

RECRON (MALAYSIA) SDN. BHD.

**RECRON (MALAYSIA) SDN. BHD.**

## Independent Auditors' Report

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### **TO THE MEMBER OF RECRON (MALAYSIA) SDN.BHD.**

(Incorporated in Malaysia)

(Company No. 781769 K)

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of Recron (Malaysia) Sdn. Bhd. on pages 5 to 32 which comprise the balance sheets as at 31 December 2014 of the Group and of the Company, and the income statements, statements of changes in equity and cash flows statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 27.

### **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the MASB Approved Accounting Standards in Malaysia for Private Entities 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 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 judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

### **OPINION**

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of its financial performance and cash flows for the financial year then ended in accordance with the MASB Approved Accounting Standards in Malaysia for Private Entities and the requirements of the Companies Act, 1965 in Malaysia.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditor's report of its subsidiary of which we have not acted as auditor, which is indicated in Note 12 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit report on the financial statements of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## **Independent Auditors' Report (Contd...)**

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### **OTHER MATTERS**

This report is made solely to the member 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.

### **PRICEWATERHOUSECOOPERS**

(No. AF: 1146)  
Chartered Accountants

### **LEE TUCK HENG**

(No. 2092/09/16 (J))  
Chartered Accountant

Kuala Lumpur  
9th April, 2015

## Income Statement for the Financial year ended 31 December, 2014

		<u>Group</u>		<u>Company</u>	
	Note	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
Revenue	5	3,648.14	3,561.05	3,648.14	3,561.05
Other income	8	0.60	56.17	0.60	56.17
Changes in inventories of finished goods and work-in-progress		(8.46)	63.54	(8.46)	63.54
Raw material consumed		(2,750.10)	(2,843.45)	(2,750.10)	(2,843.45)
Energy and fuel charges		(312.46)	(261.22)	(312.46)	(261.22)
Chemicals and packing materials consumed		(190.23)	(176.65)	(190.23)	(176.65)
Repairs and maintenance		(67.47)	(67.94)	(67.47)	(67.94)
Staff costs	7	(211.68)	(184.07)	(211.58)	(183.99)
Commission and transportation cost		(113.53)	(103.17)	(113.53)	(103.17)
Losseson exchange differences (net)		(59.72)	(60.67)	(59.72)	(60.67)
Depreciation of property, plant and equipment	11	(95.42)	(94.40)	(95.42)	(94.40)
Amortisation of capital reserve	23	45.93	45.92	45.93	45.92
Other operating expenses		(54.82)	(47.76)	(54.89)	(47.61)
Lossfrom operations	6	(169.22)	(112.65)	(169.19)	(112.42)
Finance costs	9	(21.73)	(17.67)	(21.73)	(17.67)
Loss before taxation		(190.95)	(130.32)	(190.92)	(130.09)
Taxation	10	41.16	45.21	41.16	45.21
Net lossfor the financial year		(149.79)	(85.11)	(149.76)	(84.88)

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

## Balance Sheet as at 31st December, 2014

		<u>Group</u>		<u>Company</u>	
	Note	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
<b>NON CURRENT ASSETS</b>					
Property, plant and equipment	11	1,310.99	1,389.86	1,310.99	1,389.86
Investment in a subsidiary	12	-	-	0.33	0.33
Deferred tax assets	21	39.01	-	39.01	-
		<u>1,350.00</u>	<u>1,389.86</u>	<u>1,350.33</u>	<u>1,390.19</u>
<b>CURRENT ASSETS</b>					
Inventories	13	554.60	546.95	554.60	546.95
Trade receivables	14	125.45	116.79	125.45	116.79
Deposits, prepayments and other receivables	15	12.39	77.29	12.39	77.25
Cash and bank balances	16	0.80	0.50	0.78	0.49
		<u>693.24</u>	<u>741.53</u>	<u>693.22</u>	<u>741.48</u>
<b>LESS: CURRENT LIABILITIES</b>					
Trade payables	17	196.50	127.00	196.50	127.00
Other payables and accruals	18	49.27	40.42	49.32	40.47
Amount due to ultimate holding company	19	125.71	171.10	125.71	171.10
Amount due to a related company	19	229.34	129.62	229.34	129.62
Borrowings	20	629.28	565.54	629.28	565.54
		<u>1,230.10</u>	<u>1,033.68</u>	<u>1,230.15</u>	<u>1,033.73</u>
<b>NET CURRENT LIABILITIES</b>		<b>(536.86)</b>	<b>(292.15)</b>	<b>(536.93)</b>	<b>(292.25)</b>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	20	(192.23)	(278.93)	(192.23)	(278.93)
Deferred tax liabilities	21	-	(2.15)	-	(2.15)
		<u>(192.23)</u>	<u>(281.08)</u>	<u>(192.23)</u>	<u>(281.08)</u>
		<u>620.91</u>	<u>816.63</u>	<u>621.17</u>	<u>816.86</u>
<b>CAPITAL AND RESERVES</b>					
Share capital	22	113.19	113.19	113.19	113.19
Capital reserve	23	589.42	635.35	589.42	635.35
(Accumulated losses)/ Retained earnings		<u>(81.70)</u>	<u>68.09</u>	<u>(81.44)</u>	<u>68.32</u>
Total equity		<u>620.91</u>	<u>816.63</u>	<u>621.17</u>	<u>816.86</u>

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

## Consolidated Statement of Changes in Equity for the Financial year ended 31 December, 2014

	Issued and fully paid ordinary shares of RM1 each		Non- distributable Capital reserve	(Accumulated losses)/ Retained earnings	Total
	Number of shares	Nominal value			
	Million	RM Million	RM Million	RM Million	RM Million
At 1 January 2014	113.19	113.19	635.35	68.09	816.63
Amortisation of negative goodwill	-	-	(45.93)	-	(45.93)
Net loss for the financial year	-	-	-	(149.79)	(149.79)
At 31 December 2014	<u>113.19</u>	<u>113.19</u>	<u>589.43</u>	<u>(81.70)</u>	<u>620.91</u>
At 1 January 2013	2.50	2.50	681.27	153.20	836.97
Issue of shares	110.69	110.69	-	-	110.69
Amortisation of negative goodwill	-	-	(45.92)	-	(45.92)
Net loss for the financial year	-	-	-	(85.11)	(85.11)
At 31 December 2013	<u>113.19</u>	<u>113.19</u>	<u>635.35</u>	<u>68.09</u>	<u>816.63</u>

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

## Company Statement of Changes in Equity for the Financial year ended 31 December, 2014

	Issued and fully paid ordinary shares of RM1 each		Non- distributable Capital reserve	(Accumulated losses)/ Retained earnings	Total
	Number of shares	Nominal value			
	Million	RM Million	RM Million	RM Million	RM Million
At 1 January 2014	113.19	113.19	635.35	68.32	816.86
Amortisation of negative goodwill	-	-	(45.93)	-	(45.93)
Net loss for the financial year	-	-	-	(149.76)	(149.76)
At 31 December 2014	<u>113.19</u>	<u>113.19</u>	<u>589.43</u>	<u>(81.44)</u>	<u>621.17</u>
At 1 January 2013	2.50	2.50	681.27	153.20	836.97
Issue of shares	110.69	110.69	-	-	110.69
Amortisation of negative goodwill	-	-	(45.92)	-	(45.92)
Net loss for the financial year	-	-	-	(84.88)	(84.88)
At 31 December 2013	<u>113.19</u>	<u>113.19</u>	<u>635.35</u>	<u>68.32</u>	<u>816.86</u>

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

## Cash Flow Statements for the Financial year ended 31 December, 2014

	Note	Group		Company	
		2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
<b>OPERATING ACTIVITIES</b>					
Net loss for the financial year		(149.79)	(85.11)	(149.76)	(84.88)
Adjustments for:					
Depreciation of property, plant and equipment	11	95.42	94.40	95.42	94.40
Goodwill write-off	12	-	0.23	-	-
Amortisation of capital reserve	23	(45.93)	(45.92)	(45.93)	(45.92)
Finance costs	9	21.73	17.67	21.73	17.67
Gain on disposal of property, plant and equipment	8	(0.31)	(56.11)	(0.31)	(56.11)
Taxation	10	(41.16)	(45.21)	(41.16)	(45.21)
Net unrealised exchange losses	6	37.96	36.05	37.96	36.05
		(82.08)	(84.00)	(82.05)	(84.00)
Changes in working capital:					
Inventories		(7.65)	(165.74)	(7.65)	(165.74)
Trade and other receivables		(7.15)	(37.31)	(7.15)	(37.43)
Trade and other payables		76.76	(31.72)	76.72	(31.62)
Intercompany balances		38.50	288.28	38.50	288.28
Net cashflow from operating activities		18.38	(30.49)	18.37	(30.51)
<b>INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		(16.77)	(16.40)	(16.77)	(16.40)
Proceeds from sale of property, plant and equipment		63.61	3.35	63.61	3.35
Acquisition of a subsidiary (net of cash acquired)		-	(0.34)	-	(0.33)
Net cash flow from investing activities		46.84	(13.39)	46.84	(13.38)
<b>FINANCING ACTIVITIES</b>					
Proceeds from issuance of shares		-	110.69	-	110.69
Interest paid		(20.64)	(16.42)	(20.64)	(16.42)
Repayment of long term borrowings		(97.71)	(93.22)	(97.71)	(93.22)
(Repayment of)/Proceeds from short term borrowing		(40.46)	26.23	(40.46)	26.23
Deposits held under lien		-	3.82	-	3.82
Net cash flow from financing activities		(158.81)	31.10	(158.81)	31.10
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR</b>					
		(93.59)	(12.78)	(93.60)	(12.79)



## Cash Flow Statements for the Financial year ended 31 December, 2014 (Continued)

	Note	Group		Company	
		2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>(222.05)</b>	(204.51)	<b>(222.06)</b>	(204.51)
<b>EFFECT OF CURRENCY TRANSLATION</b>		<b>(3.91)</b>	(4.76)	<b>(3.91)</b>	(4.76)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>		<b>(319.55)</b>	(222.05)	<b>(319.57)</b>	(222.06)
Cash and cash equivalents comprised the following:					
Cash and bank balances	<b>16</b>	<b>0.80</b>	0.50	<b>0.78</b>	0.49
Bank overdrafts	<b>20</b>	<b>(320.35)</b>	(222.55)	<b>(320.35)</b>	(222.55)
		<b>(319.55)</b>	(222.05)	<b>(319.57)</b>	(222.06)

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

## Notes to the Financial Statements - 31 December, 2014

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### 1 GENERAL INFORMATION

The principal activities of the Company are the manufacture of polyester resin, fibre, yarn and fabric; undertaking of fabrics' bleaching, dyeing, printing and finishing, providing engineering services; and sale and marketing activities on behalf of its ultimate holding company.

The principal activities of its subsidiary are shown in Note 12 to the financial statements.

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

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The address of the registered office and principal place of business of the Company is as follows:

Suite 7.01 – 7.03

Level 7, Wisma Goldhill,

67, Jalan Raja Chulan,

50200 Kuala Lumpur

### 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared under the historical cost convention, except as disclosed in the summary of significant accounting policies in Note 3.

The financial statements comply with the MASB Approved Accounting Standards in Malaysia for Private Entities and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the MASB Approved Accounting Standards in Malaysia for Private Entities and the provisions of the Companies Act, 1965 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. Although these estimates are based on Directors' best knowledge of current events and actions, actual results could differ from those estimates.

The Group and the Company incurred a loss after taxation of RM149.79million and 149.76million respectively (2013: Group RM85.11 million and Company RM84.88 million) for the financial year ended 31 December 2014. As at the same date, the Group and Company had net current liabilities of RM536.86and RM536.93million respectively (2013: Group RM292.15 million and Company RM 292.25million). The ultimate holding company continues to provide necessary support to enable the Group and the Company to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations.

### 3 SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:

#### (a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to the end of the financial year. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiaries are consolidated using the acquisition method of accounting whereby the results of subsidiaries acquired or disposed of during the financial year are included from the date of acquisition up to the date when control ceases.

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill or negative goodwill.

All material intra-group transactions, balances and unrealised gains on transactions between group companies are

## Notes to the Financial Statements - 31 December, 2014 (Continued)

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### (a) Consolidation (Contd...)

eliminated. Unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiaries would be changed to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as at the date of disposal including the cumulative amount of any differences that relate to the subsidiary is recognised in the consolidated income statements.

#### (b) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

Freehold land is not amortised as it has an infinite life. Leasehold land is amortised in equal installments over the remaining balance of the lease period ranging from 74 to 86 years. The straight line method is used to write off the cost of other assets over the term of their estimated useful lives as follows:

Buildings	25 years
Plant and machinery	20 years
Furniture and office equipment	5 years
Motor vehicles	5 years

Work-in-progress is not depreciated until the asset is fully completed and ready for its intended use.

Gains and loss on disposals are determined by comparing proceeds with carrying amount of the assets, and are recognised in the income statement.

Where an indication of impairment exists, the carrying value of the asset is assessed and written down immediately to its recoverable amount.

Expenditure on property, plant and equipment is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group and the Company. Repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

#### (c) Impairment of assets

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

#### (d) Inventories

Inventories are valued at the lower of cost and net realisable value after allowing for all obsolete and slow moving inventories.

Cost is determined using the first-in first-out method and comprise the original cost of purchase plus the cost of bringing the inventories to their present location and condition. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

#### (e) Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the financial year end. Bad debts are written off in the financial year in which they are

## Notes to the Financial Statements - 31 December, 2014 (Continued)

### 3 SIGNIFICANT ACCOUNTING POLICIES (Contd...)

identified.

**(f) Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, bank balances, demand deposits, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

**(g) Share capital**

**Classification**

Ordinary shares are classified as equity.

**(h) Capital reserve**

Negative goodwill represents the excess of the fair value of identifiable net assets acquired over the cost of acquisition. Negative goodwill is presented as a capital reserve in equity. Negative goodwill is recognised in the income statement over the remaining estimated useful life of the plant and machinery acquired and as such, is amortised on a straight-line basis over a period of 20 years.

**(i) Borrowings**

Borrowings are recognised based on proceeds received.

Borrowing cost is recognised as an expense in the financial year in which they are incurred and reported within finance cost in the income statement.

Arrangement fees incurred in relation to obtaining a borrowing is capitalised as prepayment and amortised over the tenure of the borrowing on a straight-line basis.

**(j) Foreign currency transactions**

Foreign currency transactions are accounted for at exchange rates ruling at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The principal closing rates used in translation of foreign currency amounts are as follows:

Foreign currency	2014 RM	2013 RM
1 US Dollar	3.4950	3.2815
1 Euro	4.2513	4.5676

**(k) Operating leases**

**(i) Accounting for lessee**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives given to lessees) are charged to the profit or loss on a straight-line basis over the period of the lease.

**(l) Employee benefits**

**(i) Short term employee benefits**

Wages, salaries, paid annual leave and sick leave and bonuses are accrued in the financial year in which the associated services are rendered by employees of the Group and of the Company.

**(ii) Defined contribution plan**

The Company contributes to the Employees Provident Fund, the national defined contribution plan and the Company's subsidiary contributes to the Social Contribution on Income. Once the contributions have been paid,

## Notes to the Financial Statements - 31 December, 2014 (Continued)

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### (l) Employee benefits (Contd...)

the Group have no further payment obligations. The Group's contributions are charged to the income statement in the financial year to which they relate.

#### (m) Revenue recognition

Revenue comprises the invoiced value for the sale of goods, net of sales taxes, rebates and discounts. Revenue from the sale of goods is recognised upon delivery of products, and when significant risks and rewards of ownership of the goods are transferred to the buyer.

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

Commission income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Engineering fee is recognised in accordance with the substance of the relevant agreement.

#### (n) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax assets is realised or the deferred tax liability is settled.

Any subsequent movement in the deferred tax is recognised in the income statement.

#### (o) Financial instruments

##### (i) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statement associated with each item.

##### (ii) Financial instruments not recognised on the balance sheet

The Group and the Company are not a party to any financial instruments other than the financial instruments recognised on the balance sheet.

##### (iii) Fair value estimation for disclosure purposes

The face values of financial assets (less any estimated credit adjustments) and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values.

### 4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management of the Group is carried out in accordance with the Group's policy. The policy provides guidelines for overall risk management, as well as policies covering specific areas, such as foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity and cash flow risk.

#### (i) Foreign currency exchange risk

The Group's exposure to foreign currency exchange risks arise from foreign currency denominated loans, import of raw materials and export of goods. The Group is exposed to transactions denominated in foreign currencies such as US Dollar and Euro.

In order to limit its exposure to foreign currency exchange risk, the Group closely monitors the level and timing of its foreign currency transactions and enters into forward contract arrangements for its term loans.

#### (ii) Interest rate risk

Interest rate risks mainly arise from the Group's borrowings, and are managed through the use of a mixture of fixed and floating rate borrowings. The Group monitors the interest rates of facilities offered by various financial institutions.

## Notes to the Financial Statements - 31 December, 2014 (Continued)

### 4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

(iii) **Market risk**

The Group manages its exposure to fluctuation in prices of commodities by entering into contracts with key suppliers based on formula based pricing and diversifying its exports to a number of countries.

(iv) **Credit risk**

The Group's primary exposure to credit risk arises mainly from sales made on deferred credit terms. The Group seeks to control credit risk by setting customer limits, obtaining bank guarantees, letters of credit and part advance payments, where appropriate, and ensuring that the sale of products and services are made to customers with appropriate credit histories, and through application of other stringent credit policies. The Group considers the risk of material loss in the event of non-performance by a financial counter party to be unlikely.

(v) **Liquidity and cash flow risk**

The Group manages its liquidity risk by operating within the working capital limits and available credit limits sanctioned by the financial institutions.

### 5 REVENUE

	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
Sale of goods	3,489.91	3,491.94	3,489.91	3,491.94
Commission earned from ultimate holding company	102.31	69.11	102.31	69.11
Engineering fee	55.92	-	55.92	-
	<u>3,648.14</u>	<u>3,561.05</u>	<u>3,648.14</u>	<u>3,561.05</u>

### 6 LOSS FROM OPERATIONS

The following items have been charged/(credited) in arriving at loss from operations:

	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
Auditors' remuneration	0.17	0.17	0.17	0.17
Rental of office	1.40	1.40	1.40	1.40
Goodwill write-off	-	0.23	-	-
Loss on sale of Assets	0.07	-	0.07	-
Inventory written down to net realisable value	21.35	10.99	21.35	10.99
Net exchange losses				
- unrealised	37.96	36.05	37.96	36.05
- realised	21.76	24.62	21.76	24.62
	<u>59.72</u>	<u>60.67</u>	<u>59.72</u>	<u>60.67</u>

## Notes to the Financial Statements - 31 December, 2014 (Continued)

	<b>Group</b>		<b>Company</b>	
	<b>2014</b> <b>RM Million</b>	2013 RM Million	<b>2014</b> <b>RM Million</b>	2013 RM Million
<b>7 STAFF COSTS</b>				
Wages, salaries and bonuses	<b>183.81</b>	155.89	<b>183.71</b>	155.81
Defined contribution plan	<b>9.82</b>	9.96	<b>9.82</b>	9.96
Allowances and other benefits	<b>18.05</b>	18.22	<b>18.05</b>	18.22
	<b>211.68</b>	184.07	<b>211.58</b>	183.99
Included in the staff costs is Directors' remuneration comprising:				
Salaries and bonus	<b>2.13</b>	2.60	<b>2.03</b>	2.52

The estimated monetary value of benefits-in-kind provided to the Directors of the Group and of the Company was approximately RM 0.41 Million and RM 0.25 Million (2013:RM0.25 million and RM0.22 million respectively).

The number of employees employed by the Group and the Company at the end of the financial year was 6,168 and 6,167 (2013: 6,345 and 6,344 employees respectively).

	<b>Group</b>		<b>Company</b>	
	<b>2014</b> <b>RM Million</b>	2013 RM Million	<b>2014</b> <b>RM Million</b>	2013 RM Million
<b>8 OTHER INCOME</b>				
Gain on disposal of property, plant and equipment	<b>0.38</b>	56.11	<b>0.38</b>	56.11
Others	<b>0.22</b>	0.06	<b>0.22</b>	0.06
	<b>0.60</b>	56.17	<b>0.60</b>	56.17

	<b>Group</b>		<b>Company</b>	
	<b>2014</b> <b>RM Million</b>	2013 RM Million	<b>2014</b> <b>RM Million</b>	2013 RM Million
<b>9 FINANCE COSTS</b>				
Interest expense on term loans*	<b>5.53</b>	6.75	<b>5.53</b>	6.75
Interest expense on working capital loans / overdraft	<b>16.20</b>	10.92	<b>16.20</b>	10.92
	<b>21.73</b>	17.67	<b>21.73</b>	17.67

\* Includes RM 1.16 million (2013: RM1.16 million) relating to amortisation of arrangement fee during the financial year.

## Notes to the Financial Statements - 31 December, 2014 (Continued)

### 10 TAXATION

No provision for current income tax has been made as the Group and the Company have been granted full income tax exemption on the statutory income of up to 100 percent of qualifying capital expenditure for a period of ten years, commencing 9 November 2007.

	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
Tax credit for the financial year:				
Deferred tax (Note 21)				
- current year	<b>(41.16)</b>	(45.21)	<b>(41.16)</b>	(45.21)

The explanation of the relationship between income tax expense and loss from ordinary activities before taxation is as follows:

	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
Loss before taxation	<b>(190.95)</b>	(130.32)	<b>(190.92)</b>	(130.09)
Tax calculated at the Malaysian tax rate of 25%(2013:25%)	<b>(47.73)</b>	(32.58)	<b>(47.73)</b>	(32.52)
Tax effects of:				
- amortisation of negative goodwill not subject to tax	<b>(11.48)</b>	(11.48)	<b>(11.48)</b>	(11.48)
- expenses not deductible for tax purposes	<b>10.44</b>	12.88	<b>10.44</b>	12.82
- income not subject to tax	<b>(0.09)</b>	(14.03)	<b>(0.09)</b>	(14.03)
- effect of change in tax rate	<b>7.70</b>	-	<b>7.70</b>	-
Tax credit	<b>(41.16)</b>	(45.21)	<b>(41.16)</b>	(45.21)



## Notes to the Financial Statements - 31 December, 2014 (Continued)

### 11. PROPERTY, PLANT AND EQUIPMENT

(in RM Million)	Freehold land	Leasehold land	Buildings	Plant & machinery	Furniture & office equipment	Motor vehicles	Capital work-in progress	Total
<u>Group and Company</u>								
<u>Cost</u>								
As at 01.01.2013	3.31	113.85	385.58	1,370.59	10.94	7.21	1.63	1,893.11
Additions	-	-	-	5.29	0.23	-	10.88	16.40
Reclassification	-	-	-	6.60	-	-	(6.60)	-
Disposals	-	(10.84)	-	-	-	(0.08)	-	(10.92)
As at 31/12/2013/ 01.01.2014	3.31	103.01	385.58	1,382.48	11.17	7.13	5.91	1,898.59
Additions	-	-	-	3.54	0.60	0.41	12.22	16.77
Reclassification	-	-	-	11.45	0.03	-	(11.48)	-
Disposals	-	-	-	(0.31)	(0.04)	(0.14)	-	(0.49)
As at 31.12.2014	3.31	103.01	385.58	1,397.16	11.76	7.40	6.65	1,914.87
<u>Less: Accumulated depreciation</u>								
As at 01.01.2013	-	6.93	77.19	317.61	8.50	4.69	-	414.92
Charge for the year	-	1.40	15.43	76.02	0.82	0.73	-	94.40
Disposals	-	(0.51)	-	-	-	(0.08)	-	(0.59)
As at 31/12/2013/ 01.01.2014	-	7.82	92.62	393.63	9.32	5.34	-	508.73
Charge for the year	-	1.29	15.43	77.32	0.75	0.63	-	95.42
Disposals	-	-	-	(0.10)	(0.03)	(0.14)	-	(0.27)
As at 31.12.2014	-	9.11	108.05	470.83	10.04	5.83	-	603.86
<u>Net book value</u>								
As at 31.12.2014	3.31	93.90	277.53	926.33	1.72	1.57	6.65	1,310.99
As at 31.12.2013	3.31	95.19	292.96	988.85	1.85	1.79	5.91	1,389.86

As at 31 December 2014, the net book value of property, plant and equipment of the Group and of the Company pledged as security for working capital loan (Note 20) is RM 169.42 million (Gross value: RM 247.46 million) [2013: Net book value RM 176.12 million (Gross value RM 242.31 million)].

## Notes to the Financial Statements - 31 December, 2014 (Continued)

12 INVESTMENT IN A SUBSIDIARY	Company	
	2014 RM Million	2013 RM Million
Unquoted shares, at cost		
At 1 January	0.33	-
Additions during the financial year	-	0.33
At 31 December	0.33	0.33

Details of the subsidiary are as follows:

Name	Country of incorporation	Group's effective interest		Principal activities
		2014 %	2013 %	
Reliance Do Brasil Industria E Comercio De Produtos Texteis, Quimicos, Petroquimicos E Derivados LTDA ("Reliance Brazil LLC")*	Brazil	100	100	(a) Promotion and consultancy services in relation to sales of textiles and related products  (b) Investment in other companies

\* Audited by a firm other than PricewaterhouseCoopers, Malaysia.

The fair value of the net assets acquired, goodwill and cash flow arising from the acquisition made in 2013 was as follows:

	As at date of acquisition RM Million
Trade and other receivables	0.16
Cash and bank balances	(0.01)
Trade and other payables	(0.05)
Fair value of net assets acquired	0.10
Excess of the cost of business over the Group's interest in the fair value	0.23
Net consideration	0.33
Add: Negative cash and cash equivalents of subsidiary acquired	0.01
Cash outflow of the Group on acquisition through business combination	0.34

13 INVENTORIES	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
Raw materials*	150.89	135.45	150.89	135.45
Stores, chemicals and packing materials*	62.89	62.22	62.89	62.22
Work in progress	41.24	42.81	41.24	42.81
Finished goods	299.58	306.47	299.58	306.47
	554.60	546.95	554.60	546.95

\* Includes RM 72.55 million (2013: RM 36.41 million) in respect of materials in transit.

## Notes to the Financial Statements - 31 December, 2014 (Continued)

### 13 INVENTORIES (Continued)

Inventories of the Group and of the Company are stated at cost except for a portion of finished goods amounting to RM 188.63 million (2013: RM 169.71 million) which is stated at net realisable value.

Inventories and trade receivables of the Group and of the Company are pledged to a financial institution as security for trade and other credit facilities up to a maximum aggregate amount of USD 25.00 million (RM 87.38 million) [2013: USD 25.00 million (RM 82.04 million)].

14 TRADE RECEIVABLES	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
Trade receivables	<b>125.45</b>	116.79	<b>125.45</b>	116.79
Trade receivables are denominated in the following currencies:				
- US Dollar	<b>124.97</b>	116.77	<b>124.97</b>	116.77
- Others	<b>0.48</b>	0.02	<b>0.48</b>	0.02
	<b>125.45</b>	116.79	<b>125.45</b>	116.79

Credit terms of trade receivables ranged from 0 to 90 days (2013: 0 to 90 days), backed by letters of credit or bank guarantees. A certain portion of the trade receivables is pledged to a financial institution as security for trade and other credit facilities, as disclosed in Note 13 to the financial statements.

15 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
Deposits	<b>1.49</b>	1.46	<b>1.49</b>	1.46
Prepayments *	<b>9.65</b>	10.80	<b>9.65</b>	10.80
Receivables from sale of land	-	63.09	-	63.09
Other receivables	<b>1.25</b>	1.94	<b>1.25</b>	1.90
	<b>12.39</b>	77.29	<b>12.39</b>	77.25

\* Includes arrangement fee of RM 1.74 million (2013: RM 2.91 million) in relation to the term loan.

Deposits and other receivables are denominated in Ringgit Malaysia.

16 CASH AND BANK BALANCES	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
Cash and bank balances	<b>0.80</b>	0.50	<b>0.78</b>	0.49

Bank balances are deposits held at call with banks.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
- US Dollar	<b>0.53</b>	0.18	<b>0.53</b>	0.18
- Ringgit Malaysia	<b>0.25</b>	0.31	<b>0.25</b>	0.31
- Others	<b>0.02</b>	0.01	-	-
	<b>0.80</b>	0.50	<b>0.78</b>	0.49

## Notes to the Financial Statements - 31 December, 2014 (Continued)

17 TRADE PAYABLES	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
Trade payables	177.16	103.06	177.16	103.06
Trade accruals	19.34	23.94	19.34	23.94
	<b>196.50</b>	<b>127.00</b>	<b>196.50</b>	<b>127.00</b>

Credit terms of trade payables granted to the Group and the Company ranged from 0 to 60 days (2013: 0 to 60 days).

Trade payables are denominated in the following currencies:

	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
- Ringgit Malaysia	95.67	69.12	95.67	69.12
- Euro	-	1.35	-	1.35
- US Dollar	97.44	55.45	97.44	55.45
- Others	3.39	1.08	3.39	1.08
	<b>196.50</b>	<b>127.00</b>	<b>196.50</b>	<b>127.00</b>

18 OTHER PAYABLES AND ACCRUALS	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
Energy, commission and transportation payables	13.05	15.17	13.05	15.17
Staff cost payables	30.64	22.26	30.64	22.26
Other payables	5.58	2.99	5.63	3.04
	<b>49.27</b>	<b>40.42</b>	<b>49.32</b>	<b>40.47</b>

Credit terms of other payables granted to the Group and the Company ranged from 0 to 30 days (2013: 0 to 30 days).

Other payable & accruals of Company includes RM 0.10 Million (2013: RM 0.07 Million) payable to its subsidiary company, which has been eliminated at Group level.

Other payables and accruals are denominated in the following currencies:

	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
- Ringgit Malaysia	39.77	32.74	39.76	32.74
- US Dollar	9.46	7.66	9.56	7.73
- Others	0.04	0.02	-	-
	<b>49.27</b>	<b>40.42</b>	<b>49.32</b>	<b>40.47</b>

### 19 AMOUNTS DUE TO ULTIMATE HOLDING COMPANY AND RELATED COMPANY

The amounts due to ultimate holding company and a related company are denominated in US Dollars, unsecured, interest-free and repayable within 60 days. Amount due to ultimate holding company includes RM 66.91 million (2013: RM 24.94 million) in respect of materials in transit.

## Notes to the Financial Statements - 31 December, 2014 (Continued)

20 BORROWINGS	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
Current:				
Working capital loan – secured	104.04	121.32	104.04	121.32
Term loans - unsecured	104.85	98.44	104.85	98.44
Working capital loan - unsecured	100.04	123.23	100.04	123.23
Bank overdrafts - unsecured	320.35	222.55	320.35	222.55
	<u>629.28</u>	<u>565.54</u>	<u>629.28</u>	<u>565.54</u>
Non-current:				
Term loans - unsecured	192.23	278.93	192.23	278.93
	<u>821.51</u>	<u>844.47</u>	<u>821.51</u>	<u>844.47</u>

All the borrowings (unsecured) are backed by a corporate guarantee from the ultimate holding company, Reliance Industries Limited.

The working capital loan (secured) is secured by property, plant and equipment (Note 11).

The maturity profile and exposure of borrowings of the Group and of the Company to interest rate risks are as follows:

	Effective interest rate at balance sheet date (per annum)	Currency exposure	Total carrying amount RM Million	Less than 1 year RM Million	1 year to 2 years RM Million	2 years to 5 years RM Million
At 31 December 2014:						
Group and Company						
Secured						
Working capital loan	1.80%	USD	104.04	104.04	-	-
Unsecured						
Term loan	1.25%	USD	297.08	104.85	192.23	-
Working capital loan	4.10%	RM	100.04	100.04	-	-
Bank overdraft	1.22%	USD	88.23	88.23	-	-
Bank overdraft	4.57%	RM	232.12	232.12	-	-
			<u>821.51</u>	<u>629.28</u>	<u>192.23</u>	<u>-</u>
At 31 December 2013:						
Group and Company						
Secured						
Working capital loan	1.82%	USD	121.32	121.32	-	-
Unsecured						
Term loan	1.26%	USD	377.37	98.44	98.44	180.49
Working capital loan	1.00%	USD	83.23	83.23	-	-
Working capital loan	3.79%	RM	40.00	40.00	-	-
Bank overdraft	1.30%	USD	80.47	80.47	-	-
Bank overdraft	4.21%	RM	142.08	142.08	-	-
			<u>844.47</u>	<u>565.54</u>	<u>98.44</u>	<u>180.49</u>

## Notes to the Financial Statements - 31 December, 2014 (Continued)

### 21 DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
Deferred tax assets / (liabilities)	<b>39.01</b>	(2.15)	<b>39.01</b>	(2.15)

The movements during the financial year relating to deferred tax are as follows:

	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
At 1 January	(2.15)	(47.36)	(2.15)	(47.36)
Credited/(charged) to income statement (Note 10):				
- property, plant and equipment	<b>36.68</b>	21.82	<b>36.68</b>	21.82
- unutilised tax losses	<b>18.98</b>	22.28	<b>18.98</b>	22.28
- investment tax allowance	(18.26)	-	(18.26)	-
- others	<b>3.76</b>	1.11	<b>3.76</b>	1.11
	<b>41.16</b>	45.21	<b>41.16</b>	45.21
At 31 December	<b>39.01</b>	(2.15)	<b>39.01</b>	(2.15)
Deferred tax assets (before offsetting):				
Property, plant and equipment	<b>65.39</b>	51.59	<b>65.39</b>	51.59
Unutilised tax losses	<b>65.55</b>	46.57	<b>65.55</b>	46.57
Investment tax allowance	<b>145.87</b>	164.13	<b>145.87</b>	164.13
Others	<b>5.52</b>	1.30	<b>5.52</b>	1.30
	<b>282.33</b>	263.59	<b>282.33</b>	263.59
Offsetting	(243.32)	(263.59)	(243.32)	(263.59)
Deferred tax assets (after offsetting)	<b>39.01</b>	-	<b>39.01</b>	-
Deferred tax liabilities (before offsetting):				
Property, plant and equipment	(242.73)	(265.61)	(242.73)	(265.61)
Others	(0.59)	(0.13)	(0.59)	(0.13)
	(243.32)	(265.74)	(243.32)	(265.74)
Offsetting	243.32	263.59	243.32	263.59
Deferred tax liabilities (after offsetting)	-	(2.15)	-	(2.15)

## Notes to the Financial Statements - 31 December, 2014 (Continued)

### 21 DEFERRED TAX LIABILITIES (CONTINUED)

The Company has been granted full income tax exemption on statutory income of up to 100 percent qualifying capital expenditure for a period of 10 years, commencing 9 November 2007. However, under paragraph 36 of MASB 25 "Income Taxes", investment tax allowance is not allowed to be recognised as deferred tax assets, other than such tax arising in a business combination (i.e. the acquisition of Hualon Corporation (M) Sdn. Bhd. by the Company) during the financial year ended 31 December 2008.

As at balance sheet date, the amount of investment tax allowance (of which has no expiry date) for which no deferred tax assets is recognised as result of application of paragraph 36 of MASB 25 is as follows:

	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
Investment tax allowance	<b>294.15</b>	279.33	<b>294.15</b>	279.33
Deferred tax assets not recognised	<b>70.59</b>	69.83	<b>70.59</b>	69.83

  

	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
<b>22 SHARE CAPITAL</b>				
Authorised ordinary shares of RM1 each:				
At 1 January	<b>350</b>	50	<b>350</b>	50
Created during the financial year	-	300	-	300
At 31 December	<b>350</b>	350	<b>350</b>	350
Issued and fully paid ordinary shares of RM1 each:				
At 1 January	<b>113.19</b>	2.50	<b>113.19</b>	2.50
Issued during the financial year	-	110.69	-	110.69
At 31 December	<b>113.19</b>	113.19	<b>113.19</b>	113.19

  

	Group		Company	
	2014 RM Million	2013 RM Million	2014 RM Million	2013 RM Million
<b>23 CAPITAL RESERVE</b>				
Negative goodwill arising on acquisition of Hualon's business	<b>918.52</b>	918.52	<b>918.52</b>	918.52
Less: Amortisation of negative goodwill				
As at beginning of financial year	<b>(283.17)</b>	(237.25)	<b>(283.17)</b>	(237.25)
Credit during the financial year	<b>(45.93)</b>	(45.92)	<b>(45.93)</b>	(45.92)
As at end of the financial year	<b>(329.10)</b>	(283.17)	<b>(329.10)</b>	(283.17)
	<b>589.42</b>	635.35	<b>589.42</b>	635.35

## Notes to the Financial Statements - 31 December, 2014 (Continued)

### 24 SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions described below were carried out on terms, conditions and prices negotiated and agreed between the parties.

Related party	Relationship			
Reliance Industries Limited	Ultimate holding company			
Reliance Brazil LLC	Subsidiary			
RP Chemicals (Malaysia) Sdn. Bhd.	Related company			
	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>RM Million</b>	RM Million	<b>RM Million</b>	RM Million
Sales of goods to Reliance Industries Limited	-	0.23	-	0.23
Commission from Reliance Industries Limited	<b>102.31</b>	69.11	<b>102.31</b>	69.11
Engineering fee earned from Reliance Industries Limited	<b>55.92</b>	-	<b>55.92</b>	-
Purchases of raw materials from Reliance Industries Limited	<b>1,278.70</b>	1,254.66	<b>1,278.70</b>	1,254.66
Corporate guarantee charges from Reliance Industries Limited	<b>4.17</b>	2.88	<b>4.17</b>	2.88
Market research services charged by Reliance Brazil LLC	-	-	<b>0.50</b>	0.34
Purchases of raw materials from RP Chemicals (Malaysia) Sdn. Bhd.	<b>237.61</b>	570.27	<b>237.61</b>	570.27
Manufacturing service charges charged by RP Chemicals (Malaysia) Sdn. Bhd.	<b>346.06</b>	281.44	<b>346.06</b>	281.44

The related party balances outstanding as at the end of the financial year arising from the above significant related party transactions are disclosed in the balance sheet.

### 25 FAIR VALUES

The carrying amounts of financial assets and liabilities of the Group and of the Company as at balance sheet date approximated their fair values.

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>RM Million</b>	RM Million	<b>RM Million</b>	RM Million
<b>26 CAPITAL COMMITMENTS</b>				
Approved and contracted for	<b>9.45</b>	1.79	<b>9.45</b>	1.79
Analysed as follows:				
Property, plant and equipment	<b>9.45</b>	1.79	<b>9.45</b>	1.79

### 27 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 9 April 2015.