MASS RAPID TRANSIT CORPORATION SDN. BHD.

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

Financial statements for the year ended 30 September 2015

MASS RAPID TRANSIT CORPORATION SDN. BHD.
(Company No. 902884 - V)
(Incorporated in Malaysia)

Directors' report for the year ended 30 September 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 30 September 2015.

Principal activities

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

Results

	RM'000
Profit for the year	7,179

Reserves and provisions

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

Dividends

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

Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Dr. Ali bin Hamsa
Tan Sri Dr. Mohd Irwan Serigar bin Abdullah
Dato' Sri Shahril bin Mokhtar
Datuk Seri Dr. Rahamat Bivi binti Yusoff
Datuk Che Mokhtar bin Che Ali
Dato' Sutinah binti Sutan (appointed on 25 November 2014)
Datuk Wira Azhar bin Abdul Hamid (resigned on 31 December 2014)

Directors' interests

None of the Directors holding office at 30 September 2015 had any interest in the ordinary shares of the Company during the financial year.

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 corporation) 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 were no arrangements during and at the end of the financial year 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

On 7 May 2015, the Company increased its issued and paid-up share capital through the issuance of 80,999,998 ordinary shares of RM1.00 each at par to the Minister of Finance, Incorporated via the capitalisation of the said amount from the balance owing to the Minister of Finance, Incorporated, classified as Contribution from Government.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

Options granted over unissued shares

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

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 year 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 year.

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 year 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, the financial performance of the Company for the financial year ended 30 September 2015, 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 year and the date of this report.

Significant event

The Company had been appointed by the Government of Malaysia (GoM) on 4 November 2014 to undertake the Klang Valley Mass Rapid Transit Line 2 (“KVMRT Line 2”) project as the project manager and asset owner.

Company No. 902884 - V

Auditors

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

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

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Tan Sri Dr. Ali bin Hamsa

....

Dato' Sri Shahril bin Mokhtar

Kuala Lumpur,

Date: 30 November 2015

MASS RAPID TRANSIT CORPORATION SDN. BHD.

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

Statement of financial position as at 30 September 2015

	Note	2015 RM'000	2014 RM'000 Restated
Assets			
Property, plant and equipment	3	14,989,233	9,725,512
Total non-current assets		14,989,233	9,725,512
Other receivables and prepayments	4	354,546	440,636
Cash and cash equivalents	5	757,236	1,549,018
Total current assets		1,111,782	1,989,654
Total assets		16,101,015	11,715,166
Equity			
Share capital	6	175,000	94,000
Contribution from Government of Malaysia ("GoM")	7	15,042,203	10,823,203
Accumulated losses		(25,983)	(33,162)
Equity attributable to the owners of the Company		15,191,220	10,884,041
Liabilities			
Other payables	8	906,143	830,839
Current tax liabilities		3,652	286
Total current liabilities		909,795	831,125
Total liabilities		909,795	831,125
Total equity and liabilities		16,101,015	11,715,166

The notes on pages 10 to 31 are an integral part of these financial statements.

MASS RAPID TRANSIT CORPORATION SDN. BHD.

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

Statement of profit or loss and other comprehensive income for the year ended 30 September 2015

	Note	2015 RM'000	2014 RM'000
Other income		841	696
Administrative expenses		(37,927)	(31,091)
Finance income		48,642	27,261
Finance cost		(11)	(7)
Profit/(loss) before tax		11,545	(3,141)
Tax expense	11	(4,366)	(255)
Profit/(loss) and total comprehensive income/(expense) for the year	9	7,179	(3,396)

The notes on pages 10 to 31 are an integral part of these financial statements.

MASS RAPID TRANSIT CORPORATION SDN. BHD.

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

Statement of changes in equity for the year ended 30 September 2015

	Share capital RM'000	Contribution from GoM RM'000	Accumulated losses RM'000	Total RM'000
At 1 October 2013	34,000	3,999,187	(29,766)	4,003,421
Issue of ordinary shares	60,000	(60,000)	-	-
Contribution from GoM	-	6,884,016	-	6,884,016
Loss and total comprehensive expense for the year	-	-	(3,396)	(3,396)
At 30 September 2014/ 1 October 2014	94,000	10,823,203	(33,162)	10,884,041
Issue of ordinary shares	81,000	(81,000)	-	-
Contribution from GoM	-	4,300,000	-	4,300,000
Profit and total comprehensive income for the year	-	-	7,179	7,179
At 30 September 2015	175,000	15,042,203	(25,983)	15,191,220
	Note 6	Note 7		

The notes on pages 10 to 31 are an integral part of these financial statements.

MASS RAPID TRANSIT CORPORATION SDN. BHD.

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

Statement of cash flows for the year ended 30 September 2015

	Note	2015 RM'000	2014 RM'000
Cash flows from operating activities			
Profit/(loss) before tax		1,545	(3,141)
Adjustments for:			
Depreciation of property, plant and equipment		3,288	2,761
Property, plant and equipment written off		137	554
Finance income		(48,642)	(27,261)
Finance costs		11	7
Operating loss before changes in working capital		(33,661)	(27,080)
Changes in working capital:			
Other receivables and prepayments		(127,885)	(1,394)
Other payables		(352,483)	9,343
Cash used in operations		(514,029)	(19,131)
Interest paid		(11)	(7)
Tax paid		(1,000)	-
Net cash used in operating activities		(515,040)	(19,138)
Cash flows from investing activities			
Acquisition of property, plant and equipment	(i)	(4,623,096)	(5,349,908)
Interest received		46,354	23,867
Net cash used in investing activities		(4,576,742)	(5,326,041)
Cash flows from financing activity			
Contribution from Government of Malaysia		4,300,000	6,884,016
Net cash from financing activity		4,300,000	6,884,016
Net (decrease)/increase in cash and cash equivalents		(791,782)	1,538,837
Cash and cash equivalents at beginning of the year		1,549,018	10,181
Cash and cash equivalents at end of the year	(ii)	757,236	1,549,018

(i) <u>Acquisition of property, plant and equipment</u>

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of RM5,267,146,000 (2014: RM5,293,743,000) of which RM427,787,000 (2014: RM373,312,000) has yet to be settled as at year end and RM216,263,000 (2014: Nil) relates to contract advances which were capitalised as part of property, plant and equipment during the financial year.

The notes on pages 10 to 31 are an integral part of these financial statements.

MASS RAPID TRANSIT CORPORATION SDN. BHD.

(Company No. 902884 - V)
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Statement of cash flows for the year ended 30 September 2015 (continued)

(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	2015 RM'000	2014 RM'000
Deposits with licensed banks	5	754,127	1,547,968
Cash and bank balances	5	3,109	1,050
		757,236	1,549,018

The notes on pages 10 to 31 are an integral part of these financial statements.

MASS RAPID TRANSIT CORPORATION SDN. BHD.

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

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	**Registered office**
5th Floor, Menara I&P 1, Jalan Dungun, Bukit Damansara, 50490 Kuala Lumpur.	Tingkat 12, 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 year.

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 30 November 2015.

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, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs framework 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 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- 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*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

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

- from the annual period beginning on 1 October 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for Amendments to MFRS 5, Amendments to MFRS 10, Amendments to MFRS 11, Amendments to MFRS 12, MFRS 14, Amendments to MFRS 127, Amendments to MFRS 128, Amendments to MFRS 134, and Amendments to MFRS 141, which are not applicable to the Company.

- from the annual period beginning on 1 October 2018 for those accounting standards, that are effective for annual periods beginning on or after 1 January 2018.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The initial application of the accounting standards, amendments or interpretations 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:

MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 9.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless disclosed otherwise in the financial statements.

(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 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 Malaysian Financial Reporting Standards ("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.

1. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

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

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.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Financial instruments

(i) Initial recognition and measurement

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

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

(ii) Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

Financial assets

Loans and receivables

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

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

Financial assets are subject to review for impairment (see Note 2(d)(i)).

Financial liabilities

Financial liabilities are subsequently measured at amortised cost.

2. Significant accounting policies (continued)

(a) Financial instruments (continued)

(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 control of the financial 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 and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in 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. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated 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

2. Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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.

(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 part 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 the end of the reporting period, and adjusted as appropriate.

2. Significant accounting policies (continued)

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and deposits with banks which have an insignificant risk of changes in 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

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

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

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

2. Significant accounting policies (continued)

(d) Impairment (continued)

(ii) Other assets (continued)

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.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first 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 year in which the reversals are recognised.

(e) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not re-measured 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.

2. Significant accounting policies (continued)

(e) Equity instruments (continued)

(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.

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 year 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) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

2. Significant accounting policies (continued)

(g) Provisions (continued)

Contingent liabilities (continued)

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(h) Other income

(i) Tender income

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

(ii) Interest income

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

(i) 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.

(j) 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 year, 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 years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

2. Significant accounting policies (continued)

(j) Income tax (continued)

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.

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

A deferred tax 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.

(k) 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.

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	Property, plant and equipment under construction RM'000	Total RM'000
Cost							
At 1 October 2013	5,419	1,954	773	3,084	3,325	4,422,611	4,437,166
Additions	2,160	111	495	602	635	5,289,740	5,293,743
Write off	(642)	-	-	-	-	-	(642)
At 30 September 2014/1 October 2014	6,937	2,065	1,268	3,686	3,960	9,712,351	9,730,267
Additions	1,359	156	386	2,591	2,856	5,259,798	5,267,146
Write off	-	(4)	-	(65)	(119)	-	(188)
At 30 September 2015	8,296	2,217	1,654	6,212	6,697	14,972,149	14,997,225
Accumulated depreciation							
At 1 October 2013	849	262	172	349	450	-	2,082
Depreciation for the year	1,378	253	250	443	437	-	2,761
Write off	(88)	-	-	-	-	-	(88)
At 30 September 2014/1 October 2014	2,139	515	422	792	887	-	4,755
Depreciation for the year	1,536	264	363	574	551	-	3,288
Write off	-	-	-	(7)	(44)	-	(51)
At 30 September 2015	3,675	779	785	1,359	1,394	-	7,992
Carrying amounts							
At 1 October 2013	4,570	1,692	601	2,735	2,875	4,422,611	4,435,084
At 30 September 2014/1 October 2014	4,798	1,550	846	2,894	3,073	9,712,351	9,725,512
At 30 September 2015	4,621	1,438	869	4,853	5,303	14,972,149	14,989,233

3. Property, plant and equipment (continued)

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

	2015 RM'000	2014 RM'000
Personnel expenses		
- Wages, salaries and others	67,359	49,657
- Directors' fees and allowances	346	351
- Director's remuneration	1,612	1,544
	69,317	51,552

4. Other receivables and prepayments

	Note	2015 RM'000	2014 RM'000 Restated
Contract advances	4.1	218,402	434,665
Sundry deposits		3,482	2,286
Interest income receivables		2,288	3,394
Goods and Service Tax (GST) receivable	4.2	119,318	-
Prepayments		11,056	291
		354,546	440,636

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 Goods and Service Tax ("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 RMCD and the Company have different views on the commencement of operations of the Company which affects the timing of the refund.

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

5. Cash and cash equivalents

	2015 RM'000	2014 RM'000
Deposits placed with licensed banks	754,127	1,547,968
Cash and bank balances	3,109	1,050
	757,236	1,549,018

The effective interest rate per annum of deposits with licensed banks at 30 September 2015 approximates 3.76% (2014: 3.55%) per annum.

6. Share capital

	Amount 2015 RM'000	Number of shares 2015 '000	Amount 2014 RM'000	Number of shares 2014 '000
Authorised:				
Ordinary shares of RM1 each				
At 1 October	400,000	400,000	50,000	50,000
Created during the year	-	-	350,000	350,000
At 30 September	400,000	400,000	400,000	400,000
Issued and fully paid:				
Ordinary shares of RM1 each				
At 1 October	94,000	94,000	34,000	34,000
Issued during the year	81,000	81,000	60,000	60,000
At 30 September	175,000	175,000	94,000	94,000

Increase in paid up share capital

During the financial year, the Company increased its issued and paid up share capital through the issuance of 80,999,998 ordinary shares of RM1.00 each at par to the Minister of Finance, Incorporated via the capitalisation of the said amount from the balance owing to the Minister of Finance, Incorporated, classified as Contribution from Government.

In the previous financial year, the Company increased its issued and paid up share capital through the issuance of 60,000,000 ordinary shares of RM1.00 each at par to the Minister of Finance, Incorporated via the capitalisation of the said amount from the balance owing to the Minister of Finance, Incorporated, classified as Contribution from Government.

6. Share capital (continued)

Increase in authorised share capital

In the previous financial year, the Company increased its authorised share capital from 50,000,000 ordinary shares of RM1.00 each to 400,000,000 ordinary shares of RM1.00 each via the creation of 350,000,000 new ordinary shares of RM1.00 each.

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

	Note	2015 RM'000	2014 RM'000 Restated
Retention sum	8.1	450,796	434,665
Accruals	8,.2	455,347	396,174
		906,143	830,839

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

	Note	2015 RM'000	2014 RM'000
1 - 2 years		450,796	-
2 - 3 years		-	434,665
		450,796	434,665

8.2 Included in accruals is RM427,787,000 (2014: RM373,312,000) in relation to accruals for the purchase of property, plant and equipment payable to suppliers/subcontractors of the KVMRT project.

9. Profit/(loss) for the year

	Note	2015 RM'000	2014 RM'000
Profit/(loss) before tax is arrived at after charging:			
Auditors' remuneration		75	75
Depreciation of property, plant and equipment	3	3,288	2,761
Personnel expenses:			
Wages, salaries and others		4,394	3,744
Contribution to defined contribution plans		716	506
Allowances		317	310
Property, plant and equipment written off		137	554
Rental of premises		4,411	2,490
Finance cost		11	7
and after crediting:			
Interest income		48,642	27,261

10. Key management personnel compensation

	2015 RM'000	2014 RM'000
Directors:		
- Fees	346	351
- Remuneration	1,432	1,289
- Contribution to defined contribution plans	180	255
- Allowances	-	54
	1,958	1,949

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.

11. Tax expense

Recognised in profit or loss

	2015 RM'000	2014 RM'000
Current tax expense		
- current year	4,652	286
- prior year	(286)	(31)
	4,366	255

Reconciliation of tax expense

	2015 RM'000	2014 RM'000
Profit/(loss) for the year	11,545	(3,141)
Income tax calculated using Malaysian tax rate of 25% (2014: 25%)	2,886	(785)
Non deductible expenses	940	583
Deferred tax assets not recognised	860	488
Effect of change in tax rate	(34)	-
	4,652	286
Over provision in prior year	(286)	(31)
	4,366	255

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2015 RM'000	2014 RM'000
Tax loss carry-forwards	(21,638)	(21,638)
Unabsorbed capital allowances	(9,355)	(5,792)
Property, plant and equipment	4,399	3,083
Other deductible temporary differences	(1,750)	(557)
	(28,344)	(24,904)

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom. The tax loss carry-forwards do not expire under current tax legislation.

12. Financial instruments

12.1 Categories of financial instruments

The table below provides an analysis of financial instruments 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
2015		
Financial assets		
Other receivables	5,770	5,770
Cash and cash equivalents	757,236	757,236
	763,006	763,006
Financial liabilities		
Other payables	(906,143)	(906,143)
2014		
Financial assets		
Other receivables	5,680	5,680
Cash and cash equivalents	1,549,018	1,549,018
	1,554,698	1,554,698
Financial liabilities		
Other payables	(830,839)	(830,839)

12.2 Net gains and losses arising from financial instruments

	2015 RM'000	2014 RM'000
Net gains/(losses) arising on:		
Loans and receivables	48,642	27,261
Financial liabilities measured at amortised cost	(11)	(7)
	48,631	27,254

12.3 Financial risks management objectives and policies

The Company has exposure to financial risks as follows:

- Credit risk
- Liquidity risk
- Market risk

12. Financial instruments (continued)

12.4 Credit risk

The Company's exposure to credit risk arises principally from its deposits placed with licensed banks and its other receivables.

The Company manages its balances and deposits with banks and financial institutions by monitoring their credit ratings on an on-going basis. Deposits with licensed banks generally have original maturities of three months or less.

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

12.5 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.

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, being the ultimate shareholder, 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
2015					
Other payables	906,143	-	906,143	455,347	450,796
2014					
Other payables	830,839	-	830,839	396,174	434,665

12. Financial instruments (continued)

12.6 Market risk

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

12.6.1 Interest rate risk

The Company's primary interest rates 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.

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:

	2015 RM'000	**2014 RM'000**
Fixed rate instruments		
Financial assets		
Deposits placed with licensed banks	754,127	1,547,968

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.

12.7 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.

13. 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.

14. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2015 RM'000	2014 RM'000
Less than one year	5,917	2,961
Between one and five years	4,877	2,601
	10,794	5,562

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

15. Capital commitments

	2015 RM'000	2014 RM'000
Capital expenditure commitments		
Contracted but not provided for	9,427,096	14,036,590

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.

16. Significant event

The Company had been appointed by the Government of Malaysia ("GoM") on 4 November 2014 to undertake the Klang Valley Mass Rapid Transit Line 2 ("KVMRT Line 2") project as the project manager and asset owner.

17. Contingencies

Litigation

The Company was named as one of the defendants in a civil suit which alleged that the MRT construction works created nuisance and damaged the plaintiffs' properties. The plaintiffs are claiming for damages, cost and any other reliefs from the defendants.

The Directors do not expect the outcome of the action to have a material effect on the Company's financial position and financial performance.

Company No. 902884 - V

18. Comparative figures

The following comparative figures have been restated to conform to the current year's presentation:

	2014	
	As restated RM'000	**As previously stated RM'000**
Statement of financial position		
Other receivables and prepayments	440,636	5,971
Other payables	830,839	396,174
Note 4 - Other receivables and prepayments		
Contract advances	434,665	-
Sundry deposits	2,286	2,286
Interest income receivables	3,394	3,394
Prepayments	291	291
	440,636	5,971
Note 8 - Other payables		
Retention sum	434,665	-
Accruals	396,174	396,174
	830,839	396,174

MASS RAPID TRANSIT CORPORATION SDN. BHD.

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

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 5 to 31 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 September 2015 and of its financial performance and cash flows for the year then ended.

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

....
Tan Sri Dr. Ali bin Hamsa

....
Dato' Sri Shahril **bin Mokhtar**

Kuala Lumpur,

Date: 30 November 2015

MASS RAPID TRANSIT CORPORATION SDN. BHD.

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

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Mohd Hairul bin Abdul Hamid**, the Chief Financial 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 31 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 30 November 2015.

....

Mohd Hairul bin Abdul Hamid

Before me:

PESURUHJAYA SUMPAH
No. W656
MANOHARAN
A/L SELLAMUTHU
MALAYSIA

No. 17, Tingkat 1, Jalan 1/68E.
Off Jalan Sentul Manis.
51000 Kuala Lumpur.

Independent Auditors' Report to the members of MASS RAPID TRANSIT CORPORATION SDN. BHD.

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

Report on the Financial Statements

We have audited the financial statements of MASS RAPID TRANSIT CORPORATION SDN. BHD., which comprise the statement of financial position as at 30 September 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 31.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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.

Company No. 902884 - V

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 30 September 2015 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

Other Matters

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Foong Mun Kong
Approval Number: 2613/12/16(J)
Chartered Accountant

Petaling Jaya,

Date: 30 November 2015