

**MASS RAPID TRANSIT CORPORATION  
SDN. BHD.**

(Company No: 902884 - V)  
(Incorporated in Malaysia)

**Financial statements for the period  
ended 31 December 2018**

# **MASS RAPID TRANSIT CORPORATION SDN. BHD.**

(Company No. 902884 - V)  
(Incorporated in Malaysia)

## **Directors' report for the period ended 31 December 2018**

The Directors hereby submit their report and the audited financial statements of the Company for the financial period ended 31 December 2018.

### **Principal activities**

The principal activities of the Company, which remained unchanged during the financial period, are to facilitate, undertake and expedite the construction of Mass Rapid Transit projects ("MRT Project") approved by the Government of Malaysia ("GoM").

### **Ultimate holding company**

The Directors regard the Minister of Finance, Incorporated ("MoF, Inc.") as the ultimate holding company.

### **Change of financial year end**

The financial year end of the Company was changed from 30 September to 31 December. Accordingly, the financial statements of the Company for the financial period ended 31 December 2018 cover a fifteenth (15) months period compared to the twelve (12) months for the financial year ended 30 September 2017.

### **Results**

	<b>RM'000</b>
Loss for the period	<u>11,394,864</u>

### **Reserves and provisions**

There were no material transfers to or from reserves and provisions during the financial period under review.

### **Dividends**

No dividend was paid during the financial period and the Directors do not recommend any dividend to be paid for the financial period under review.

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## **Directors of the Company**

Directors who served during the financial period until the date of this report are:

Dato' Noorizah binti Hj Abdul Hamid  
Ahmad Zubir bin Zahid  
Datuk Dr. Ir Abdul Latif bin Mohd Som  
Datuk Che Mokhtar bin Che Ali  
Dato' Dr. Amiruddin bin Muhamed (appointed on 5 October 2018)  
Dato' Sri Shahril bin Mokhtar (resigned on 1 January 2019)  
Dato' Sutinah binti Sutan (resigned on 25 November 2018)  
Dato' Nik Azman bin Nik Abdul Majid (resigned on 21 October 2018)  
Tan Sri Dr. Ali bin Hamsa (resigned on 29 August 2018)  
Tan Sri Dr. Mohd Irwan Serigar bin Abdullah (resigned on 23 May 2018)

## **Directors' interests**

None of the Directors holding office at 31 December 2018 had any interest in the ordinary shares of the Company during the financial period.

## **Directors' benefits**

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company or the fixed salary of a full time employee of the Company or of related corporations) 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.

There was no arrangement during and at the end of the financial period which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## **Issue of shares**

There were no changes in the issued and paid-up capital of the Company during the financial period. There were no debentures issued during the financial period.

## **Options granted over unissued shares**

No options were granted to any person to take up unissued shares of the Company during the financial period.

## **Indemnity and insurance costs**

During the financial period, the total amount of insurance premium effected for Directors and officers is RM47,219 under the Company insurance policy.

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## Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) there are no bad debts to be written off and no provision need to be made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render it necessary to write off any bad debts or provide for any doubtful debt, or
- ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Company misleading.

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

- i) any charge on the assets of the Company that has arisen since the end of the financial period and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Company that has arisen since the end of the financial period.

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

In the opinion of the Directors, except for net impairment of property, plant and equipment of RM11,209,750,000 and property, plant and equipment written off of RM110,271,000 the financial performance of the Company for the financial period ended 31 December 2018, have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial period and the date of this report.

## Significant event

During the financial period, the GoM discontinued the Klang Valley Mass Rapid Transit ("KVMRT") Circle Line.

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## Auditors


The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in note 10 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....  
**Dato' Dr. Amiruddin bin Muhamed**  
Director



.....  
**Ahmad Zubir bin Zahid**  
Director

Kuala Lumpur,

Date: 27 February 2019

## MASS RAPID TRANSIT CORPORATION SDN. BHD.

(Company No. 902884 - V)

(Incorporated in Malaysia)

### Statement of financial position as at 31 December 2018

	Note	31.12.2018 RM'000	30.9.2017 RM'000
<b>Assets</b>			
Property, plant and equipment	3	<u>13,842</u>	<u>3,841,983</u>
<b>Total non-current assets</b>		<u>13,842</u>	<u>3,841,983</u>
Current tax assets		1,048	1,048
Other receivables, deposits and prepayments	4	1,631,457	1,852,933
Cash and cash equivalents	5	<u>867,395</u>	<u>444,266</u>
<b>Total current assets</b>		<u>2,499,900</u>	<u>2,298,247</u>
<b>Total assets</b>		<u>2,513,742</u>	<u>6,140,230</u>
<b>Equity</b>			
Share capital	6	415,000	415,000
Contribution from Government of Malaysia ("GoM")	7	36,332,871	27,607,203
Accumulated losses		<u>(36,736,987)</u>	<u>(25,342,123)</u>
<b>Equity attributable to the owners of the Company</b>		<u>10,884</u>	<u>2,680,080</u>
<b>Liabilities</b>			
Other payables and accruals	8	<u>2,502,858</u>	<u>3,460,150</u>
<b>Total current liabilities</b>		<u>2,502,858</u>	<u>3,460,150</u>
<b>Total liabilities</b>		<u>2,502,858</u>	<u>3,460,150</u>
<b>Total equity and liabilities</b>		<u>2,513,742</u>	<u>6,140,230</u>

The notes on pages 10 to 38 are an integral part of these financial statements.

## MASS RAPID TRANSIT CORPORATION SDN. BHD.

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### Statement of profit or loss and other comprehensive income for the period ended 31 December 2018

	Note	1.10.2017 to 31.12.2018 RM'000	Year ended 30.9.2017 RM'000
Other income	9	37,222	14,391
Administrative expenses		(148,728)	(69,941)
Net impairment loss on property, plant and equipment	3	(11,209,750)	(24,994,554)
Property, plant and equipment written off	3	(110,271)	(11)
Contribution to authorities	3	-	(301,294)
Finance income		37,091	41,301
Finance cost		(18)	(15)
<b>Loss before tax</b>	10	(11,394,454)	(25,310,123)
Tax expense	11	(410)	280
<b>Loss and total comprehensive expense for the period/year</b>		<u>(11,394,864)</u>	<u>(25,309,843)</u>

The notes on pages 10 to 38 are an integral part of these financial statements.

## MASS RAPID TRANSIT CORPORATION SDN. BHD.

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### Statement of changes in equity for the period ended 31 December 2018

	Share capital RM'000	Contribution from GoM RM'000	Accumulated losses RM'000	Total RM'000
<b>At 1 October 2016</b>	275,000	20,847,203	(32,280)	21,089,923
Issue of ordinary shares	140,000	(140,000)	-	-
Contribution from GoM	-	6,900,000	-	6,900,000
Loss and total comprehensive expense for the year	-	-	(25,309,843)	(25,309,843)
<b>At 30 September 2017/ 1 October 2017</b>	415,000	27,607,203	(25,342,123)	2,680,080
Contribution from GoM	-	8,725,668	-	8,725,668
Loss and total comprehensive expense for the period	-	-	(11,394,864)	(11,394,864)
<b>At 31 December 2018</b>	415,000	36,332,871	(36,736,987)	10,884
	Note 6	Note 7		

The notes on pages 10 to 38 are an integral part of these financial statements.



# MASS RAPID TRANSIT CORPORATION SDN. BHD.

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## Statement of cash flows for the period ended 31 December 2018

	Note	1.10.2017 to 31.12.2018 RM'000	Year ended 30.9.2017 RM'000
<b>Cash flows from operating activities</b>			
Loss before tax		(11,394,454)	(25,310,123)
Adjustments for:			
Depreciation of property, plant and equipment		6,517	5,955
Net impairment loss on property, plant and equipment		11,209,750	24,994,554
Property, plant and equipment written off		110,271	11
Contribution to authorities		-	301,294
Finance income		(37,091)	(41,301)
Finance costs		18	15
<b>Operating loss before changes in working capital</b>		<b>(104,989)</b>	<b>(49,595)</b>
<i>Changes in working capital:</i>			
Other receivables, deposits and prepayments		52,532	(269,866)
Other payables and accruals		70,404	(8,568)
<b>Cash generated from/(used in) operations</b>		<b>17,947</b>	<b>(328,029)</b>
Interest paid		(18)	(15)
Tax paid		(410)	(482)
Tax refund		-	1,000
<b>Net cash from/(used in) operating activities</b>		<b>17,519</b>	<b>(327,526)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(i)	(8,354,469)	(6,929,248)
Interest received		34,411	41,787
<b>Net cash used in investing activities</b>		<b>(8,320,058)</b>	<b>(6,887,461)</b>
<b>Cash flows from financing activity</b>			
Contribution from Government of Malaysia		8,725,668	6,900,000
<b>Net cash from financing activity</b>		<b>8,725,668</b>	<b>6,900,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>423,129</b>	<b>(314,987)</b>
<b>Cash and cash equivalents at beginning of the period/year</b>		<b>444,266</b>	<b>759,253</b>
<b>Cash and cash equivalents at end of the period/year</b>	(ii)	<b>867,395</b>	<b>444,266</b>

# MASS RAPID TRANSIT CORPORATION SDN. BHD.

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## Statement of cash flows for the period ended 31 December 2018 (continued)

### (i) Acquisition of property, plant and equipment

During the financial period, the Company acquired property, plant and equipment with an aggregate cost of RM7,683,111,000 (30.9.2017: RM8,962,404,000) of which RM1,072,061,000 (30.9.2017: RM2,553,530,000) has yet to be settled as at period end, RM1,138,327,000 (30.9.2017: RM697,074,000) relates to retention sum payable to contractors and RM928,605,000 (30.9.2017: RM1,066,746,000) relates to contract advances which were capitalised as part of property, plant and equipment during the financial period.

### (ii) Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	Note	31.12.2018 RM'000	30.9.2017 RM'000
Deposits with licensed banks	5	866,735	439,855
Cash and bank balances	5	660	4,411
		867,395	444,266

The notes on pages 10 to 38 are an integral part of these financial statements.

# MASS RAPID TRANSIT CORPORATION SDN. BHD.

(Company No. 902884 - V)

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## Notes to the financial statements

MASS RAPID TRANSIT CORPORATION SDN. BHD. is a private limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

### Principal place of business

5th Floor, Menara I&P 1,  
Jalan Dungun,  
Bukit Damansara,  
50490 Kuala Lumpur.

### Registered office

Tingkat 7, Bangunan Setia 1,  
15 Lorong Dungun,  
Bukit Damansara,  
50490 Kuala Lumpur.

The principal activities of the Company, are to facilitate, undertake and expedite the construction of Mass Rapid Transit projects ("MRT Projects") approved by the Government of Malaysia ("GoM"). There is no significant change in the nature of these activities during the financial period.

The Directors regard the Minister of Finance, Incorporated ("MoF, Inc.") as the ultimate holding company.

These financial statements were authorised for issue by the Board of Directors on 27 February 2019.

## 1. Basis of preparation

### (a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs 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 2019***

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)\**
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation\**
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)\**
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2019 (continued)***

- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*\*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*\*

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020***

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*\*\*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021***

- MFRS 17, *Insurance Contracts*

***MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Company plans to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2019 for those accounting standard, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2019, except for those marked “\*” which are not applicable to the Company.
- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020, except for those marked “\*\*” which are not applicable to the Company.

The Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Company.

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

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

#### **MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduce a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use assets representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 16.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless disclosed otherwise in the financial statements. The GoM provides continuous financing in accordance to the Project Development and Management Agreement ("PDMA") in relation to the KVMRT project facilitated and undertaken by the Company on behalf of the GoM.

### (c) Functional and presentation currency

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

### (d) Use of estimates and judgments

The preparation of the 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 estimate are revised and in any future periods affected.

## 1. Basis of preparation (continued)

### (d) Use of estimates and judgments (continued)

There are no significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than Note 3.2 – Valuation of property, plant and equipment.

## 2. Significant accounting policies

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, unless otherwise stated.

Arising from the adoption of MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

- i) financial instruments; and
- ii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. The Company have assessed the estimated impact upon initial application of the new impairment model on the financial statement as at 1 October 2017 and based on the assessment, there is no material financial impact to the financial statements of the Company.

The adoption of the other accounting policies, amendments and IC interpretations which were effective from 1 October 2017 had no material impact to the financial statements of the Company.

### (a) Financial instruments

Unless specifically disclosed below, the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Company have elected not to restate the comparatives.

#### (i) Recognition and initial 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.

##### Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

##### Previous financial year

A financial instrument was recognised initially, at its fair value plus or minus, 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.

## 2. Significant accounting policies (continued)

### (a) Financial instruments

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

##### Financial assets

##### Current financial year

Category of financial assets is determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

##### Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 2(d)(i)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see note 2(d)(i)).

##### Previous financial year

In the previous financial year, financial assets of the Company were classified and measured under MFRS 139, *Financial Instrument: Recognition and Measurement* as follows:

##### *Loans and receivables*

Loans and receivables category comprised debt instruments that are not quoted in an active market which includes other receivables and cash and cash equivalents.

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

All financial assets were subject to review for impairment (see Note 2(d)(i)).

## 2. Significant accounting policies (continued)

### (a) Financial instruments (continued)

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

##### Financial liabilities

##### Current financial year

The category of financial liabilities at initial recognition is as follows:

##### Amortised cost

Financial liabilities not categorised are subsequently measured at amortised cost using the effective interest method.

Interest expense is recognised in the profit or loss. Any gains or losses on derecognition is also recognised in the profit or loss.

##### Previous financial year

In the previous financial year, financial liabilities were subsequently measured at amortised cost.

#### (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 transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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 on profit or loss



## 2. Significant accounting policies (continued)

### (b) Property, plant and equipment

#### (i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the 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.

The costs also include expenditures incurred to construct the Klang Valley Mass Rapid Transit ("KVMRT") project. These expenditures include, but are not limited to:

- Rolling stock
- Design cost
- Electrical and mechanical works
- Management and consultant fees
- Depot and building costs
- Staff salaries incurred in relation to the development or construction of the project

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 or 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.

## 2. Significant accounting policies (continued)

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

#### (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 assets, then the component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment (except for those under construction) from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. The estimated useful lives for the current and comparative periods are as follows:

• Motor vehicles	5 years
• Office equipment	8 years
• Computer equipment	4 years
• Furniture and fittings	8 years
• Office renovations	8 years

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

### (c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of their short term commitments.

### (d) Impairment

#### (i) Financial assets

Unless specifically disclosed below, the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Company elected not to restate the comparatives.

#### Current financial year

The Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

## 2. Significant accounting policies (continued)

### (d) Impairment (continued)

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

##### Current financial year (continued)

The Company measure loss allowances at an amount equal to lifetime expected credit loss, cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for other receivables is always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company are exposed to credit risk.

The Company estimate the expected credit losses on other receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Company assess whether financial assets carried at amortised is credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due.

## 2. Significant accounting policies (continued)

### (d) Impairment (continued)

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

##### Previous financial year

All financial assets were 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.

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

If, in a subsequent period, the fair value of a debt instrument increases and the increase could 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 was recognised in profit or loss.

#### (ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any 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 of disposal. 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 related cash-generating unit exceeds its estimated recoverable amount.

## 2. Significant accounting policies (continued)

### (d) Impairment (continued)

#### (ii) Other assets (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

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 period in which the reversals are recognised.

### (e) Equity instruments

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

#### (i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

#### (ii) Ordinary shares

Ordinary shares are classified as equity.

#### (iii) Contribution from GoM

Contribution from GoM represents payments made by the GoM to suppliers or contractors for the procurement, supply of goods and services in relation to the KVMRT project. The Company does not have a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities in relation to the contribution from GoM and accordingly, the contribution has been classified within equity.

### (f) 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.

## 2. Significant accounting policies (continued)

### (f) Employee benefits (continued)

#### (i) Short term employee benefits (continued)

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans 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 contributions to statutory pension funds are charged to profit or loss in the financial period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### (g) Other income

#### (i) Rental income

Rental income relates to rental of commercial spaces, kiosk and other assets managed by the Company. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

#### (ii) Tender income

Tender income represents non-refundable tender deposit received from the suppliers/subcontractors and is recognised upon the submission of the tender document.

#### (iii) Interest income

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

### (h) Operating leases

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

## 2. Significant accounting policies (continued)

### (i) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

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

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 not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. 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.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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 assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset 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.

### (j) Fair value measurement

Fair value of an asset or a liability, except for 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 principal market or in the absence of a principal market, in the most advantageous market.

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

## 2. Significant accounting policies (continued)

### (j) Fair value measurement (continued)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.



### 3. Property, plant and equipment

	Motor vehicles RM'000	Office equipment RM'000	Computer equipment RM'000	Furniture and fittings RM'000	Office renovations RM'000	Building and infrastructures RM'000	Systems and operation and maintenance equipment RM'000	Property, plant and equipment under construction RM'000	Total RM'000
<b>Cost</b>									
At 1 October 2016	11,120	2,879	6,488	8,277	7,727	-	-	20,159,045	20,195,536
Additions	168	518	592	300	234	-	-	8,960,592	8,962,404
Transfers	-	-	86,653	65,206	-	16,341,045	7,340,959	(23,833,863)	-
Write-off	-	(26)	-	-	-	-	-	-	(26)
Contribution to authorities 3.2a	-	-	-	-	-	(239,512)	(61,782)	-	(301,294)
At 30 September 2017/									
1 October 2017	11,288	3,371	93,733	73,783	7,961	16,101,533	7,279,177	5,285,774	28,856,620
Additions	-	153	387	1,783	-	-	-	7,680,788	7,683,111
Transfers	-	-	1,198	-	-	561,669	22,923	(585,790)	-
Reversal	-	-	-	-	-	(184,714)*	-	-	(184,714)
Write-off	-	-	(15)	(434)	-	-	-	(110,113)	(110,562)
At 31 December 2018	11,288	3,524	95,303	75,132	7,961	16,478,488	7,302,100	12,270,659	36,244,455

\* The reversal relate to overaccrual of cost capitalised in prior year resulting from the finalisation of the project cost for the Sg Buloh - Kajang Line ("SBK Line").

### 3. Property, plant and equipment (continued)

	Motor vehicles RM'000	Office equipment RM'000	Computer equipment RM'000	Furniture and fittings RM'000	Office renovations RM'000	Building and infrastructures RM'000	Systems and operation and maintenance equipment RM'000	Property, plant and equipment under construction RM'000	Total RM'000
<b>Accumulated depreciation and impairment loss</b>									
At 1 October 2016	5,862	1,120	2,462	2,388	2,311	-	-	-	14,143
Depreciation for the year	2,133	373	1,363	1,132	954	-	-	-	5,955
Write-off	-	(15)	-	-	-	-	-	-	(15)
Impairment loss for the year	-	-	86,653	65,206	-	16,101,533	7,279,177	1,461,985	24,994,554
At 30 September 2017/									
1 October 2017	7,995	1,478	90,478	68,726	3,265	16,101,533	7,279,177	1,461,985	25,014,637
Depreciation for the period	1,784	543	1,568	1,371	1,251	-	-	-	6,517
Write-off	-	-	(11)	(280)	-	-	-	-	(291)
Reversal of impairment	-	-	-	-	-	(184,714)	-	-	(184,714)
Impairment loss for the period	-	-	1,198	-	-	561,669	22,923	10,808,674	11,394,464
At 31 December 2018	9,779	2,021	93,233	69,817	4,516	16,478,488	7,302,100	12,270,659	36,230,613
<b>Carrying amounts</b>									
At 1 October 2016	5,258	1,759	4,026	5,889	5,416	-	-	20,159,045	20,181,393
At 30 September 2017/									
1 October 2017	3,293	1,893	3,255	5,057	4,696	-	-	3,823,789	3,841,983
At 31 December 2018	1,509	1,503	2,070	5,315	3,445	-	-	-	13,842

### 3. Property, plant and equipment (continued)

3.1 Additions to property, plant and equipment under construction incurred during the financial period/year include:

	31.12.2018 RM'000	30.9.2017 RM'000
Personnel expenses		
- Wages, salaries and others	153,922	108,925
- Directors' fees and allowances	694	581
- Directors' remuneration	2,373	2,346
	<u>156,989</u>	<u>111,852</u>

3.2 Included in the cost and accumulated depreciation of property, plant and equipment is the cost capitalised the SBK Line, Sungai Buloh - Serdang - Putrajaya ("SSP Line") and Circle Line ("CCL Line") as follows:

	SBK RM'000	SSP RM'000	CCL RM'000	Total RM'000
<b>30 September 2017</b>				
Cost	24,994,554	4,663,789	-	29,658,343
Accumulated Impairment loss	<u>(24,994,554)</u>	-	-	<u>(24,994,554)</u>
Cost at 30 September 2017	<u>-</u>	<u>4,663,789</u>	<u>-</u>	<u>4,663,789</u>
<b>31 December 2018</b>				
Cost	24,809,840	11,394,464	-	36,204,304
Accumulated Impairment loss	<u>(24,809,840)</u>	<u>(11,394,464)</u>	-	<u>(36,204,304)</u>
Cost at 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Note 3.2a	Note 3.2 b	Note 3.2c	

#### 3.2a SBK Line

(i) Impairment loss

In the previous financial year, the Company entered into the "Handing Over and Operating Agreement" and the Non-fare Revenue Agreement" on 30 June 2016 in relation to the SBK Line. Based on the "Handing Over and Operating Agreement", the Company remains the owner of SBK Line at an annual concession fee and the operations of the SBK Line being handed over to a related company. The Company will receive all non-fare income from the SBK Line.

Due to the above arrangement, the Company assessed the recoverable amount of the SBK Line based solely on the non-fare income projected and recognised impairment loss in full in the previous financial year with respect of the SBK Line.

### 3. Property, plant and equipment (continued)

#### 3.2a SBK Line (continued)

##### (ii) Contribution to authorities

In the previous financial year, infrastructure such as underpass, connection and refurbishment where the Company has no legal ownership or not responsible for the upkeep and maintenance of the assets were transferred to the relevant authorities subsequent to the completion of the SBK Line.

#### 3.2b SSP Line

##### Impairment loss

As of the date of this report, the operator of the SSP Line has yet to be determined by the GoM. The Company has assessed the recoverable amount of the SSP Line based on the similar arrangement as the SBK line which is disclosed in note 3.2a (i). Accordingly, the Company has recognised impairment loss in full with respect to the SSP Line.

The recoverable amount assessed in 3.2a (i) and 3.2b has been determined based on value-in-use calculation. To calculate this, cash flows projections are prepared based on financial budgets as approved by directors which cover a period of thirty years. The post-tax discount rate applied to the cash flow projections is 9%. (2017: 9%).

#### Key assumptions used in the recoverable amount calculation

The calculation of recoverable amount for the SBK and SSP Line is most sensitive to the following assumptions:

- (i) Discount rates – discount rates reflect management’s estimate of the risks specific to the Company. In determining appropriate discount rates for the Company, consideration has been given to the applicable weighted average cost of capital for the Company.
- (ii) Growth rates – the forecasted growth rates are based on published industry research and do not exceed the long term average growth rate for the industries relevant to the Company.

#### 3.2c Write off- CCL Line

The property, plant and equipment written off relates to consultant fees and staff compensation payments. These cost were written off resulting from the GoM’s decision to discontinue the project during the financial period.

#### 4. Other receivables, deposits and prepayments

	Note	31.12.2018 RM'000	30.9.2017 RM'000
Contract advances	4.1	928,605	1,066,746
Sundry deposits		6,669	7,936
Interest income receivables		3,545	865
Goods and Service Tax ("GST") receivable	4.2	634,742	718,597
Prepayments		6,692	41,885
Other receivables		51,204	16,904
		<u>1,631,457</u>	<u>1,852,933</u>

4.1 Contract advances refer to advances to the contractors in relation to the construction of the KVMRT project. Contract advances are unsecured, interest free and expected to be offset with billings received in accordance with the contract agreement.

4.2 GST receivable refers to refunds due from the Royal Malaysian Custom Department ("RMCD") in relation to input tax paid by the Company to contractors since April 2015 in relation to the KVMRT project. The Minister of Finance via its letter dated 7 February 2017 agreed that RMCD will refund the amount of GST claimed by the Company subject to the provision of the GST Act 2014.

The Directors have evaluated the matter and are of the view that the Company is entitled for the GST.

#### 5. Cash and cash equivalents

	31.12.2018 RM'000	30.9.2017 RM'000
Deposits placed with licensed banks	866,735	439,855
Cash and bank balances	660	4,411
	<u>867,395</u>	<u>444,266</u>

The effective interest rate per annum of deposits with licensed banks at 31 December 2018 approximates 3.83% (30.9.2017: 3.58%) per annum.

#### 6. Share capital

	Amount 31.12.2018 RM'000	Number of shares 31.12.2018 '000	Amount 30.9.2017 RM'000	Number of shares 30.9.2017 '000
Issued and fully paid:				
Ordinary shares				
At the beginning of the period/year	415,000	415,000	275,000	275,000
Issued during the period/year	-	-	140,000	140,000
At the end of the period/year	<u>415,000</u>	<u>415,000</u>	<u>415,000</u>	<u>415,000</u>

## 6. Share capital (continued)

### *Increase in paid up share capital*

In the previous financial year, the Company increased its issued and paid up share capital through the issuance of 140,000,000 new ordinary shares to the Minister of Finance, Incorporated via the capitalisation of the same amount from the balance owing to the Minister of Finance, Incorporated, classified as Contribution from Government.

## 7. Contribution from Government of Malaysia (“GoM”)

Contribution from GoM represents payments to suppliers/subcontractors for the procurement, supply of goods and services in relation to the KVMRT project.

## 8. Other payables and accruals

	Note	31.12.2018 RM'000	30.9.2017 RM'000
Retention sums	8.1	1,138,327	697,074
Accruals	8.2	<u>1,364,531</u>	<u>2,763,076</u>
		<u>2,502,858</u>	<u>3,460,150</u>

8.1 Retention sums are payable to contractors in relation to the construction of the KVMRT project. Retention sums are unsecured, interest-free and are expected to be paid as follows:-

	31.12.2018 RM'000	30.9.2017 RM'000
Within 1 year	258,014	249,086
1 - 2 years	39,769	247,836
2 - 3 years	<u>840,544</u>	<u>200,152</u>
	<u>1,138,327</u>	<u>697,074</u>

8.2 Included in accruals is RM1,072,061,000 (30.9.2017: RM2,553,530,000) in relation to accruals for the purchase of property, plant and equipment payable to suppliers/subcontractors of the KVMRT project.

## 9. Other income

	1.10.2017 to 31.12.2018 RM'000	Year ended 30.9.2017 RM'000
Rental income	35,872	12,929
Tender income	<u>1,350</u>	<u>1,462</u>
	<u>37,222</u>	<u>14,391</u>

**10. Loss before tax**

	Note	1.10.2017 to 31.12.2018 RM'000	Year ended 30.9.2017 RM'000
<b>Loss before tax is arrived at after charging:</b>			
Auditors' remuneration		110	95
Depreciation of property, plant and equipment	3	6,517	5,955
Personnel expenses:			
Wages, salaries and others		24,412	14,401
Contribution to defined contribution plans		2,829	1,565
Allowances		384	306
Net impairment loss on property, plant and equipment		11,209,750	24,994,554
Property, plant and equipment written off		110,271	11
Contribution to authorities		-	301,294
Rental of premises		8,443	5,800
Finance cost		18	15
		<u>37,091</u>	<u>41,301</u>
<b>and after crediting:</b>			
Interest income		<u>37,091</u>	<u>41,301</u>

**11. Tax expense****Recognised in profit or loss**

	1.10.2017 to 31.12.2018 RM'000	Year ended 30.9.2017 RM'000
<b>Current tax expense</b>		
- current period	410	-
- prior period overprovision	-	(280)
	<u>410</u>	<u>(280)</u>
<b>Reconciliation of tax expense</b>		
Loss for the period	<u>(11,394,454)</u>	<u>(25,310,123)</u>
Income tax calculated using Malaysian tax rate of 24% (2017: 24%)	(2,734,669)	(6,074,430)
Non-deductible expenses	2,747,767	5,999,566
Others	<u>(12,688)</u>	<u>74,864</u>
	410	-
Over provision in prior year	<u>-</u>	<u>(280)</u>
	<u>410</u>	<u>(280)</u>

As a result of changes in Malaysian tax law, the Company's unused tax losses and unabsorbed capital allowances will now expire in 2025. The Directors has assessed that the likelihood of realisation of the tax losses and unabsorbed capital allowances within the qualifying period as remote.

## 12. Key management personnel compensation

	1.10.2017 to 31.12.2018 RM'000	Year ended 30.9.2017 RM'000
Directors:		
- Fees	694	581
- Remuneration	2,055	2,118
- Contribution to defined contribution plans	318	228
	<u>3,067</u>	<u>2,927</u>

The Directors of the Company are the key management personnel of the Company as they have authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

## 13. Financial instruments

### 13.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as amortised cost ("AC")

	Carrying amount RM'000	Amortised cost RM'000
<b>31.12.2018</b>		
<b>Financial assets</b>		
Other receivables and deposits	61,418	61,418
Cash and cash equivalents	867,395	867,395
	<u>928,813</u>	<u>928,813</u>
<b>Financial liabilities</b>		
Other payables and accruals	<u>(2,502,858)</u>	<u>(2,502,858)</u>

The table below provides an analysis of financial instruments as at 30 September 2017 categorised as follows:

- (a) Loans and receivables ("L&R"); and  
(b) Financial liabilities measured at amortised cost ("FL")

	Carrying amount RM'000	L&R/ (FL) RM'000
<b>30.9.017</b>		
<b>Financial assets</b>		
Other receivables and deposits	25,705	25,705
Cash and cash equivalents	444,266	444,266
	<u>469,971</u>	<u>469,971</u>
<b>Financial liabilities</b>		
Other payables and accruals	<u>(3,460,150)</u>	<u>(3,460,150)</u>



### 13. Financial instruments (continued)

#### 13.2 Net gains and losses arising from financial instruments

	1.10.2017 to 31.12.2018 RM'000	Year ended 30.9.2017 RM'000
Net gains/(losses) arising on:		
Financial asset at amortised cost	37,091	-
Financial liabilities at amortised cost	(18)	(15)
Loans and receivables	-	41,301
	<u>37,073</u>	<u>41,286</u>

#### 13.3 Financial risks management

The Company has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### 13.4 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 deposit placed with licensed banks and its receivables. There are no significant changes as compared to prior periods.

##### 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 financial guaranties given by banks are obtained, and credit evaluation are performed on customers requiring credit over a certain amount.

At each reporting date, the Company assesses whether any of the receivables are credit impaired

## 13. Financial instruments (continued)

### 13.4 Credit risk (continued)

#### Receivables (continued)

*Risk management objectives, policies and processes for managing the risk (continued)*

The gross carrying amounts of credit impaired receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities

There are no significant changes as compared to previous year.

*Exposure to credit risk, credit quality and collateral*

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

The Company receives financial guarantees given by banks, in managing exposure to credit risk

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Company uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 30 days, which are deemed to have higher credit risk, are monitored individually.

As at the end of the reporting period, approximately 64% (30.9.2017: Nil) of the Company's other receivables are due from 1 (30.9.2017: Nil) customer with good credit history with the Company. The maximum exposure to credit risk is represented by the carrying amounts of each financial asset in the statement of financial position.

### 13. Financial instruments (continued)

#### 13.4 Credit risk (continued)

##### Receivables (continued)

*Exposure to credit risk, credit quality and collateral (continued)*

The Company maintains an ageing analysis in respect of other receivables only. The ageing of other receivables as at the end of reporting period was:

	Gross RM'000	Individual impairment RM'000	Net RM'000
<b>31.12.2018</b>			
Not past due	51,204	-	51,204
<b>30.9.2017</b>			
Not past due	16,904	-	16,904

No allowance for impairment losses has been made during and at the end of reporting period as the Company monitors the repayment of the other receivables regularly and is confident of the ability of the customers to repay the outstanding balances.

##### Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of the financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Company are of the view that the loss allowance is not material and hence, it is not provided for.

#### 13.5 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's exposure to liquidity risk arises principally from its payables.

## 13. Financial instruments (continued)

### 13.5 Liquidity risk (continued)

The Company maintains a level of cash and cash equivalents deemed adequate by the Directors to ensure, as far as possible, that the Company will have sufficient liquidity to meet its liabilities when they fall due. The GoM provides continuous financing in accordance to the Project Development and Management Agreement ("PDMA") in relation to the KVMRT project facilitated and undertaken by the Company on behalf of the GoM.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

#### *Maturity analysis*

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

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000
<b>31.12.2018</b>					
<i>Non-derivative financial liabilities</i>					
Other payables and accruals	<u>2,502,858</u>		<u>2,502,858</u>	<u>1,622,545</u>	<u>880,313</u>
<b>30.9.2017</b>					
<i>Non-derivative financial liabilities</i>					
Other payables and accruals	<u>3,460,150</u>	-	<u>3,460,150</u>	<u>3,012,162</u>	<u>447,988</u>

### 13.6 Market risk

Market risk is the risk that changes in interest rates that will affect the Company's financial position or cash flows.

#### 13.6.1 Interest rate risk

The Company's primary interest rate risk relate to deposits placed with licensed banks. Short term receivables and payables are not significantly exposed to interest rate risk.

The Company adopts a policy of investing mainly in fixed rate instruments to avoid the risk of fluctuation in interest rates.

## 13. Financial instruments (continued)

### 13.5 Liquidity risk (continued)

#### 13.6.1 Interest rate risk (continued)

##### *Exposure to interest rate risk*

The interest rate profile of the Company's significant interest-bearing financial instrument, based on carrying amounts as at the end of the reporting period was:

	31.12.2018 RM'000	30.9.2017 RM'000
<b>Fixed rate instruments</b>		
Financial assets		
Deposits placed with licensed banks	<u>866,735</u>	<u>439,855</u>

The Company does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

### 13.7 Fair value information

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

## 14. Capital management

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 and rely on the continuous financing from the ultimate holding company in relation to the KVMRT infrastructure project which is facilitated and undertaken by the Company on behalf of the GoM.

There is no external capital requirement imposed on the Company.

## 15. Operating leases

### Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	31.12.2018 RM'000	30.9.2017 RM'000
Less than one year	7,329	5,280
Between one and five years	4,303	6,767
	<u>11,632</u>	<u>12,047</u>

The Company has lease commitments under non-cancellable operating leases with the terms of more than one period for office premises and computer equipment. None of the leases includes contingent rentals.

## 16. Capital commitments

	31.12.2018 RM'000	30.9.2017 RM'000
<b>Capital expenditure commitments</b>		
<b>Plant and equipment</b>		
Contracted but not provided for	<u>20,175,308</u>	<u>31,244,897</u>

The capital commitment which are authorised but not contracted for are subject to the finalisation of the tendering process in relation to the KVMRT project.

## 17. Significant event

During the financial period, the GoM discontinued the Klang Valley Mass Rapid Transit ("KVMRT") Circle Line.

## 18. Related parties

### Identity of related party

For the purpose of the financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly 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. Related parties may be individuals or other entities.

Related parties also include key management personnel 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 include all the Directors of the Company.

The Company has related party relationship with its related company.

## 18. Related parties (continued)

### Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Company, other than key management personnel compensation (see Notes 12) of the financial statements are shown below.

	31.12.2018 RM'000	30.9.2017 RM'000
<b>Related company</b>		
Electricity charges	<u>7,880</u>	<u>75,434</u>

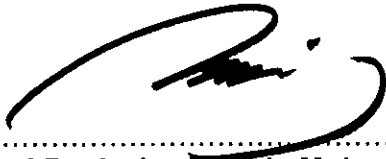
**MASS RAPID TRANSIT CORPORATION SDN. BHD.**

(Company No. 902884 - V)  
(Incorporated in Malaysia)

**Statement by Directors pursuant to  
Section 251(2) of the Companies Act 2016**

In the opinion of the Directors, the financial statements set out on pages 5 to 38 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and of its financial performance and cash flows for the period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....  
**Dato' Dr. Amiruddin bin Muhamed**  
Director



.....  
**Ahmad Zubir bin Zahid**  
Director

Kuala Lumpur,

Date: 27 February 2019



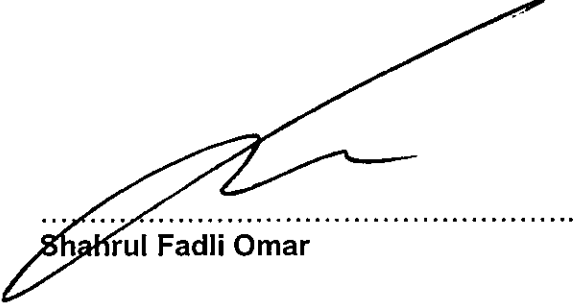
# MASS RAPID TRANSIT CORPORATION SDN. BHD.

(Company No. 902884 - V)  
(Incorporated in Malaysia)

## Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, Shahrul Fadli Omar, the Officer primarily responsible for the financial management of MASS RAPID TRANSIT CORPORATION SDN. BHD., do solemnly and sincerely declare that the financial statements set out on pages 5 to 38 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 the abovenamed Shahrul Fadli Omar at Kuala Lumpur in the State of Federal Territory on 27 February 2019.

  
.....  
Shahrul Fadli Omar

Before me:



No. 10-1, Jalan Bangsar Utama 1,  
Bangsar Utama,  
59000 Kuala Lumpur,

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants  
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8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388  
Fax +60 (3) 7721 3399  
Website [www.kpmg.com.my](http://www.kpmg.com.my)

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MASS RAPID TRANSIT CORPORATION SDN. BHD.**

(Company No. 902884-V)  
(Incorporated in Malaysia)

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of MASS RAPID TRANSIT CORPORATION SDN. BHD., which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 38.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### **Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence and Other Ethical Responsibilities**

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### **Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

Company No. 902884 – V

**MASS RAPID TRANSIT CORPORATION SDN. BHD.**  
*Independent Auditors' Report for the  
Financial Period Ended 31 December 2018*

### **Information Other than the Financial Statements and Auditors' Report Thereon (continued)**

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Company No. 902884 – V

**MASS RAPID TRANSIT CORPORATION SDN. BHD.**  
*Independent Auditors' Report for the  
Financial Period Ended 31 December 2018*

### **Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

- Obtain an understanding of internal control relevant to the audit 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 internal control of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants



**Vengadesh A/L Jogarajah**  
Approval Number: 03337/12/2019 J  
Chartered Accountant

Petaling Jaya

Date: 27 February 2019