

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 March 2015.

Principal activities

The principal activities of the Company are the manufacture of biopharmaceutical products and other related activities.

The construction of the Company's biopharmaceutical manufacturing facility was completed during the year and the company has commenced commissioning and qualification activities.

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

Results

Net loss for the year	RM 12,066,627
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There were no material transfers to or from reserves or provisions during the financial year.

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

Dividends

The directors do not recommend the payment of any dividends for the current financial year.

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 :

John McCallum Marshall Shaw

Arun Suresh Chandavarkar

Kiran Mazumdar Shaw

Pan Seng Wee

Teo Jua Chi

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 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.

Directors' interests

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

Issue of shares

During the financial year, the Company increased:

- (a) its issued and paid up ordinary share capital from RM63,373,840 to RM66,527,580 by way of the issuance of 315,374 ordinary shares of RM10 each at par for cash, for additional working capital purposes.

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

- (b) its issued and paid up preference share capital to RM 106,161,680 by way of the issuance of 10,616,168 non-cumulative redeemable convertible preference shares of RM10 each at par for cash, for additional working capital purposes.

Other statutory information

- (a) Before the income statement and balance sheet 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 no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their values 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 to make any provision for doubtful debts in the financial statements of the Company; and
 - (ii) the values attributed to the current assets in the financial statements 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 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 Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist :
 - (i) any charge on the assets 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 Company which has arisen since the end of the financial year.
- (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 Company to meet its 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 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

John McCallum Marshall Shaw

Kiran Mazumdar Shaw

Statement by Directors

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

We, John McCallum Marshall Shaw and Kiran Mazumdar Shaw, being two of the directors of Biocon Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 8 to 23 are drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2015 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated

John McCallum Marshall Shaw

Kiran Mazumdar Shaw

Statutory declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Satish Arunachalam, being the officer primarily responsible for the financial management of Biocon Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 8 to 23 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 Satish
 Arunachalam at Johor Bahru in the
 State of Johor on



Before me,
 Commissioner for Oaths

Independent auditors' report

To the member of Biocon Sdn. Bhd.

(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Biocon Sdn. Bhd., which comprise the balance sheet as at 31 March 2015, and the income statement, 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 23.

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 Private Entity Reporting Standards and 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 have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2015 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

Ernst & Young
AF 0039
Chartered Accountants
Johor Bahru, Malaysia

Lee Ming Li
2983/03/16(J)
Chartered Accountant

Date:

Income statement For the year ended 31 March 2015

	Note	2015 RM	2014 RM
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Other income		757,034	1,699,547
Administrative expenses		(12,823,661)	(3,803,229)
Loss from operations		(12,066,627)	(2,103,682)
Finance cost		-	-
Loss before taxation	3	(12,066,627)	(2,103,682)
Taxation		-	-
Net loss for the year		(12,066,627)	(2,103,682)

The accompanying notes are an integral part of the financial statements.

Balance sheet as at 31 March 2015

	Note	2015 RM	2014 RM
Assets			
Non-current asset			
Property, plant and equipment	4	871,713,608	536,955,910
Current assets			
Receivables and prepayments	5	23,771,503	40,228,294
Cash and bank balances	6	8,208,037	44,149,977
		31,979,540	84,378,271
Total assets		903,693,148	621,334,181
Equity and liabilities			
Current liability			
Borrowings	8	43,193,163	-
Payables	7	175,045,833	130,752,210
		218,238,996	130,752,210
Net current liabilities		(186,259,456)	(46,373,939)
Non-current liabilities			
Payables	7	131,472,712	115,289,955
Borrowings	8	439,951,837	315,318,043
Non-cumulative redeemable convertible preference shares	10	78,025,244	-
		649,449,793	430,607,998
Total liabilities		824,495,626	561,360,208
Net assets		79,197,522	59,973,973
Equity attributable to equity holder of the Company			
Share capital	9	66,527,580	63,373,840
Non-cumulative redeemable convertible preference shares	10	28,136,436	-
Accumulated losses		(15,466,494)	(3,399,867)
Total equity		79,197,522	59,973,973
Total equity and liabilities		903,693,148	621,334,181

The accompanying notes are an integral part of the financial statements.

Statement of changes in equity for the year ended March 31, 2015

	Note	Share capital RM	Non-cumulative redeemable convertible preference shares RM	Accumulated losses RM	Total RM
As at 31 March 2013		57,440,000	-	(1,296,185)	56,143,815
Issue of ordinary shares	9	5,933,840	-	-	5,933,840
Loss for the year		-	-	(2,103,682)	(2,103,682)
At 31 March 2014		63,373,840	-	(3,399,867)	59,973,973
Issue of ordinary shares	9	3,153,740	-	-	3,153,740
Issue of non-cumulative redeemable convertible preference shares	10	-	28,136,436	-	28,136,436
Loss for the year		-	-	(12,066,627)	(12,066,627)
At 31 March 2015		66,527,580	28,136,436	(15,466,494)	79,197,522

The accompanying notes are an integral part of the financial statements.

Cash flow statement for the year ended March 31, 2015

	2015 RM	2014 RM
Cash flows from operating activities		
Loss before taxation	(12,066,627)	(2,103,682)
Adjustments for:		
Depreciation	510,916	-
Interest income	(7,901)	(238)
Unrealised foreign exchange loss/(gain)	309,000	(243,454)
Operating loss before working capital changes	(11,254,612)	(2,347,374)
Receivables	6,638,637	(6,448,660)
Payables	39,058,769	11,599,250
Net cash generated from/(used in) operating activities	34,442,794	2,803,216
Cash flows from investing activities		
Purchase of property, plant and equipment	(295,750,254)	(309,045,627)
Interest received	7,901	238
Net cash used in investing activities	(295,742,353)	(309,045,389)
Cash flows from financing activities		
Advance from holding company	16,182,757	105,620,173
Drawdown of borrowings	107,174,936	237,250,761
Proceeds from issuance of ordinary shares	3,153,740	5,933,840
Proceeds from issuance of non-cumulative redeemable convertible preference shares	106,161,680	-
Interest subsidy received	12,628,881	6,767,351
Interest paid	(19,944,375)	(11,591,298)
Net cash generated from financing activities	225,357,619	343,980,827
Net (decrease)/increase in cash and cash equivalents	(35,941,940)	37,738,654
Cash and cash equivalents at beginning of financial year	44,149,977	6,411,323
Cash and cash equivalents at end of year	8,208,037	44,149,977

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements March 31, 2015

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The principal activities of the Company are the manufacture of biopharmaceutical products and other related activities. The construction of the Company's biopharmaceutical manufacturing facility was completed during the year and the Company has commenced commissioning and qualification activities. There have been no significant changes in the nature of the principal activities during the financial year.

The holding company is Biocon Limited., a company incorporated in the Republic of India and listed on both the Bombay Stock Exchange and National Stock Exchange of India.

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

2. Significant accounting policies

(a) Basis of preparation

The financial statements of the Company have been prepared under the historical cost convention and comply with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia.

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

As at 31 March 2015, the Company had current liabilities in excess of current assets by approximately RM186,259,000 (2014: RM46,374,000). The Company relies on its holding company and bankers for continued support to enable it to meet its obligations as and when they fall due.

(b) Malaysian Private Entities Reporting Standard

On 14 February 2014, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Private Entities Reporting Standard ("MPERS").

The Company will be required to prepare financial statements using the MPERS in its first MPERS financial statements for the year ending 31 March 2017.

In presenting its first MPERS financial statements, the Company will be required to restate the comparative financial statements to amounts reflecting the application of MPERS. The adjustments required on transition will be made, retrospectively, against opening retained profits. The financial performance and financial position as disclosed in these financial statements for the year ended 31 March 2015 could be different if prepared under the MPERS.

At the date of these financial statements, the Company has not completed its quantification of the financial effects of the differences between Private Entity Reporting Standards and accounting standards under the MPERS due to the ongoing assessment by the Company. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 March 2015 could be different if prepared under the MPERS.

(c) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(h).

Borrowing costs are included in the cost of self-constructed property, plant and equipment. The cost of self-constructed property, plant and equipment includes expenditure on material, compensation to employees, applicable manufacturing costs and other costs attributable to self-constructed property, plant and equipment.

Freehold land has unlimited useful life and therefore is not depreciated. Capital work in progress is not depreciated as these assets are not available for use.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

(d) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and at bank, deposits at call and short term, highly liquid investments which have an insignificant risk of changes in value.

(e) Provisions for liabilities

Provisions for liabilities are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(f) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(g) Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All exchange rate differences are taken to the income statement unless they relate to foreign currency borrowings in which case they are accounted for as borrowing costs in accordance with Note 2(i)(iii).

(h) Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior year is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(i) Financial instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(ii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iii) Interest-bearing borrowings

Interest-bearing bank loans are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs include interest on term loans, foreign exchange differences on foreign currency loans, commitment fees and amortization of ancillary costs incurred in connection with borrowing arrangements. The ancillary costs are amortized using the effective interest rate method. Borrowing costs also include the periodic net payments on interest rate swaps that are entered into as a hedge against the Company's exposure to interest rate risk.

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 the income statement in the period they are incurred.

(iv) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(v) Non-cumulative redeemable convertible preference shares

Non-cumulative redeemable convertible preference shares ("NCRCPs") are separated into liability and equity components based on the terms of the contract.

On issuance of the NCRCPs, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. The carrying amount of the conversion option is not remeasured in subsequent years.

3. Loss before taxation

Loss before taxation is arrived at after charging/(crediting):

	2015 RM	2014 RM
Auditors' remuneration	50,000	50,000
Depreciation	510,916	-
Foreign exchange loss/(gain)		
- realised	532,881	103,422
- unrealised	309,000	(243,454)
Interest income	(7,901)	(238)
Staff costs*	7,368,965	395,728
Rental of properties	263,597	35,133
* Staff costs comprise:		
Salaries, wages and bonus	6,699,060	359,753
Defined contribution plan	669,905	35,975
	7,368,965	395,728

4. Property, plant and equipment

	Freehold land RM	Building RM	Motor vehicles and computer equipment RM	Plant and machinery RM	Capital work in progress RM	Total RM
Cost						
At 1 March 2014	46,936,427	-	281,003	-	489,738,480	536,955,910
Additions	-	-	-	-	336,237,823	336,237,823
Reclassification	-	21,060,000	3,802,500	8,775,000	(33,637,500)	-
At 31 March 2015	46,936,427	21,060,000	4,083,503	8,775,000	792,338,803	873,193,733
Accumulated depreciation						
At 1 March 2014	-	-	-	-	-	-
Charge for the year	-	421,200	660,061	398,864	-	1,480,125
At 31 March 2015	-	421,200	660,061	398,864	-	1,480,125
Net book value						
At 31 March 2015	46,936,427	20,638,800	3,423,442	8,376,136	792,338,803	871,713,608
At 31 March 2014	46,936,427	-	281,003	-	489,738,480	536,955,910
Depreciation charge for 2014	-	-	-	-	-	-

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

The entire property, plant and equipment is pledged to the bank as security for credit facilities granted to the Company as disclosed in Note 8.

Additions to property, plant and equipment during the year are analysed as follows:

	2015 RM	2014 RM
Cash outflow on acquisition	295,750,254	309,045,627
Borrowing costs capitalised in additions	19,944,375	11,591,298
Depreciation capitalised in additions	969,209	-
Change in amounts due to vendors	19,573,985	88,735,975
	336,237,823	409,372,900
Depreciation for the year is analysed as follows:		
Recognised in profit or loss (Note 3)	510,916	-
Capitalised in additions to property, plant and equipment	969,209	-
	1,480,125	-

5. Receivables and prepayments

	2015 RM	2014 RM
Deposits	1,041,600	204,600
Sundry receivables	9,286,394	22,445,087
Prepaid loan transaction costs	13,443,509	17,578,607
	23,771,503	40,228,294

6. Cash and bank balances

	2015 RM	2014 RM
Cash on hand and at banks	4,241,796	41,935,860
Fixed deposits with licensed bank	3,966,241	2,214,117
	8,208,037	44,149,977

The interest rate and maturity of the fixed deposits ranged between 0.25% to 0.54% (2014: 0.28% to 0.33%) per annum and 24 to 52 (2014: 26 to 57 days) respectively.

7. Payables

	2015 RM	2014 RM
Current		
Amount due to holding company	3,790,689	1,537,569
Amount due to related company	2,257,686	-
Other payables	168,997,458	129,214,641
	175,045,833	130,752,210
Non-current		
Amount due to related company	131,472,712	115,289,955

The amounts due to holding and related companies are unsecured and non-interest bearing.

8. Loans and borrowings

	2015 RM	2014 RM
Current		
Secured:		
Term loan	43,193,163	-
Non-current		
Secured:		
Term loan	439,951,837	315,318,043

The term loan is denominated in United States Dollars ("USD") and bears interest of LIBOR + 3% per annum.

The remaining maturity of the term loan as at 31 March 2015 is as follows:

	2015 RM	2014 RM
Less than 1 year	43,193,163	-
More than 1 year and less than 2 years	61,214,470	37,974,885
More than 2 years and less than 5 years	211,279,310	173,435,243
More than 5 years	167,458,057	103,907,915
	483,145,000	315,318,043

The term loan is secured by:

- a fixed and floating charge over all present and future assets of the Company;
- a charge over the freehold land of the Company; and
- letter of undertaking from the holding company.

Under the term loan facility, the Company is entitled to borrow up to a maximum amount of USD130 million. The Company has entered into floating to fixed interest rate swaps to hedge its expected exposure to interest rate risk under the term loan facility. At the balance sheet date, the aggregate nominal value of the interest rate swaps amounted to USD130 million (2014: USD76 million). The periodic net payments related to the interest rate swap is recognised as interest expense when incurred.

9. Share capital

Ordinary shares	Number of ordinary shares of RM10 each		Amount	
	2015	2014	2015	2014
Authorised:				
At beginning and end of financial year	10,000,000	10,000,000	100,000,000	100,000,000
Issued and fully paid:				
At beginning of financial year	6,337,384	5,744,000	63,373,840	57,440,000
Issued during the year for cash	315,374	593,384	3,153,740	5,933,840
At end of financial year	6,652,758	6,337,384	66,527,580	63,373,840

During the financial year, the Company increased its issued and paid up ordinary share capital from RM63,373,840 to RM66,527,580 by way of the issuance of 315,374 ordinary shares of RM10 each at par for cash, for additional working capital purposes.

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

10. Non-cumulative redeemable convertible preference shares ("NCRCPs")

Preference shares	Number of NCRCPs of RM 10 each		Amount	
	2015	2014	2015	2014
Authorised:				
At beginning of financial year	-	-	-	-
Created during the year	15,000,000	-	150,000,000	-
At end of financial year	15,000,000	-	150,000,000	-
Issued and fully paid:			RM	RM
At beginning of financial year	-	-	-	-
Issued during the year for cash	10,616,168	-	106,161,680	-
At end of financial year	10,616,168	-	106,161,680	-
Presented as:				
Liability (non-current)			78,025,244	-
Equity			28,136,436	-
			106,161,680	-

During the financial year, the Company increased its issued and paid up preference share capital to RM106,161,680 by way of the issuance of 10,616,168 NCRCPs of RM10 each at par for cash to a related company for additional working capital purposes.

The NCRCPs rank pari passu with one another without any preference or priority among themselves.

The salient terms of the NCRCPs are as follows:

- (a) Each NCRCPs shall confer on the holder thereof a right to receive a non-cumulative coupon of 2.5% per annum, subject to the availability of the post taxation profits for distribution.
- (b) The NCRCPs shall not confer any further rights of participation in the profits of the Company.
- (c) The NCRCPs shall have no voting rights or rights to move or second any resolutions at any general meetings of the Company, except:
 - (i) upon any resolution which varies or is deemed to vary the rights and privileges attached to the NCRCPs; and
 - (ii) upon any resolution for the winding up of the Company.
- (d) The Company shall have the rights to create or issue further NCRCPs provided always that they are issued on such terms and conditions that are agreeable by the existing NCRCPs holders.
- (e) The NCRCPs shall be redeemable at par value, in full or in part, and in any number of tranches at the option of the NCRCPs shareholder at any time after ten years from the date of issue of the NCRCPs.
- (f) The NCRCPs shall be convertible at par value to ordinary shares of the Company of RM10 each at any time at the option of the NCRCPs shareholder.

Based on the above terms, the Company has a potential obligation to deliver cash to the shareholders of the NCRCPs shareholder arising from the non-cumulative coupon of 2.5% per annum and the shareholders' option to redeem the NCRCPs at any time after ten years from the date of issue of the NCRCPs. Accordingly, an amount of RM78,025,244 representing the fair value of the liability component has been presented as non-current liability. The balance of RM28,136,436 has been presented as equity.

11. Commitments

	2015 RM	2014 RM
(a) Capital commitments		
Capital expenditure approved and contracted for on property, plant and equipment	63,462,020	184,510,633
(b) Rental commitments		
Not later than 1 year	143,700	146,000
Later than 1 year and not later than 5 years	5,200	49,500
	148,900	195,500