>	<u>4,549</u>
	<u>42,757</u>	<u>5,143</u>

The explanation of the relationship between tax expense and profit before taxation is as follows:

	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	<u>141,223</u>	<u>26,336</u>
Income tax at statutory tax rate	28,245	5,267
Tax effects of:		
- Expenses not deductible for tax purpose	14,512	11,210
- Unrecognised deferred tax assets	-	(11,334)
Tax charge	<u>42,757</u>	<u>5,143</u>

**18. RELATED PARTIES****Identity of related parties**

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

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the Directors of the Company, and certain members of senior management of the Company.

**Related parties transactions**

The significant related party transactions, other than key management personnel compensation are as follows:

Companies in which the directors have substantial equity interests:

<b>Related Parties</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
Rental	15,000	-

The terms and conditions for the above transactions are based on normal trade terms. All amounts outstanding are unsecured and expected to be settled with cash.

**19. FINANCIAL INSTRUMENTS****(i) Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables (L&R); and

(b) Other financial liabilities measured at amortised cost (OL)

	<b>Carrying amount</b>	<b>L&amp;R / (OL)</b>
	<b>RM</b>	<b>RM</b>
<b>30 June 2014</b>		
<b>Financial assets</b>		
Trade receivables	901,748	901,748
Cash and bank balances	169,581	169,581
Fixed deposits placed with a licensed bank	317,131	317,131
	<u>1,388,460</u>	<u>1,388,460</u>

**19. FINANCIAL INSTRUMENTS (continued)**

<b>(i) Categories of financial instruments (continued)</b>	<b>Carrying amount RM</b>	<b>L&amp;R / (OL) RM</b>
<b>30 June 2014</b>		
<b>Financial liabilities</b>		
Trade payables	516,965	516,965
Other payables and accruals	868,231	868,231
Short term borrowings	40,008	40,008
	<u>1,425,204</u>	<u>1,425,204</u>
<b>30 June 2013</b>		
<b>Financial assets</b>		
Trade receivables	1,753,654	1,753,654
Cash and bank balances	77,610	77,610
Fixed deposits placed with a licensed bank	307,950	307,950
	<u>2,139,214</u>	<u>2,139,214</u>
<b>30 June 2013</b>		
<b>Financial liabilities</b>		
Trade payables	1,030,560	1,030,560
Other payables and accruals	739,599	739,599
Short term borrowings	477,212	477,212
	<u>2,247,371</u>	<u>2,247,371</u>

**(ii) Financial risk management**

The company has exposure to the following risks from its use of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

**(a) Credit risk**

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from its receivables from customers, loans and advances to related companies and financial guarantees given.

**19. FINANCIAL INSTRUMENTS (continued)****Receivables*****Risk management objectives, policies and processes for managing the risk***

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

***Exposure to credit risk, credit quality and collateral***

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Company use aging analysis to monitor the credit quality of the receivables.

The Company's concentration of credit risk relates to amount owing by major customers in which certain directors have substantial equity interest making up approximately Nil (2013: Nil ) of its total trade receivables as at the financial year end.

The Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

**Impairment losses**

The aging of receivables as at the end of the reporting period was:

	<b>2014</b>	<b>2013</b>
	RM	RM
<b>2014</b>		
Not past due nor impaired	176,538	659,160
Past due 1-30 days not impaired	163,855	160,835
Past due 31-90 days not impaired	195,836	671,886
Past due 91-120 days not impaired	365,519	261,773
	<u>901,748</u>	<u>1,753,654</u>
Impaired : provision for doubtful debts	-	-
	<u>901,748</u>	<u>1,753,654</u>

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Company is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

**19. FINANCIAL INSTRUMENTS (continued)****Financial guarantees*****Risk management objectives, policies and processes for managing the risk***

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a company in which the directors have substantial equity interests. The Company monitors on an ongoing basis the results of the respective companies and its repayments.

As at the end of the reporting period, there was no indication that the company in which the directors have substantial equity interests would default on repayment.

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

**(b) Liquidity risk**

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

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

***Maturity analysis***

The table below summaries the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	<b>Carrying amount</b>	<b>Contractual interest rate</b>	<b>Contractual cash flow</b>	<b>Under 1 year</b>
<b>30 June 2014</b>	<b>RM</b>	<b>%</b>	<b>RM</b>	<b>RM</b>
<i>Non-derivative financial liabilities</i>				
Trade payables	516,965	-	516,965	516,965
Other payables and accruals	868,231	-	868,231	868,231
<b>30 June 2013</b>				
<i>Non-derivative financial liabilities</i>				
Trade payables	1,030,560	-	1,030,560	1,030,560
Other payables and accruals	739,599	-	739,599	739,599

## **19. FINANCIAL INSTRUMENTS (continued)**

### **(b) Liquidity risk (continued)**

#### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Company's financial position or cash flows.

#### **Interest rate risk**

The Company are exposed to interest rate risk on their placement of cash balances with licensed financial institutions to generate interest income. The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss. The exposure of the Company to changes in interest rates is not material.

#### **Fair value of financial instruments**

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

## **20. CAPITAL MANAGEMENT**

The Company's objectives when managing capital is to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company's capital is represented by its total equity in the statement of financial position. The directors monitor the adequacy of capital on an ongoing basis.

## **21. SUBSEQUENT EVENT**

On 15 October 2014, the authorised share capital of the Company was increased from RM100,000 to RM1,000,000 by creation of RM900,000 ordinary shares. The issued and fully paid-up share capital of the Company was increased from RM 100,000 to RM 1,000,000 through the allotment of an additional 900,000 new ordinary shares of RM1 each at par for the purpose of increasing the working capital of the Company. This newly issued shares rank pari-passu with the then existing shares of the Company.

On 25 November 2014, the authorised share capital of the Company was increased from RM1,000,000 to RM 5,000,000 by creation of 4,000,000 ordinary shares of RM 1 each at par.

## **22. RECLASSIFICATION OF ACCOUNTS**

Certain comparative figures have been reclassified to conform with the current year's presentation.



**CP COATINGS SDN. BHD.**  
**(Incorporated in Malaysia)**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014 RM	2013 RM
REVENUE	2,705,994	2,961,114
LESS: COST OF SALES		
Purchases	1,366,340	2,302,584
Contract wages	302,356	76,467
Documentation fee	2,355	-
EPF	25,857	8,606
Freight charges and custom duties	129,389	253,411
Rental of equipment	-	700
Salaries and allowances	545,638	124,748
SOCISO	3,276	979
Sub contractor fee	-	7,464
Training fee	-	7,916
Transport charges	3,358	4,155
Travelling expenses	16,223	-
Upkeep of machinery and tools	37,682	-
Less : closing inventories	(60,034)	-
	2,372,440	2,787,030
GROSS PROFIT	333,554	174,084
ADD : OTHER INCOME		
Interest income	9,182	7,950
	342,736	182,034
LESS: ADMINISTRATIVE EXPENSES (Schedule I)	(182,830)	(132,060)
FINANCE COSTS (Schedule I)	(18,683)	(23,638)
PROFIT FOR THE YEAR	141,223	26,336

This statement has been included for management use only and does not form part of the audited statutory financial statements of the Company.

**CP COATINGS SDN. BHD.**  
**(Incorporated in Malaysia)**

**SCHEDULE OF OPERATING EXPENSES**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014 RM	2013 RM
<b>ADMINISTRATIVE EXPENSES</b>		
Audit fee	3,300	3,300
Accounting and administrative fee	800	800
Bank charges	199	519
Depreciation of property, plant & equipment	53,754	51,261
Documentation fee	-	2,707
EPF contribution	3,185	-
Filing fee	-	150
General insurance	2,016	599
License fee	270	270
Medical fee	287	125
Penalty	42	-
Petrol, toll and parking	7,875	5,691
Postage and courier	673	3,388
Professional fee	35,096	300
Printing and stationery	1,314	1,259
Rental of premises	15,000	-
Roadtax and insurance	3,269	3,125
Salaries and allowances	34,995	-
Secretarial fee	618	636
Service tax	1,870	114
SOCSSO	40	-
Staff refreshment	3,026	6,849
Travelling expenses	769	23,025
Upkeep of machinery and tools	-	18,352
Upkeep of motor vehicle	14,346	9,590
Upkeep of office	86	-
	<u>182,830</u>	<u>132,060</u>
<b>FINANCE COSTS</b>		
Commitment fee	4,724	2,825
Hire purchase interest	2,988	1,992
Overdraft interest	10,971	18,821
	<u>18,683</u>	<u>23,638</u>

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