MAZARS

AF: 1954

2 0 MAY 2014

The Directors
Ekovest Berhad
Ground Floor
Wisma Ekovest
118, Jalan Gombak
53000 Kuala Lumpur

Dear Sirs,

ACCOUNTANTS' REPORT ON THE CONSOLIDATED FINANCIAL INFORMATION OF NUZEN CORPORATION SDN BHD ("NUZEN" OR "THE COMPANY") AND ITS SUBSIDIARY ("NUZEN GROUP" OR "THE GROUP")

1. INTRODUCTION

This Accountants' Report ("Report") has been prepared by Mazars, an approved company auditor, for inclusion in the Abridged Prospectus of Ekovest Berhad ("Ekovest") to be dated 30 May 2014 in connection with the renounceable rights issue of 244,413,960 new ordinary shares of RM0.50 each (after the subdivision of every one (1) existing ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each) in Ekovest Berhad ("Ekovest Shares") ("Rights Shares") together with 122,206,980 free detachable warrants ("Warrants") at an issue price of RM1.00 on the basis of two (2) Rights Shares together with one (1) free Warrant for every five (5) existing Ekovest Shares ("Rights Issue With Warrant"), and should not be relied upon for any other purposes. For information purposes, the proceeds raised under the Rights Issue With Warrants is intended to be utilised to fund the acquisition by:-

(a) Wira Kristal Sdn Bhd ("Wira Kristal"), a wholly-owned subsidiary of Ekovest of 1,500,000 ordinary shares of RM1.00 each in Nuzen and 13,500,000 redeemable preference shares of RM1.00 each in Nuzen ("Nuzen RPS") representing the remaining 30% equity interest in Nuzen not held by Wira Kristal;

(b) Ekovest Construction Sdn Bhd, a wholly-owned subsidiary of Ekovest, of 585 Series A redeemable preference shares of RM1.00 each in Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("Kesturi") ("Series A RPS"); and

(c) Ekovest of RM54,000,000 nominal value redeemable secured junior bonds in Kesturi

from Malaysian Resources Corporation Berhad ("MRCB") for a total cash purchase consideration of RM228.0 million.

WISMA SELANGOR DREDGING - 7TH FLR, SOUTH BLK, 142-A - JALAN AMPANG - 50450 KUALA LUMPUR - MALAYSIA
TEL: +603 - 2161 5222 - FAX. +603 - 2161 3909 - contact@mazars.my - www.mazars.my

CHARTERED ACCOUNTANTS

1. INTRODUCTION (CONTINUED)

This report is prepared based on the following:-

(i) audited consolidated financial statements of Nuzen Group for financial years ended 31 December 2010 and 31 December 2011 audited by Ernst & Young;

(ii) audited consolidated financial statements of Nuzen Group for financial year ended 31 December 2012 audited by Mazars; and

(iii) unaudited consolidated financial statements of Nuzen Group for the twelve-month ended 31 December 2013 prepared by the management of the Company.

The auditors' reports on the consolidated financial statements of Nuzen Group for the financial years ended 31 December 2010, 31 December 2011 and 31 December 2012 were not subject to any modification.

Our limited review report on the unaudited consolidated financial statements of Nuzen Group for the twelve-month ended 31 December 2013 are appended in Appendix I.

2. GENERAL INFORMATION

Nuzen is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 1-2-1, Jalan 2/50, Diamond Square, Off Jalan Gombak, 53000 Kuala Lumpur. The principal place of business of the Company is located at Wisma Ekovest, No 118, Jalan Gombak, 53000 Kuala Lumpur.

The immediate and ultimate holding companies are Wira Kristal and Ekovest, both of which are incorporated in Malaysia.

The principal activity of the Company is investment holding.

The details of the Company's wholly-owned subsidiary, which is incorporated in Malaysia, are set out in Note 17.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary during the financial years relevant in this Report.

3. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER

	Note	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Revenue	11	63,015	73,321	81,923	87,534
Cost of sales		(14,034)	(16,329)	(17,717)	(17,910)
Gross profit		48,981	56,992	64,206	69,624
Other income	12	2,474	4,253	4,780	6,250
Administrative expenses		(4,761)	(3,976)	(4,202)	(3,737)
Operating profit		46,694	57,269	64,784	72,137
Finance costs	13	(92,599)	(101,173)	(102,899)	(108,333)
Loss before tax	14	(45,905)	(43,904)	(38,115)	(36,196)
Income tax expense	16	-	-	-	(800)
Loss net of tax		(45,905)	(43,904)	(38,115)	(36,996)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss for the year		(45,905)	(43,904)	(38,115)	(36,996)

4. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Assets					
Non-current assets					
Concession intangible assets	18	1,097,005	1,089,050	1,080,293	1,138,840
Property, plant and equipment	19	2,179	2,019	1,706	1,435
		1,099,184	1,091,069	1,081,999	1,140,275
Current assets					
Toll compensation due from the Government	21	153	-	-	-
Trade and other receivables	22	1,226	1,257	1,182	2,152
Amounts due from related parties	23	872	908	892	873
Cash and cash equivalents	24	76,412	82,568	94,251	1,321,882
		78,663	84,733	96,325	1,324,907
Total assets		1,177,847	1,175,802	1,178,324	2,465,182
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	33	50,000	50,000	50,000	50,000
Accumulated losses		(104,787)	(148,691)	(186,806)	(223,802)
Equity shortfall		(54,787)	(98,691)	(136,806)	(173,802)
Non-current liabilities					
Hire purchase and finance lease liabilities	25	466	329	90	43
Islamic Medium Term Notes ("IMTNs")	26	779,935	782,063	784,190	1,912,596
Redeemable Secured Junior Bonds	28	49,276	49,314	49,352	179,269
Series A RPS	29	294,020	328,638	367,333	410,583
Deferred income	30	74,150	75,896	83,206	101,114
Provision for heavy repairs	31	1,231	2,066	2,979	3,807
Amount due to a related party	23	21,101	23,670	-	-
		1,220,179	1,261,976	1,287,150	2,607,412

4. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER (CONTINUED)

	Note	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Current liabilities					
Trade and other payables	32	11,872	12,061	11,789	9,759
Amount due to immediate holding company	23	172	172	162	160
Amount due to ultimate holding company	23	-	-	-	9,948
Amounts due to related parties	23	192	32	15,790	11,611
Hire purchase and finance lease liabilities	25	219	252	239	94
		12,455	12,517	27,980	31,572
Total liabilities		1,232,634	1,274,493	1,315,130	2,638,984
Total equity and liabilities		1,177,847	1,175,802	1,178,324	2,465,182

5. STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER

	Share capital RM'000	Accumulated losses RM'000	Equity shortfall RM'000
At 1 January 2010 (Audited)	50,000	(58,882)	(8,882)
Total comprehensive loss for the year (Audited)	-	(45,905)	(45,905)
At 31 December 2010 (Audited)	50,000	(104,787)	(54,787)
At 1 January 2011 (Audited)	50,000	(104,787)	(54,787)
Total comprehensive loss for the year (Audited)	-	(43,904)	(43,904)
At 31 December 2011 (Audited)	50,000	(148,691)	(98,691)
At 1 January 2012 (Audited)	50,000	(148,691)	(98,691)
Total comprehensive loss for the year (Audited)	-	(38,115)	(38,115)
At 31 December 2012 (Audited)	50,000	(186,806)	(136,806)
At 1 January 2013 (Audited)	50,000	(186,806)	(136,806)
Total comprehensive loss for the year (Unaudited)	-	(36,996)	(36,996)
At 31 December 2013 (Unaudited)	50,000	(223,802)	(173,802)

6. CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Cash flows from operating activities				
Loss before tax	(45,905)	(43,904)	(38,115)	(36,196)
Adjustments for:				
Amortisation of concession intangible assets	7,048	8,389	9,061	9,745
Amortisation of deferred income	(476)	(582)	(690)	(771)
Allowance for impairment loss on other receivables	800	-	-	-
Gain on disposal of property, plant and equipment	-	-	(11)	(3)
Depreciation of property, plant and equipment	479	542	519	522
Interest expense arising from fair value adjustment of financial liabilities	1,307	2,573	-	-
Provision for heavy repairs	656	712	719	879
Unwinding of discount from provision for heavy repairs	54	123	194	329
Profit element expensed on IMTNs	60,208	63,652	63,821	64,710
Dividend on Series A RPS	30,972	34,618	38,694	43,250
Interest income	(1,030)	(2,487)	(2,846)	(3,052)
Interest expense on hire purchase	48	44	27	13
Property, plant and equipment written off	-	90	-	-
Operating profit before working capital changes	54,161	63,770	71,373	79,426
Changes in working capital:				
(Increase)/decrease in receivables	(835)	136	95	(970)
Decrease in payables	(12,666)	(316)	(104)	(830)
(Decrease)/Increase in holding companies	(4)	-	(9)	9,947
Decrease in related parties	(2,273)	(189)	(7,896)	(4,162)
Cash generated from operations	38,383	63,401	63,459	83,411
Interest on hire purchase paid	(48)	(44)	(27)	(13)
Tax paid	-	-	-	(800)
Net cash generated from operating activities	38,335	63,357	63,432	82,598

6. CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Cash flows from investing activities				
Purchase of property, plant and equipment	(496)	(246)	(206)	(186)
Proceeds from disposal of property, plant and equipment	-	-	11	3
Payment for concession intangible assets	(653)	(433)	(304)	(66,163)
Interest received	1,030	2,487	2,846	5,474
Net cash (used in)/generated from investing activities	(119)	1,808	2,347	(60,872)
Cash flows from financing activities				
Proceeds from government grant	-	2,328	8,000	18,679
Proceeds from issuance of IMTNs	48,850	-	-	1,254,697
Repayment of hire purchase	(234)	(356)	(273)	(257)
Payment on profit element of IMTNs	(49,066)	(60,981)	(61,823)	(67,214)
Net cash (used in)/generated from financing activities	(450)	(59,009)	(54,096)	1,205,905
Net increase in cash and cash equivalents	37,766	6,156	11,683	1,227,631
Cash and cash equivalents at beginning of the year	38,646	76,412	82,568	94,251
Cash and cash equivalents at end of the year (Note 24)	76,412	82,568	94,251	1,321,882

a) During the financial years, the Group made the following cash payments to purchase property, plant and equipment:

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Purchase of property, plant and equipment	606	473	206	251
Financed by finance lease arrangements	(110)	(227)	-	(65)
	496	246	206	186

7. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The consolidated financial information of Nuzen Group has been prepared in accordance with applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the Companies Act, 1965 in Malaysia.

The financial information has been prepared on the historical cost basis except as disclosed in the accounting policies below.

The consolidated financial information has been prepared assuming that Nuzen Group will continue as a going concern. The ability of the Nuzen Group to continue as going concern is dependent on the continued financial support from its ultimate holding company to enable them to meet their obligations and liabilities as and when they fall due.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also Nuzen Group's functional currency.

7.1 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial years.

8. AWARD OF CONCESSION

The Government of Malaysia ("Government") and Kesturi entered into a Concession Agreement ("CA") on 12 August 2004 in connection with the DUKE Project (as defined in Note 17). The DUKE Project commences from the Jalan Duta Interchange to Hill View Interchange and the Karak Link from Sentul Pasar Interchange to Greenwood Interchange. Under the CA, Kesturi would also take over and maintain certain existing roads.

On 3 December 2012, Kesturi entered into a Supplemental Concession Agreement ("SCA") with the Government in relation to the extension of the DUKE Project.

The concession period under the SCA is for a period of 54 years commencing from 11 August 2005 and shall, subject to terms and conditions of the SCA, be extended for a further period of 10 years.

The CA and SCA may be terminated by either the Government or Kesturi if either party fails to remedy its default within the period specified in the CA. The Government may terminate the CA or Kesturi by giving notice within the specific period in the CA. Upon expiry of the concession period, Kesturi shall hand over the concession area to the Government in a well-maintained condition and make good any defects at Kesturi's own expenses within twelve (12) months after the date of handing over.

8. AWARD OF CONCESSION (CONTINUED)

The DUKE Project is financed in the following manner:

(i) RM195 million raised via the issuance of 1,950 Series A RPS of RM1 each by Kesturi at an issue price of RM100,000 each, subscribed by ECSB, a wholly-owned subsidiary of Ekovest and MRCB in the proportion of 70:30 respectively.

(ii) Issuance of RM45 million redeemable preference shares in Kesturi to Nuzen. Nuzen in turn issued RM45 million Nuzen RPS which were subscribed by Wira Kristal and MRCB in the proportion of 70:30 respectively.

(iii) Wira Kristal subscribed its portion of RM31.5 million Nuzen RPS as mentioned in Note (ii) above via the issuance of 28 redeemable preference shares of RM1.00 each at an issue price of RM1 million each ("Wira Kristal RPS").

(iv) Funding by the Government of up to RM77.2 million, after completing the construction for the section commencing from Kampong Dalam Interchange and transversing through Greenwood Interchange.

(v) Issuance of redeemable secured serial Sukuk Istisna' by Kesturi with a net proceeds of RM780 million. In 2010, Kesturi replaces its Sukuk Istina' with the issuance of IMTNs.

(vi) Issuance of IMTNs with a nominal value of RM820 million and RM50 million redeemable secured junior bonds by Kesturi on 28 October 2010. On 2 December 2013, the IMTNs with a nominal value of RM820 million and RM50 million redeemable secured junior bonds were redeemed.

(vi) Issuance of IMTNs with a nominal value of RM2,300 million and RM180 million redeemable secured junior bonds by Kesturi on 2 December 2013.

9. TOLL COMPENSATION AND TOLL SHARE ARRANGEMENTS

In the event that the Government imposes a toll rate which is lower than the agreed toll rates stated in the CA, for any Concession Year, the agreement provides that Kesturi shall be compensated for any reduction in toll collections by it in respect of the relevant operating year in which the reduction is implemented, and for each operating year thereafter during which the decision of the Government continues to apply, until such time Kesturi is allowed to collect the then prevailing agreed toll rate.

Based on the terms of the CA, the Government is entitled to 30% share of toll revenue on the excess of actual toll revenue against the average projected toll revenue, subject to Kesturi's full settlement of all loans or on the 19th year of the Concession Period, whichever earlier.

10. SIGNIFICANT ACCOUNTING POLICIES

10.1 Summary of significant accounting policies

(a) Subsidiary and basis of consolidation

(i) Subsidiary

A subsidiary is an entity over which the Group has the ability to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

The Company's investment in a subsidiary is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 10.1(d).

Upon disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the reporting date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements is prepared for the same reporting date as the Company.

The subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, all intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisition of a subsidiary is accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

10. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10.1 Summary of significant accounting policies (continued)

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Furniture and fittings	10%
Office equipment	10%
Motor vehicles	20%
Computer equipment	33%
Tools and equipment	20%
Renovation	10%
Signboard	10%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds and the net carrying amount is recognised in profit or loss.

(c) Concession intangible assets

Upon adoption of IC Interpretation 12, concession assets are recognised as intangible assets to the extent that the Group has a right (a licence) to charge users of the public services, as explained in Note 10.2.

Concession intangible assets refer to Expressway Development Expenditure ("EDE") which comprises development and upgrading expenditure (including interest charges relating to financing of the development) incurred in connection with the concession.

10. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10.1 Summary of significant accounting policies (continued)

(c) Concession intangible assets (continued)

Intangible asset is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 10.1(d).

Amortisation of the intangible assets begins when it is available for use, which means when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

EDE is amortised over the Concession Period. The amortisation formula applied in the preparation of the financial statements to arrive at the annual amortisation charge for each financial period is as follows:

$$\frac{\text{Toll revenue for the year}}{\text{[Actual toll revenue for the year + Projected total toll revenue for the subsequent years to the end of the Concession Period]}} \times \text{[Net Book Value of EDE at the beginning of the year + Additions for the year]}$$

Toll revenue and projected total toll revenue include toll collection and toll compensation.

The projected total toll revenue is based on the latest available base case traffic projections prepared by independent traffic consultants multiplied by the toll rate structures contemplated in the CA.

The traffic volume projections are independently reviewed on a periodic basis.

(d) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

10. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10.1 Summary of significant accounting policies (continued)

(d) Impairment of non-financial assets (continued)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

(e) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provision of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial assets in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

10. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10.1 Summary of significant accounting policies (continued)

(e) Financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group and the Company have not designated any financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group and the Company have the expressed intention and ability to hold to maturity.

10. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10.1 Summary of significant accounting policies (continued)

(e) Financial assets (continued)

Held-to-maturity investments (continued)

Investments that are intended to be held-to-maturity are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss. Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group and the Company have not designated any financial assets as available-for-sale.

10. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10.1 Summary of significant accounting policies (continued)

(f) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) *Receivables and other financial assets carried at amortised cost*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

10. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10.1 Summary of significant accounting policies (continued)

(f) Impairment of financial assets (continued)

(ii) *Available-for-sale financial assets (continued)*

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(g) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Financial liabilities, within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

10. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10.1 Summary of significant accounting policies (continued)

(g) Financial liabilities (continued)

Financial liabilities at fair value through profit or loss (continued)

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and borrowings.

Trade and sundry payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Details of borrowings of the Group are as follows:

(i) *Islamic Medium Term Notes - Sukuk Musyarakah with periodic payments*

The Islamic Medium Term Notes are issued under the Islamic principle of Musyarakah which is a contract of partnership in a venture.

The Sukuk Musyarakah is initially stated at cost, being the fair value of the consideration received. After initial recognition, the profit element attributable to the Sukuk in each period is recognised as an expense at a constant rate to its maturity.

(ii) *Redeemable Preference Shares*

The redeemable preference shares are regarded as financial liability and recognised in the statement of financial position initially at fair value, net of transaction costs. The dividends on those shares are compounded annually and recognised as interest expense in profit or loss using the effective interest rate method.

10. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10.1 Summary of significant accounting policies (continued)

(g) Financial liabilities (continued)

(iii) *Redeemable Secured Junior Bonds*

The redeemable secured junior bonds are initially stated at cost, being the fair value of the consideration received less directly attributable transaction costs. After initial recognition, the interest attributable to the redeemable secured junior bonds is recognised as an expense at a constant rate to its maturity.

(h) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group and the Company all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's and the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 10.1(b).

(ii) Operating leases – The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

10. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10.1 Summary of significant accounting policies (continued)

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(j) Income tax

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

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted at the reporting date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(k) Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

10. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10.1 Summary of significant accounting policies (continued)

(l) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Toll revenue

Toll revenue is accounted for as and when toll is chargeable for the usage of the expressway.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Advertising income

Advertising income is recognised on an accrual basis when the service is rendered.

(iv) Rental income

Rental income is recognised on a straight-line basis over the specific tenure of the respective leases.

10. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10.2 Changes in accounting policies

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 12: *Service Concession Arrangements* ("IC 12") provides guidance on the accounting by the operator of a service concession arrangement involving the provision of public sector services. Hence, IC 12 is applicable to all tolled expressways concession arrangements awarded to the Group.

Infrastructure within the scope of IC 12 is recognised as intangible assets of the operator as the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the operator and instead, the operator receives a right to charge users for the use of the public service infrastructure.

Where the operator has contractual obligations to maintain the infrastructure to a specified level of serviceability or to restore the infrastructure to a specified condition, such contractual obligations to maintain or restore infrastructure, except for any upgrade element, shall be recognised and measured in accordance with MFRS 137: *Provisions, Contingent Liabilities and Contingent Assets*, such as at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period.

The application of IC 12 in financial year ended 31 December 2011 has led to the change in the Group's accounting policies for the classification, recognition and measurement of service concession arrangements and maintenance obligations, as follows:

(a) Change in classification and nature of concession intangible assets

Prior to the adoption of IC 12, all the infrastructure costs incurred (which comprised capitalised expressway development expenditure and other concession assets) were classified as concession assets, part of tangible assets of the Group, and were stated at cost less accumulated amortisation and impairment losses.

Upon adoption of IC 12, those infrastructure costs incurred that establish or vary the right of the Group in providing the public services are classified as concession intangible assets. These infrastructure costs are stated at cost less accumulated amortisation and impairment losses.

10. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10.2 Changes in accounting policies (continued)

IC Interpretation 12: Service Concession Arrangements (continued)

(b) Provision for heavy repairs

Heavy repairs relate to costs incurred to repair bridges, slopes and embankments, rectification of settlements and pavement rehabilitation of medium and high traffic sections along the expressway.

Upon adoption of IC 12, provision for heavy repairs being the contractual obligations to maintain and restore the infrastructure to a specified standard of serviceability, is recognised and measured at the present value of estimated expenditures expected to be required to settle the present obligation at the reporting date.

In accordance with the transitional provisions of IC 12, the changes in accounting policies have been applied retrospectively and comparative figures have been restated accordingly. The following are effects to the financial statements arising from the above change in accounting policy:

	(Decrease)/Increase	
	As at 31 December 2010 RM'000 (Audited)	As at 31 December 2011 RM'000 (Audited)
Statements of financial position		
Concession assets	(1,097,005)	-
Concession intangible assets	1,097,005	-
Provision for heavy repairs	1,231	835
Accumulated losses	1,231	835
Statements of comprehensive income		
Cost of sales	656	713
Finance costs	54	123
Loss for the year, representing total comprehensive loss for the year	710	835

10. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10.3 Malaysian Financial Reporting Standards

The measurement bases applied in the preparation of the financial statements include cost, recoverable value and fair value. Estimates are used in measuring these values.

Standards issue that are not yet effective

The Group and the Company have not applied the following MFRS, Amendments to MFRSs and Issue Committee Interpretation ("IC Interpretation") that are relevent to operatiors and have been issued by the MASB but are not yet effective.

New/ Revised MFRSs, Amendments to MFRSs and IC Interpretation		*Effective for financial periods beginning on or after*
MFRS 9	Financial Instruments	To be announced by MASB
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment entities	1-Jan-2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1-Jan-2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-financial Assets	1-Jan-2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1-Jan-2014
IC Interpretation 21	Levies	1-Jan-2014

Except as otherwise indicated, the adoption of the above standards, amendments and interpretations on their respective effective dates are not expected to have significant impact on the financial statements of the Group and the Company.

10. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10.3 Malaysian Financial Reporting Standards (continued)

MFRS 9 *Financial Instruments*

MFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories, i.e. those measured as at fair value, and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. The Company is yet to assess MFRS 9's full impact and intends to adopt MFRS 9 when it is mandated by the MASB.

10.4 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

The management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

10. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10.4 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

(ii) Amortisation of EDE

The cost of EDE is amortised over the concession period by applying the formula in Note 10.1(c) above. The denominator of the formula includes projected total toll revenue for subsequent years to the end of the concession period and is based on the latest available base case traffic volume projections prepared by independent traffic consultants multiplied by the relevant toll rates. The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on current market and economical conditions. Changes in the expected traffic volume could impact future amortisation charges.

(iii) Impairment of EDE

The Group determines whether EDE impaired at least on an annual basis based on the expected future cash flows generated from EDE discounted at a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of EDE of the Group as at 31 December 2013 was RM1,138,840,370 (2012: RM1,080,292,987; 2011: RM1,089,049,671; 2010: RM1,097,005,474). Further details are disclosed in Note 18.

(iv) Provision for heavy repairs

Provision for heavy repairs are recognised at the present value of the future heavy repairs expenditure expected to be incurred over the concession period. Judgement and estimation are involved in determining the timing and amounts of future expenditure in the computation of the present value. The present value is also dependent on various assumptions, which include amongst others, traffic volume as mentioned in Note 10.4(b)(ii).

(v) Deferred tax assets

Deferred tax assets are only recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Siginificant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. No deferred tax assets of the Group and the Company are recognised and the unrecognised tax losses of the Group as at 31 December 2013 amount to RM11,888,601 (2012: RM712,816; 2011: RM5,021,673; 2010: RM752,091).

11. REVENUE

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Toll revenue	63,015	73,321	81,923	87,534

12. OTHER INCOME

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Income from rental of facilities	951	900	954	1,044
Interest income from short term deposits	1,030	2,487	2,846	3,052
Amortisation of deferred income (Note 30)	476	582	690	771
Gain on disposal of property, plant and equipment	-	-	11	3
Proceeds from insurance claim on theft of motor vehicle	-	110	-	-
Other income	17	174	279	1,380
	2,474	4,253	4,780	6,250

13. FINANCE COSTS

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Interest expense on:				
Hire purchase and finance lease liabilities	48	44	27	13
Bond issuance costs	10	163	163	31
Unwinding of discount from provision for heavy repairs (Note 31)	54	123	194	329
Profit element on IMTNs/ Redeemable Secured Junior Bonds	60,208	63,652	63,821	64,710
Interest expense arising from fair value adjustment of financial liabilities	1,307	2,573	-	-
Dividend on Series A RPS	30,972	34,618	38,694	43,250
	92,599	101,173	102,899	108,333

14. LOSS BEFORE TAX

The following amounts have been included in arriving at loss before tax:

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Employee benefits expense (Note 15)	4,043	4,043	4,437	4,521
Auditors' remuneration				
- statutory audit	48	48	40	10
Allowance for impairment loss on other receivables (Note 22)	800	-	-	-
Property, plant and equipment written off	-	90	-	-
Provision for heavy repairs	656	712	719	879
Rental of office	272	272	270	246
Rental of motor vehicles	37	23	46	22
Rental of accomodation	11	4	3	4
Rental of plant and machinery	59	114	50	64
Depreciation of property, plant and equipment (Note 19)	479	542	519	522
Amortisation of concession intangible assets (Note 18)	7,048	8,389	9,061	9,745

15. EMPLOYEE BENEFITS EXPENSE

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Wages and salaries	3,658	3,691	4,007	4,058
Social security contributions	44	43	45	48
Contributions to defined contribution plan	341	309	385	415
	4,043	4,043	4,437	4,521

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM319,200 (2012: RM268,800; 2011: RM268,800; 2010: RM268,800) exclusive of benefits-in-kind of RM35,200 (2012: RM35,200; 2011: RM35,200; 2010: RM35,200).

16. INCOME TAX EXPENSE

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Malaysian income tax - current	-	-	-	800

The reconciliation of the tax effects of accounting and taxable loss is as follows:

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Loss before tax	(45,905)	(43,904)	(38,115)	(36,196)
Taxation at Malaysian statutory tax rate of 25%	(11,476)	(10,976)	(9,529)	(9,049)
Expenses not deductible for tax purposes	3,035	10,192	10,606	13,193
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	5,685	784	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	-	-	(1,077)	(3,344)
Underprovision of deferred tax in prior years	2,756	-	-	-
	-	-	-	800

17. INVESTMENT IN A SUBSIDIARY

The details of the subsidiary, which is incorporated in Malaysia, are as follows:

Name	Principal activities	Effective equity interest (%) 2010	2011	2012	2013
Kesturi	Design, construction, operation, management and maintenance of the Duta-Ulu Kelang Expressway ("Duke Project" or "Expressway") in accordance with the terms of the Concession Agreement dated 12 August 2004 and Supplemental Concession Agreement dated 3 December 2012 signed between the Government and Kesturi in relation to the DUKE Project.	100	100	100	100

18. CONCESSION INTANGIBLE ASSETS

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Cost				
Expressway development expenditure	916,271	916,518	916,783	982,924
Borrowing costs:				
Profit element capitalised	210,558	210,558	210,558	215,109
Accrued dividend on Series A RPS	35,899	35,899	35,899	35,899
Less: Interest income*	(55,200)	(55,200)	(55,200)	(57,622)
Net borrowing costs capitalised	191,257	191,257	191,257	193,386
Other concession intangible assets	167	354	393	415
	1,107,695	1,108,129	1,108,433	1,176,725

18. CONCESSION INTANGIBLE ASSETS (CONTINUED)

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Accumulated amortisation				
At 1 January	(3,642)	(10,690)	(19,079)	(28,140)
Charge for the year	(7,048)	(8,389)	(9,061)	(9,745)
At 31 December	(10,690)	(19,079)	(28,140)	(37,885)
Net carrying amount	1,097,005	1,089,050	1,080,293	1,138,840

* The interest income relates to proceeds received from the Sukuk Istisna' placed under the short term deposits and investments.

The concession intangible assets are charged as security for the borrowings as disclosed in Notes 26 to 28.

19. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings RM'000 (Unaudited)	Office equipment RM'000 (Unaudited)	Motor vehicles RM'000 (Unaudited)	Computer equipment RM'000 (Unaudited)	Tools and equipment RM'000 (Unaudited)	Renovation RM'000 (Unaudited)	Signboard RM'000 (Unaudited)	Total RM'000 (Unaudited)
31 December 2013								
Cost								
At 1 January 2013	430	440	2,347	373	45	62	806	4,503
Additions	6	48	107	21	28	-	41	251
Disposal	-	-	(25)	-	-	-	-	(25)
At 31 December 2013	436	488	2,429	394	73	62	847	4,729
Accumulated depreciation								
At 1 January 2013	286	149	1,801	291	19	17	234	2,797
Charge for the year	24	44	307	46	12	6	83	522
Disposal	-	-	(25)	-	-	-	-	(25)
At 31 December 2013	310	193	2,083	337	31	23	317	3,294
Net carrying amount	126	295	346	57	42	39	530	1,435

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and fittings RM'000 (Audited)	Office equipment RM'000 (Audited)	Motor vehicles RM'000 (Audited)	Computer equipment RM'000 (Audited)	Tools and equipment RM'000 (Audited)	Renovation RM'000 (Audited)	Signboard RM'000 (Audited)	Total RM'000 (Audited)
31 December 2012								
Cost								
At 1 January 2012	422	376	2,367	346	35	62	791	4,399
Additions	8	64	82	27	10	-	15	206
Disposal	-	-	(102)	-	-	-	-	(102)
At 31 December 2012	430	440	2,347	373	45	62	806	4,503
Accumulated depreciation								
At 1 January 2012	264	111	1,588	241	11	11	154	2,380
Charge for the year	22	38	315	50	8	6	80	519
Disposal	-	-	(102)	-	-	-	-	(102)
At 31 December 2012	286	149	1,801	291	19	17	234	2,797
Net carrying amount	144	291	546	82	26	45	572	1,706

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and fittings RM'000 (Audited)	Office equipment RM'000 (Audited)	Motor vehicles RM'000 (Audited)	Computer equipment RM'000 (Audited)	Tools and equipment RM'000 (Audited)	Renovation RM'000 (Audited)	Signboard RM'000 (Audited)	Total RM'000 (Audited)
31 December 2011								
Cost								
At 1 January 2011	420	354	2,239	244	22	54	719	4,052
Additions	2	22	254	102	13	8	72	473
Write off	-	-	(126)	-	-	-	-	(126)
At 31 December 2011	422	376	2,367	346	35	62	791	4,399
Accumulated depreciation								
At 1 January 2011	229	75	1,290	192	6	5	77	1,874
Charge for year	35	36	334	49	5	6	77	542
Write off	-	-	(36)	-	-	-	-	(36)
At 31 December 2011	264	111	1,588	241	11	11	154	2,380
Net carrying amount	158	265	779	105	24	51	637	2,019

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and fittings	Office equipment	Motor vehicles	Computer equipment	Tools and equipment	Renovation	Signboard	Total
	RM'000 (Audited)	RM'000 (Audited)	RM'000 (Audited)	RM'000 (Audited)	RM'000 (Audited)	RM'000 (Audited)	RM'000 (Audited)	RM'000 (Audited)
31 December 2010								
Cost								
At 1 January 2010	413	336	2,113	239	18	26	302	3,447
Additions	7	19	126	5	4	28	417	606
At 31 December 2010	420	355	2,239	244	22	54	719	4,053
Accumulated depreciation								
At 1 January 2010	187	41	996	151	2	2	16	1,395
Charge for year	42	34	294	42	4	3	60	479
At 31 December 2010	229	75	1,290	193	6	5	76	1,874
Net carrying amount	191	280	949	51	16	49	643	2,179

The net carrying amount of plant and equipment of the Group which held under hire purchase and finance lease arrangements at year end amounted to RM239,000 (2012: RM380,000; 2011: RM659,000; 2010: RM746,000).

The property, plant and equipment of the Group are charged as security for the IMTNs as disclosed in Note 26.

20. DEFERRED TAXATION

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets

	Unused tax lossess RM'000	Unabsorbed capital allowances RM'000	Total RM'000
At 1 January 2013 (Audited)	(44,877)	(67,267)	(112,144)
Recognised in profit or loss (Unaudited)	(3,149)	(7,861)	(11,010)
At 31 December 2013 (Unaudited)	(48,026)	(75,128)	(123,154)
At 1 January 2012 (Audited)	(43,956)	(58,086)	(102,042)
Recognised in profit or loss (Audited)	(921)	(9,181)	(10,102)
At 31 December 2012 (Audited)	(44,877)	(67,267)	(112,144)
At 1 January 2011 (Audited)	(44,760)	(46,758)	(91,518)
Recognised in profit or loss (Audited)	804	(11,328)	(10,524)
At 31 December 2011 (Audited)	(43,956)	(58,086)	(102,042)
At 1 January 2010 (Audited)	(37,947)	(33,930)	(71,877)
Recognised in profit or loss (Audited)	(6,813)	(12,828)	(19,641)
At 31 December 2010 (Audited)	(44,760)	(46,758)	(91,518)

20. DEFERRED TAXATION (CONTINUED)

Deferred tax liabilities

	Concession intangible assets RM	Others RM	Total RM
At 1 January 2013 (Audited)	112,737	(593)	112,144
Recognised in profit or loss (Unaudited)	11,209	(199)	11,010
At 31 December 2013 (Unaudited)	123,946	(792)	123,154
At 1 January 2012 (Audited)	102,355	(313)	102,042
Recognised in profit or loss (Audited)	10,382	(280)	10,102
At 31 December 2012 (Audited)	112,737	(593)	112,144
At 1 January 2011 (Audited)	91,633	(115)	91,518
Recognised in profit or loss (Audited)	10,722	(198)	10,524
At 31 December 2011 (Audited)	102,355	(313)	102,042
At 1 January 2010 (Audited)	71,794	83	71,877
Recognised in profit or loss (Audited)	19,839	(198)	19,641
At 31 December 2010 (Audited)	91,633	(115)	91,518

Deferred tax assets have not been recognised in respect of the following item:

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Unused tax losses	752	5,022	713	11,889

The unused tax losses of the Group are available indefinitely for offsetting against future taxable profits of the Group, subject to guidelines issued by the tax authority. Deferred tax assets have not been recognised in respect of this item as it is not probable that taxable profit of the Group will be available against which unused tax losses can be utilised.

21. TOLL COMPENSATION DUE FROM THE GOVERNMENT

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
At 1 January	73	153	-	-
Toll compensation revenue recognised in profit or loss	200	-	-	-
Less: Amount received	(120)	(153)	-	-
At 31 December	153	-	-	-

22. TRADE AND OTHER RECEIVABLES

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Trade receivables	303	435	175	486
Sundry receivables	1,349	1,217	1,387	2,068
Less: Allowance for impairment loss	(800)	(800)	(800)	(800)
	549	417	587	1,268
Deposits	374	380	395	395
Prepayments	-	25	25	3
Total trade and other receivables	1,226	1,257	1,182	2,152
Add: Cash and cash equivalents (Note 24)	76,412	82,568	94,251	1,321,882
Amounts due from related parties (Note 23)	872	908	892	873
Toll compensation due from the Government (Note 21)	153	-	-	-
Less: Prepayments	-	(25)	(25)	(3)
Total loans and receivables	78,663	84,708	96,300	1,324,904

The Group's credit term is based on the next business day which ranges from 1 to 3 days.

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Neither past due nor impaired	291	421	158	463
1 to 30 days past due not impaired	-	1	1	1
31 to 60 days past due not impaired	1	-	-	1
61 to 90 days past due not impaired	-	1	-	1
91 to 120 days past due not impaired	-	-	1	1
More than 121 days past due not impaired	11	12	15	19
	303	435	175	486

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM22,648 (2012: RM17,305; 2011: RM13,889; 2010: RM12,283) that are past due at the reporting date but not impaired.

Other information on financial risks of receivables are disclosed in Note 36(c).

23. HOLDING COMPANIES AND RELATED PARTIES

(i) Holding companies

The amounts due to the immediate and ultimate holding company are unsecured non-trade in nature, interest-free and payable on demand.

The amount due to ultimate holding company included trade transactions which are interest-free and payable on demand.

(ii) Related parties

The related parties in these financial statements mainly refers to companies within the Ekovest Berhad Group by virtue of a common shareholder, who is also the Executive Chairman of Ekovest.

23. HOLDING COMPANIES AND RELATED PARTIES (CONTINUED)

(ii) Related parties (continued)

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Current:				
Amounts due from related parties	872	908	892	873
Amounts due to related parties	(192)	(32)	(15,790)	(11,611)
Non-current:				
Amount due to a related party	(21,101)	(23,670)	-	-

On 28 February 2005, with the signing of the Joint Venture cum Subscription Agreement ("JVSA") between Wira Kristal and Ekovest, Wira Kristal agrees and covenants to cause Kesturi to nominate Ekovest or its nominated wholly owned subsidiary as the Main Turnkey Contractor of the DUKE Project.

On 1 June 2005, Kesturi appointed ECSB, a subsidiary of Ekovest as the Main Turnkey Contractor. Accordingly, all related expenses incurred by the Company in respect of the DUKE Project was charged to the Main Turnkey Contractor.

The amounts due from/(to) related parties are trade in nature, unsecured, interest-free and repayable on demand except an amount due to a related party of RM2,596,804 (2012: RM15,672,171; 2011: RM23,670,521; 2010: RM21,101,035) which is due in 2013.

24. CASH AND CASH EQUIVALENTS

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Islamic short term deposits with licensed banks/Islamic Fund Management	75,546	78,487	90,829	1,320,758
Cash on hand and at bank	866	4,081	3,422	1,124
	76,412	82,568	94,251	1,321,882

Included in the cash and cash equivalent is an amount relating to the Finance Service Reserve Account ("FSRA") totaled RM54,808,000 (2012: RM32,126,496; 2011: RM1,093,789; 2010: RMNil) which must be maintained by the Group at any time during the tenure of the IMTNs as disclosed in Note 26.

24. CASH AND CASH EQUIVALENTS (CONTINUED)

The interest rate of Islamic short term deposits/Islamic Fund Management ranged from 1.43% to 3.66% (2012: 2.80% to 3.35%; 2011: 2.80% to 3.35%; 2010: 1.80% to 3.00%) per annum. The maturities as at the end of the financial year ranged from 1 day to 365 days (2012: 1 day to 365 days; 2011: 1 day to 365 days; 2010: 1 day to 365 days).

An amount of RM4,000,000 (2012: RM4,000,000; 2011: RM4,108,431; 2010: RM4,126,415) which has also been included in Islamic short term deposits are pledged to secure banking and other credit facilities granted to the Group as disclosed in Notes 26 to 28.

The security arrangement for the IMTNs are disclosed in Note 27.

Other information on financial risks of cash and cash equivalents are disclosed in Note 36(d).

25. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Future minimum lease payments:				
Not later than 1 year	253	279	252	98
Later than 1 year and not later than 2 years	236	252	91	24
Later than 2 years and not later than 5 years	263	91	-	22
Total future minimum lease payments:	752	622	343	144
Less: Future finance charges	(67)	(41)	(14)	(7)
Present value of finance lease liabilities	685	581	329	137

25. HIRE PURCHASE AND FINANCE LEASE LIABILITIES (CONTINUED)

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Analysis of present value of finance lease liabilities:				
Not later than 1 year	219	252	239	94
Later than 1 year and not later than 2 years	214	239	90	22
Later than 2 years and not later than 5 years	252	90	-	21
	685	581	329	137
Less: Amount due within 12 months	(219)	(252)	(239)	(94)
Amount due after 12 months	466	329	90	43

The flat interest rate of the hire purchase ranges between 2.70% to 3.50% (2012: 2.70% to 3.62%; 2011: 2.70% to 3.62%; 2010: 2.35% to 3.62%) per annum.

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 36(b).

26. ISLAMIC MEDIUM TERM NOTES

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Principal	820,000	820,000	820,000	2,300,000
Unamortised deferred payment	(40,065)	(37,937)	(35,810)	(387,404)
	779,935	782,063	784,190	1,912,596
Analysed as follows:				
Repayable after 12 months	779,935	782,063	784,190	1,912,596

Kesturi issued IMTNs pursuant to the Sukuk issuance programme of up to RM820 million in nominal value under the Shariah principle of Musyarakah. The IMTNs, at nominal value of RM1.00 each, was constituted by a Trust Deed dated 20 October 2010 between Kesturi and the Trustee for the holders of the IMTNs.

On 2 December 2013, the IMTNs with nominal value of RM820 million was redeemed and new IMTNs with a nominal value of up to RM2,300 million ("new IMTNs") was issued by Kesturi. The new IMTNs, at nominal value of RM1.00 each, was constituted by a Trust Deed dated 20 November 2013 between Kesturi and the Trustee for the holders of the new IMTNs.

26. ISLAMIC MEDIUM TERM NOTES (CONTINUED)

The IMTNs with a nominal value of RM820 million was issued in 12 tranches, with maturities commencing from 2018 to 2029. The new IMTNs was issued in 16 tranches, with maturities commencing from 2018 to 2033. The profit payment is on every six months, commencing from the issue date of the relevant tranche of the IMTNs ("Periodic Payment Period").

The periodic payment will be calculated on the basis of a year of 365 days and the actual number of days elapsed (actual/365 days).

Deferred payment for new IMTNs relates to the payment of the ancillary fees, costs and expenses related to Kesturi's restructuring scheme which includes the redemption of Sukuk Istisna' and the establishment of the IMTNs.

The terms and covenants of the IMTNs with a nominal value of RM820 million include the following:

(i) Kesturi must maintain a Finance Sevice Coverage Ratio ("FSCR") of at least 1.75 times;

(ii) Kesturi will maintain a FSRA at any time during the tenure of the IMTNs which has a minimum balance equivalent to the next 6 months' projected debt service. In the event that the balance held in FSRA is less than or exceeds the minimum required balance (except in the case where the Initial Deposit is not utilised), the shortfall or excess shall be topped up or released from Revenue Account; and

(iii) In the event Kesturi utilises the balance in the FSRA, Kesturi is to top up the FSRA within 45 days. Non compliance of the minimum required balance does not constitute an Event of Default.

Deferred payment for the new IMTNs with a nominal value of RM2,300 million relates to the payment of the ancillary fees, costs and expenses related to Kesturi's refinancing scheme which includes the redemption of the IMTNs with a nominal value of RM820 million and the establishment of the new IMTNs.

The terms and covenants of the new IMTNs include the following:

(i) Kesturi must maintain a FSCR of at least 1.75 times;

(ii) Kesturi will maintain a FSRA at any time during the tenure of the IMTNs which has a minimum balance equivalent to the next 6 months' projected debt service. In the event that the balance held in FSRA is less than or exceeds the minimum required balance (except in the case where the Initial Deposit is not utilised), the shortfall or excess shall be topped up or released from Revenue Account; and

26. ISLAMIC MEDIUM TERM NOTES (CONTINUED)

(iii) In the event Kesturi utilises the balance in the FSRA, Kesturi is to top up the FSRA within 90 days. Non compliance of the minimum required balance does not constitute an Event of Default.

The relevant details of the security arrangements are stated in Note 27, 'Security Arrangements of IMTNs'.

The maturity of the IMTNs of the Group is tabulated as follows:

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
After 5 years	779,935	782,063	784,190	1,912,596

The weighted average effective interest rate of this instrument was 4.78% (2012: 6.80%; 2011: 6.88%; 2010: 6.88%) per annum.

27. SECURITY ARRANGEMENTS OF IMTNs

Kesturi as the legal and beneficial owner and as a continuing security for the due and punctual payment of the bond has absolutely assigned and charged to the Security Trustee as security trustee for and on behalf of the Sukuk holders as follows:

(a) a first ranking fixed and floating charge on the assets of Kesturi (other than the Redeemable Secured Junior Bond's FSRA ("Junior FSRA") as disclosed in Note 28), both present and future;

(b) a first ranking assignment on all Kesturi's rights, interests, titles and benefits under the CA to demand, collect and retain toll for its own benefit from all vehicles liable to pay toll using the Expressway and other relevant project documents and proceeds there from;

(c) a first ranking assignment of Kesturi's rights, interests, titles and benefits in all performance and/or maintenance bonds in relation to the DUKE Project and the proceeds there from except where such performance and/or maintenance bonds are used or to be used as security for other parties (including the Government) in accordance with the CA, in which case the security of the Sukuk holders shall rank second after the security of the Government or such other parties;

(d) a first ranking assignment on all designed accounts and the credit balances therein; and

(e) a first ranking assignment of Kesturi's rights, interests and titles and benefits in all relevant insurance policies of the Issuers or in respect of the DUKE Project.

28. REDEEMABLE SECURED JUNIOR BONDS

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Principal	50,000	50,000	50,000	180,000
Unamortised deferred payment	(724)	(686)	(648)	(731)
	49,276	49,314	49,352	179,269

Kesturi issued RM50 million nominal value redeemable secured junior bonds ("Junior Bonds"). The Junior Bonds, at nominal value RM1.00 each, were constituted by a Trust Deed dated 20 October 2010 made between Kesturi and the Trustee for the holders of the Junior Bonds. The tenure of the Junior Bonds is 19.5 years from the date of issuance.

On 2 December 2013, the RM50 million nominal value Junior Bonds was redeemed and new Junior Bonds with a nominal value of RM180 million ("new Junior Bonds") was issued by Kesturi. The new Junior Bonds, at nominal value of RM1.00 each, was constituted by a Trust Deed dated 20 November 2013 between Kesturi and the Trustee for the holders of the new Junior Bonds. The tenure of the new Junior Bonds is 21 years from the date of issuance.

The maturity of the Junior Bonds is tabulated as follows:

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
After 5 years	49,276	49,314	49,352	179,269

The weighted average effective interest rate of this instrument was 11.50% (2012: 11.50%; 2011: 11.50%; 2010: 11.50%) per annum.

The RM50 million nominal value Junior Bonds are secured by a first ranking charge and assignment of the Junior FSRA and the credit balances therein. Upon the first coupon payment date, Kesturi will deposit an amount equivalent to the expected coupon payment which will become due and payable in the next six (6) months, subject to the meeting of all obligations under the IMTNs. The amount equivalent to the expected coupon payment represents the Junior FSRA amount.

The new Junior Bonds are secured by a first ranking charge and assignment of the Junior FSRA and the credit balances therein. Upon the first coupon payment date, Kesturi will deposit an amount equivalent to the next six (6) months of new Junior Bonds debt service, the first of which is to be deposited no later than thirty (30) days from the date that Senior FSCR is first calculated. The amount equivalent to the expected coupon payment represents the Junior FSRA amount.

Kesturi must maintain a FSCR of at least 1.25 times.

29. SERIES A REDEEMABLE PREFERENCE SHARES

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Authorised:				
1,950 shares of RM1 each at beginning/end of the year	2	2	2	2
Nominal value - issued and fully paid up:				
1,950 shares of RM1 each at beginning/end of the year	2	2	2	2
Share premium	194,998	194,998	194,998	194,998
Face value of Series A RPS	195,000	195,000	195,000	195,000

The carrying amount of the liability component of Series A RPS at the reporting date is arrived at as follows:

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Face value of Series A RPS	195,000	195,000	195,000	195,000
Provision for redeemable preference shares dividends	99,020	133,638	172,333	215,583
	294,020	328,638	367,333	410,583

The maturity of the Series A RPS is tabulated as follows:

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
After 5 years	294,020	328,638	367,333	410,583

The salient features of the Series A RPS are as follows:

(i) the Series A RPS holders have the rights to a fixed cumulative gross dividend rate of 8% per annum, to be calculated based on the issue price of RM100,000 per Series A RPS. Any unpaid dividends shall be charged a compounded interest rate of 8% per annum;

29. SERIES A REDEEMABLE PREFERENCE SHARES (CONTINUED)

(ii) the Series A RPS do not carry any rights to participate in the profits or surplus assets of Kesturi;

(iii) the Series A RPS holders have the rights on a winding-up or other return of capital to payment, prior to all other shares;

(iv) the Series A RPS shall be redeemed partially or in full on a Series A RPS redemption date, at the option of Kesturi. Series A RPS redemption date is defined as Series A RPS Dividend date. At the maturity date, which is 24 years from the first subscription date, any Series A RPS not redeemed shall be automatically redeemed. The redemption rate is as stipulated in the Article of Association of Kesturi; and

(v) the holders do not have any right to vote at the Kesturi's General Meeting other than as conferred by Section 148(2) of the Companies Act, 1965; and

(vi) the Series A RPS is expected to earn a projected internal rate of return of at least 14.5% per annum.

30. DEFERRED INCOME

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Cost				
At 1 January	74,872	74,872	77,200	85,200
Additions	-	2,328	8,000	18,679
At 31 December	74,872	77,200	85,200	103,879
Accumulated amortisation				
At 1 January	246	722	1,304	1,994
Charged for the year	476	582	690	771
At 31 December	722	1,304	1,994	2,765
Net carrying amount	74,150	75,896	83,206	101,114

Deferred income relates to funding from the Government as disclosed in Note 8(iv).

31. PROVISION FOR HEAVY REPAIRS

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
At 1 January	521	1,231	2,066	2,979
Arose during the year	656	712	719	879
Unwinding of discount	54	123	194	329
Payment of maintenance cost	-	-	-	(380)
At 31 December	1,231	2,066	2,979	3,807

Provision for heavy repairs relates to expected future costs of repairs of bridges and embankments, rectification of settlements and pavement rehabilitation of medium and high traffic sections along the highways and is provided based on past experience of the level of repair and level of usage of the highway. Assumptions used to calculate the provision for heavy repairs were based on projected traffic volume prepared by independent traffic consultants. The traffic volume projection is independently reviewed on a periodic basis.

32. TRADE AND OTHER PAYABLES

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Trade payables (i)	107	403	74	203
Accruals	384	474	509	-
Other payables	600	403	593	523
Profit elements payable on IMTNs/ Redeemable Secured Junior Bonds (ii)	10,781	10,781	10,613	9,033
Total trade and other payables	11,872	12,061	11,789	9,759
Add: Hire purchase and finance lease liabilities (Note 25)	685	581	329	137
IMTNs (Note 26)	779,935	782,063	784,190	1,912,596
Redeemable Secured Junior Bonds (Note 28)	49,276	49,314	49,352	179,269
Series A RPS (Note 29)	294,020	328,638	367,333	410,583
Amount due to holding companies	172	172	162	10,108
Amounts due to related parties (Note 23)	21,293	23,702	15,790	11,611
Total other financial liabilities carried at amortised cost	1,157,253	1,196,531	1,228,945	2,534,063

32. TRADE AND OTHER PAYABLES (CONTINUED)

(i) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 60 days.

(ii) Profit elements payable on IMTNs and Junior Bonds relate to accrued profit payable to bondholders as disclosed in Note 26 and 28.

33. SHARE CAPITAL

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Authorised:				
5,000,000 ordinary shares of RM1 each at beginning/end of the year	5,000	5,000	5,000	5,000
45,000,000 redeemable preference shares of RM1 each at beginning/ end of the year	45,000	45,000	45,000	45,000
	50,000	50,000	50,000	50,000
Issued and fully paid:				
5,000,000 ordinary shares of RM1 each at beginning/end of the year	5,000	5,000	5,000	5,000
45,000,000 redeemable preference shares of RM1 each at beginning/ end of the year	45,000	45,000	45,000	45,000
	50,000	50,000	50,000	50,000

Redeemable Preference Shares

Kesturi shall have the right to redeem the preference shares at the anniversary of each year after its allotment (provided that it is fully paid) based on terms and conditions agreed. The salient terms and conditions are as follows:

(i) no preference shares shall be redeemed except out of distributable profits or the proceeds of a fresh issue of shares made for the purpose of the redemption or out of capital to the extent permitted by Section 61 of the Companies Act, 1965;

(ii) the preference shares shall be redeemed at a premium of RM1,000 per preference share or such other premium as the Board of Directors ("Board") of Kesturi may decide; and

(iii) the redeemable preference shares holders have the right to dividends at a rate to be determined by the Board of Kesturi.

33. SHARE CAPITAL (CONTINUED)

Redeemable Preference Shares (continued)

The redeemable preference shares rank in priority to the ordinary shares with regard to dividends and return on capital but do not confer upon the holders any right to vote at the Kesturi's General Meeting other than as conferred by Section 148(2) of the Companies Act, 1965.

34. CAPITAL COMMITMENTS

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
(a) Capital commitments				
Approved and contracted for:				
Concession intangible assets	360	336	-	-
(b) Operating lease commitments				
Future minimum rental payments:				
Not later than 1 year	272	249	246	246
Later than 1 year and not later than 5 years	249	-	471	225
	521	249	717	471

35. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year:

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Amount paid and payable to ECSB for the Ekovest Berhad	-	-	-	41,507
Amount paid and payable to ECSB for the concession intangible assets	2,226	-	8,000	13,084
Miscellaneous expenses paid/ payable to Ekovest Berhad	-	158	18	23

Outstanding balances in respect of the above transactions are disclosed in Note 23.

There are no key management personnel other than the directors whose remuneration is disclosed in Note 15.

36. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative shall be undertaken.

(b) Liquidity risk

The Group relies on the continuing financial support from its ultimate holding company to ensure that refinancing, repayment and funding needs are met.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations:

	On demand or within one year RM'000 (Unaudited)	One to five years RM'000 (Unaudited)	Over five years RM'000 (Unaudited)	Total RM'000 (Unaudited)
31 December 2013				
Trade and other payables	9,759	-	-	9,759
Amounts due to holding companies and related parties	21,719	-	-	21,719
Hire purchase and finance lease liabilities	98	46	-	144
IMTNs	-	-	2,300,000	2,300,000
Redeemable Secured Junior Bonds	-	-	180,000	180,000
Series A RPS	-	148,000	1,452,152	1,600,152
Total undiscounted financial liabilities	31,576	148,046	3,932,152	4,111,774

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations (continued):

	On demand or within one year RM'000 (Audited)	One to five years RM'000 (Audited)	Over five years RM'000 (Audited)	Total RM'000 (Audited)
31 December 2012				
Trade and other payables	11,789	-	-	11,789
Amounts due to holding company and related parties	15,952	-	-	15,952
Hire purchase and finance lease liabilities	252	91	-	343
IMTNs	-	-	820,000	820,000
Redeemable Secured Junior Bonds	-	-	50,000	50,000
Series A RPS	-	100,000	1,500,152	1,600,152
Total undiscounted financial liabilities	27,993	100,091	2,370,152	2,498,236
31 December 2011				
Trade and other payables	12,061	-	-	12,061
Amounts due to holding company and related parties	204	23,670	-	23,874
Hire purchase and finance lease liabilities	279	343	-	622
IMTNs	-	-	820,000	820,000
Redeemable Secured Junior Bonds	-	-	50,000	50,000
Series A RPS	-	60,000	1,540,152	1,600,152
Total undiscounted financial liabilities	12,544	84,013	2,410,152	2,506,709

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations (continued):

	On demand or within one year RM'000 (Audited)	One to five years RM'000 (Audited)	Over five years RM'000 (Audited)	Total RM'000 (Audited)
31 December 2010				
Trade and other payables	11,872	-	-	11,872
Amounts due to holding company and related parties	364	21,101	-	21,465
Hire purchase and finance lease liabilities	253	499	-	752
IMTNs	-	-	820,000	820,000
Redeemable Secured Junior Bonds	-	-	50,000	50,000
Series A RPS	-	30,000	1,570,152	1,600,152
Total undiscounted financial liabilities	12,489	51,600	2,440,152	2,504,241

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and sundry receivables.

<u>Exposure to credit risk</u>

At the reporting date, the Group's maximum exposure to credit risk is represented by:

- The carrying amounts of trade and sundry receivables.

- A nominal amount of RM3,000,000 (2012: RM3,000,000; 2011: RM3,000,000; 2010: RM3,000,000) relating to a corporate guarantee given to a bank for issuance of maintenance bonds to the Government as security for the maintenance of the completed sections of the DUKE Project.

36. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk (continued)

Exposure to credit risk (continued)

- A nominal amount of RM1,000,000 (2012: RM1,000,000; 2011: RM1,000,000; 2010: RM1,000,000) relating to a corporate guarantee given to a bank for issuance of Performance Guarantee or Security Deposit favouring Tenaga Nasional Berhad for the DUKE Project.

(d) Interest rate risk

The Group obtains its external financing through IMTNs, Junior Bonds and Series A RPS. The Group's profit element for IMTNs is based on agreed fixed rates, while the dividend rate for Series A RPS is fixed at 8% per annum.

Information relating to the Group's profit element on IMTNs, Junior Bonds and dividend rate on Series A RPS are disclosed in Notes 13, 18, 26, 28 and 29.

Surplus funds where available are mainly placed with approved licensed banks. The Group is exposed to changes in interest rates that affect profit elements and interest income from fixed deposits.

The interest/profit profile of the financial liabilities of the Group is as follows:

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Fixed rate financial liabilities	1,123,231	1,160,015	1,200,875	2,502,448

The weighted average effective interest rate on fixed rate financial liabilities of the Group are as follows:

	2010 (Audited)	2011 (Audited)	2012 (Audited)	2013 (Unaudited)
Weighted average dividend rate (%)	8.00	8.00	8.00	8.00
Weighted average profit rate (%)	7.11	6.80	7.07	5.27
Average period for which rate is fixed (years)	14	13	12	14

36. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Interest rate risk (continued)

The interest/profit profile of the financial assets of the Group is as follows:

	2010 RM'000 (Audited)	2011 RM'000 (Audited)	2012 RM'000 (Audited)	2013 RM'000 (Unaudited)
Fixed rate financial assets (Note i)	75,546	78,487	90,829	1,320,758
Financial assets on which no interest is earned (Note ii)	3,117	6,246	5,496	4,149
	78,663	84,733	96,325	1,324,907

Note i

Fixed rate financial assets mainly comprise Islamic short term deposits placed with licensed banks. The Islamic short term deposits attracted interest/profit element during the year at a rate of 1.43% to 3.66% (2012: 2.80% to 3.35%; 2011: 2.80% to 3.35%; 2010: 1.80% to 3.00%) per annum. The maturity dates for fixed rate financial assets during the year ranged between 1 to 365 days (2012: 1 to 365 days; 2011: 1 to 365 days; 2010: 1 to 365 days).

Note ii

Financial assets on which no interest is earned comprise cash and bank balances, trade and other receivables and amounts due from related parties.

(e) Fair values

The carrying amounts of financial liabilities of the Group at the reporting date approximated their fair values except for the following:

	Fair value hierarchy	Carrying amount RM'000 (Unaudited)	Fair value RM'000 (Unaudited)
2013			
Financial liabilities			
IMTNs (Note 26)	Level 2	2,309,000 *	2,207,311
Junior Bonds (Note 28)	Level 2	180,000 #	180,000

36. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair values (continued)

	Fair value hierarchy	Carrying amount RM'000 (Audited)	Fair value RM'000 (Audited)
2012			
Financial liabilities			
IMTNs (Note 26)	Level 2	829,620 *	980,632
Junior Bonds (Note 28)	Level 2	50,992 #	50,000
2011			
Financial liabilities			
IMTNs (Note 26)	Level 2	829,773 *	973,846
Junior Bonds (Note 28)	Level 2	51,008 #	52,340
2010			
Financial liabilities			
IMTNs (Note 26)	Level 2	829,773 *	882,903
Junior Bonds (Note 28)	Level 2	51,008 #	50,880

* inclusive of profit element of approximately RM9.0 million (2012: RM9.6 million; 2011: RM9.8 million; 2010: RM9.8 million) in other payables.

\# inclusive of profit element approximately RM1 million in other payables.

The Group has classified the fair value measurements using a fair value hierarchy based on the following levels:

Level 1: The fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: The fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: The fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business activities and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition, whilst ensuring full compliance with its relevant financing covenants. To maintain or adjust its capital structure, the Group may issue new shares or refinancing of existing borrowings. No changes were made to the objective, policies or processes during the year ended 31 December 2013.

Kesturi shall maintain the required minimum FSCR of 1.75 times and 1.25 times throughout the new IMTNs and new Junior Bonds tenures respectively.

38. SUBSEQUENT EVENT

There was no subsequent event between the date of the last financial statements used in the preparation of this Report and the date of this Report which will materially affect the content of this Report.

Yours faithfully,

MAZARS
No. AF: 1954
Chartered Accountants

APPENDIX I

MAZARS

AF: 1954

TO THE BOARD OF DIRECTORS OF EKOVEST BERHAD
(Incorporated in Malaysia)

REPORT ON LIMITED REVIEW ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF NUZEN CORPORATION SDN BHD AND ITS SUBDIDIARY FOR THE 12-MONTH ENDED 31 DECEMBER 2013

Introduction

We have reviewed the accompanying unaudited condensed consolidated interim financial statements of Nuzen Corporation Sdn Bhd (the "Company") and its subsidiary (collectively referred to as "the Group"), consist of unaudited condensed consolidated statement of financial position as of 31 December 2013, unaudited condensed consolidated statements of profit & loss and other comprehensive income, unaudited condensed consolidated statement of changes in equity and unaudited condensed consolidated statements of cash flows for the twelve-month then ended, and the explanatory notes pursuant to MFRS 134. Directors are responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards ("IFRS") and Malaysian Financial Reporting Standards ("MFRS") in Malaysia. Our responsibility is to express a conclusion on this unaudited condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information does not give a true and fair view of the financial position of the Company as at 31 December 2013, and of its financial performance and its cash flows for the twelve-month then ended in accordance with International Financial Reporting Standards ("IFRS") and Malaysian Financial Reporting Standards ("MFRS") in Malaysia.

MAZARS
No. AF: 1954
Chartered Accountants

Kuala Lumpur
20 MAY 2014

WISMA SELANGOR DREDGING · 7TH FLR, SOUTH BLK, 142-A · JALAN AMPANG · 50450 KUALA LUMPUR · MALAYSIA
TEL· +603 · 2161 5222 · FAX +603 · 2161 3909 · contact@mazars.my · www.mazars.my

NUZEN CORPORATION SDN BHD

(Company No: 486730 P)

Condensed Consolidated Statement of Comprehensive Income
For the financial period ended 31 December 2013

	Cumulative 12 months ended 31 December	
	2013	**2012**
	RM'000	**RM'000**
Continuing operations		
Revenue	87,534	81,923
Cost of sales	(17,910)	(17,717)
Gross profit	69,624	64,206
Other income	3,198	1,934
Administrative expenses	(3,215)	(3,683)
Results from operating activities	69,607	62,457
Interest income	3,052	2,846
Interest expense	(108,333)	(102,899)
Depreciation	(522)	(519)
Loss before tax	(36,196)	(38,115)
Taxation	(800)	-
Loss for the financial period	(36,996)	(38,115)
Other comprehensive income net of tax	-	-
Total comprehensive loss for the financial period	(36,996)	(38,115)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

Chartered Accountants * MAZARS * Kuala Lumpur * FOR IDENTIFICATION ONLY

NUZEN CORPORATION SDN BHD

(Company No: 486730 P)

Condensed Consolidated Statement of Financial Position
As At 31 December 2013

	As At 31 December 2013 RM'000	As At 31 December 2012 RM'000
ASSETS		
Non-current assets		
Concession intangible assets	1,138,840	1,080,293
Property, plant and equipment	1,435	1,706
	1,140,275	1,081,999
Current assets		
Trade and other receivables	2,152	1,182
Amounts due from related parties	873	892
Cash and cash equivalents	1,321,882	94,251
	1,324,907	96,325
TOTAL ASSETS	2,465,182	1,178,324
EQUITY AND LIABILITIES		
Equity attributable to owners		
Share capital	50,000	50,000
Accumulated losses	(223,802)	(186,806)
Total equity	(173,802)	(136,806)
Non-current liabilities		
Hire purchase and finance lease liabilities	43	90
Islamic Medium Term Notes/Sukuk Istisna'	1,912,596	784,190
Redeemable Secured Junior Bonds	179,269	49,352
Series A Redeemable Preference Shares ("Series A RPS")	410,583	367,333
Deferred income	101,114	83,206
Provision for heavy repairs	3,807	2,979
	2,607,412	1,287,150
Current liabilities		
Trade and other payables	9,759	11,789
Amount due to ultimate holding company	9,948	-
Amount due to immediate holding company	160	162
Amount due to related parties	11,611	15,790
Hire purchase and finance lease liabilities	94	239
	31,572	27,980
Total liabilities	2,638,984	1,315,130
TOTAL EQUITY AND LIABILITIES	2,465,182	1,178,324

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

Chartered Accountants * MAZARS * Kuala Lumpur
FOR IDENTIFICATION ONLY

NUZEN CORPORATION SDN BHD

(Company No: 486730 P)

Condensed Consolidated Statement of Changes in Equity
For the financial period ended 31 December 2013

	Share capital RM'000	Accumulated losses RM'000	Sub-total RM'000
At 1 Jan 2013	50,000	(186,806)	(136,806)
Total comprehensive income for the period	-	(36,996)	(36,996)
At 31 December 2013	50,000	(223,802)	(173,802)
At 1 Jan 2012	50,000	(148,691)	(98,691)
Total comprehensive income for the period	-	(38,115)	(38,115)
At 31 December 2012	50,000	(186,806)	(136,806)

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

Chartered Accountants * MAZARS * Kuala Lumpur
FOR IDENTIFICATION ONLY

NUZEN CORPORATION SDN BHD
(Company No: 486730 P)

Condensed Consolidated Statement of Cash Flows
For The Financial Period Ended 31 December 2013

	For The Financial Period Ended	
	31 December 2013 RM'000	31 December 2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(36,196)	(38,115)
Adjustment for:		
Amortisation of concession intangible assets	9,745	9,061
Amortisation of deferred income	(771)	(690)
Gain on disposal of property, plant and equipment	(3)	(11)
Depreciation of property, plant and equipment	522	519
Provision for heavy repairs	879	719
Unwinding of discount from provision for heavy repairs	329	194
Profit element expensed on Islamic Medium Term Notes	64,710	63,821
Dividend on Series A Redeemable Preference Shares ("RPS")	43,250	38,694
Interest income	(3,052)	(2,846)
Interest expense on hire purchase	13	27
Operating profit before working capital changes	79,426	71,373
Changes in receivables	(970)	95
Changes in payables	(830)	(104)
Changes in holding company	9,947	(9)
Changes in related parties	(4,162)	(7,896)
Cash generated from operating activities	83,411	63,459
Interest on hire purchase paid	(13)	(27)
Tax paid	(800)	-
Net cash from operating activities	82,598	63,432
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(186)	(206)
Proceeds from disposal of property, plant and equipment	3	11
Payment for concession intangible assets	(66,163)	(304)
Interest received	5,474	2,846
Net cash (used in)/from investing activities	(60,872)	2,347
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from government grant	18,679	8,000
Proceeds from issuance of Islamic Medium Term Notes	1,254,697	-
Repayment of hire purchase	(257)	(273)
Payment on profit element of Islamic Medium Term Notes	(67,214)	(61,823)
Net cash from/(used in) financing activities	1,205,905	(54,096)
Net changes in cash and cash equivalents	1,227,631	11,683
Cash and cash equivalents at the beginning of the financial period	94,251	82,568
Cash and cash equivalents at end of financial period	1,321,882	94,251

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

FOR IDENTIFICATION ONLY

NUZEN CORPORATION SDN BHD

(Company No. 486730 P)

Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards ("MFRS") 134

Notes to the Interim Financial Report (1 January 2013 - 31 December 2013)

A1 Basis of Preparation

The condensed interim financial statements are unaudited and have been prepared in compliance with the Malaysian Financial Reporting Standards ('MFRS') 134 : Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

1.1 Changes in Accounting Policies

The significant accounting policies, methods of computation and basis of consolidation adopted are consistent with those of the most recent audited financial statements for the year ended 31 December 2012 except for the adoption of new MFRSs, amendments to MFRSs and Issue Committee Interpretations ("IC Interpretations") which are relevant to its operations and effective for the financial periods beginning on or after 1 January 2013 as set out below :-

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits (IAS 19 as amended by IASB in May 2011)*
- MFRS 127, *Separate Financial Statements*
- Amendments to MFRS 1, *Government loans*
- Amendments to MFRS 1, *Annual improvements 2009-2011 Cycle*
- Amendments to MFRS 7, *Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 10, *Consolidated Financial Statements*
- Amendments to MFRS 101, *Presentation of Items of Other Comprehensive Income*
- Amendments to MFRS 101, *Annual improvements 2009-2011 Cycle*
- Amendments to MFRS 116, *Annual improvements 2009-2011 Cycle*
- Amendments to MFRS 132, *Annual improvements 2009-2011 Cycle*
- Amendments to MFRS 134, *Annual improvements 2009-2011 Cycle*
- Amendments to IC Interpretation 2, *Annual improvements 2009-2011 Cycle*

The adoption of the new MFRSs and Amendments to MFRSs and IC Interpretations have no material impact to the Group consolidated financial statements of the current and prior periods financial statements upon its first adoption.

A2 Audit Report

The preceding annual financial statements of the group were not qualified.

A3 Seasonal or Cyclical Factors

Although seasonal or cyclical changes have minimal impact on the operations of the Group, the business is nevertheless susceptible to the vagaries of the toll operation industry.

A4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the period under review.

A5 Changes in the Estimates of Amount Reported Previously With Material Effect in Current Interim Period

Not applicable.

A6 Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the 12-month period under review save and except as follows:

Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("**Kesturi**"), our wholly-owned subsidiary, had on 2 December 2013 issued RM2,300 million in nominal value Islamic medium term notes ("**Sukuk**") and RM180 million redeemable secured junior bonds ("**Junior Bonds**"). The Sukuk and Junior Bonds have been accorded ratings of AA-IS and A- with stable outlook, respectively by Malaysian Rating Corporation Berhad.

The aggregate proceeds from the issuance of the Sukuk and Junior Bonds will be utilised for, inter-alia the following:-

(i) For redemption of Kesturi's existing RM820.0 million nominal value Islamic medium term notes ("**Existing Sukuk**") and existing RM50.0 million nominal value redeemable secured junior bonds;

(ii) To fund the initial deposit in the finance service reserve account maintained under the Sukuk programme;

(iii) For payment of ancillary fees, costs, deposits and expenses in relation to the redemption of the Existing Sukuk and establishment of the Sukuk programme and Junior Bonds; and

(iv) To part-finance the construction costs, development costs, financing costs, fees and expenses in relation to DUKE Phase-2 pursuant to the supplemental concession agreement dated 3 December 2012 entered into between Kesturi and the Government of Malaysia.

A7 Dividend

No dividend has been paid or declared by the Company for the current financial year.

A8 Material Subsequent Event

There was no subsequent event between the date of this condensed interim financial statements and the issuance date of this condensed interim financial statements.

A9 Changes in Composition of the Group

During the period ended 31 December 2013, there were no changes in the composition of the Company or the Group for the period under review.

A10 Contingent Liability

The Group has no contingent liability as at 31 December 2013.

A11 Capital Commitment

The Group has no capital commitment as at 31 December 2013.

Chartered Accountants * MAZARS * Kuala Lumpur
FOR IDENTIFICATION ONLY

NUZEN CORPORATION SDN BHD

(Company No. 486730 P)

Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards ("MFRS") 134

A12 Significant Related Party Transactions

The Group has no significant related party transactions with companies in which certain directors of the Company have interests for period ended 31 December 2013.

Accountants * MAZARS * Kuala Lumpur * Chartered
FOR IDENTIFICATION ONLY

APPENDIX II

ERNST & YOUNG

Nuzen Corporation Sdn Bhd

(486730-P)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements

31 December 2010

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Contents

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Directors' report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

Principal activities

The principal activity of the Company is investment holding.

Under the terms of the Concession, the principal activities of its subsidiary, Konsortium Lebuhraya Utara-Timur (KL) Sdn. Bhd ("Kesturi") are to design, construct, operate, manage, and maintain the Duta Ulu-Kelang Expressway ("Expressway"). The Expressway commences from the Jalan Duta Interchange to Hill View Interchange and the Karak Link from Sentul Pasar Interchange to Greenwood Interchange Under the Concession. the subsidiary also takes over and maintains certain existing routes

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

Financial results

	Group RM	Company RM
Loss for the year	(34,083,614)	(6,179)

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

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

Dividends

The directors of the Company do not recommend any dividend for the current financial year.

Company No. 132493-D

APPENDIX VI - ACCOUNTANTS' REPORT ON NUZEN GROUP (CONT'D)

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Haris Onn Bin Tun Hussein
Dato' Lim Kang Hoo
Datuk Ahmad Zaki Bin Zahid
Lim Keng Cheng
Hussin Bin Mohd Ali
Chua Soo Kok

In accordance with Regulation 63 of Table A in the Fourth Schedule of the Companies Act, 1965, Dato' Haris Onn Bin Tun Hussein and Dato' Lim Kang Hoo shall retire at the forthcoming Annual General Meeting and being eligible, offers themselves for re-election.

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	1.1.2010	**Acquired**	**Sold**	**31.12.2010**
Holding Company				
- Wira Kristal Sdn Bhd				
Direct Interest:				
Dato' Haris Onn Bin Tun Hussein	600,000	-	-	600,000
Dato' Lim Kang Hoo	400,000	-	-	400,000

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Directors' interests (cont'd)

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows (cont'd)

	Number of Preference Shares of RM1 Each			
	1.1.2010	Acquired	Sold	31.12.2010
Holding Company - Wira Kristal Sdn Bhd				
Indirect Interest:				
Dato' Lim Kang Hoo	28	-	-	28

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps.

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of allowance for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Other statutory information (cont'd)

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

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

(g) As at 31 December 2010, the Group and the Company incurred net losses of RM34,083,614 and RM6,179 respectively, and as of that date, the current liabilities of the Group and of the Company exceeded its current assets by RM2,045,248 and RM220,617 respectively. In the opinion of the directors, the Group and the Company will not be able to meet their obligations when they fall due without the continued financial support from shareholders

Significant event

Details of a significant event are disclosed in Note 30 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 JUN 2011

Dato' Lim Kang Hoo

Dato' Haris Onn Bin Tun Hussein

Kuala Lumpur, Malaysia

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

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

We, Dato' Lim Kang Hoo and Dato' Haris Onn Bin Tun Hussein, being two of the directors of Nuzen Corporation Sdn Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 8 to 60 are drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 JUN 2011

Dato' Lim Kang Hoo

Dato' Haris Onn Bin Tun Hussein

Kuala Lumpur, Malaysia

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

I, Dato' Haris Onn Bin Tun Hussein, being the director primarily responsible for the financial management of Nuzen Corporation Sdn Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 8 to 60 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Dato' Haris Onn Bin Tun Hussein at Kuala Lumpur in the Federal Territory on 15 JUN 2011

Before me,

PESURUHJAYA SUMPAH
No: W 489
R. VASU / I AMMAL, PJK
MALAYSIA

No: 72, Tkt. 3,
Jalan Mega Mendung,
Bandar Kompleks,
58200 Kuala Lumpur.

Dato' Haris Onn Bin Tun Hussein

ERNST & YOUNG

Ernst & Young
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur Malaysia
Mail address: P.O. Box 11040
50734 Kuala Lumpur Malaysia
Tel: +603 7495 8000
Fax: +603 2095 5332
+603 2095 9076
+603 2095 9078
www.ey.com

486730 P

Independent auditors' report to the members of
Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Nuzen Corporation Sdn Bhd, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 60.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

ERNST & YOUNG

486730 P

Independent auditors' report to the members of
Nuzen Corporation Sdn Bhd (Cont'd)
(Incorporated in Malaysia)

Report on the financial statements (Cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiary that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' report on the financial statements of the subsidiary were not subject to any qualification and did not include any comment required to be made under Section 174(3) 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.

Ernst & Young
AF:0039
Chartered Accountants

Kua Choh Leang
No. 2716/01/13 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
15 June 2010

APPENDIX VI - ACCOUNTANTS' REPORT ON NUZEN GROUP (CONT'D)

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Statements of comprehensive income
For the year ended 31 December 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Revenue	5	63,015,299	34,044,433	-	-
Cost of sales		(13,377,814)	(8,715,379)	-	-
Gross profit		49,637,485	25,329,054	-	-
Other income	6	2,474,487	1,087,021	-	-
Administrative expenses		(4,761,532)	(6,097,310)	(6,179)	(4,612)
Operating profit/(loss)		47,350,440	20,318,765	(6,179)	(4,612)
Finance costs	7	(81,434,054)	(53,126,105)	-	-
Loss before tax	8	(34,083,614)	(32,807,340)	(6,179)	(4,612)
Income tax expense	10	-	(1,369,493)	-	-
Loss for the year, representing total comprehensive expense for the year		(34,083,614)	(34,176,833)	(6,179)	(4,612)

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

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Assets					
Non-current assets					
Concession assets	11	1,097,005,474	1,103,400,736	-	-
Property, plant and equipment	12	2,178,607	2,050,947	-	-
Investment in a subsidiary	13	-	-	50,000,000	50,000,000
		1,099,184,081	1,105,451,683	50,000,000	50,000,000
Current assets					
Toll compensation due from the Government	15	152,899	73,261	-	-
Trade and other receivables	16	1,226,038	1,271,062	-	-
Amount due from related parties	17	871,642	878,598	-	-
Cash and cash equivalents	18	76,411,955	38,646,367	340	1,889
		78,662,534	40,869,288	340	1,889
Total assets		1,177,846,615	1,146,320,971	50,000,340	50,001,889

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Statements of financial position (cont'd)
As at 31 December 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	26	50,000,000	50,000,000	50,000,000	50,000,000
Accumulated losses		(72,788,927)	(42,586,343)	(220,617)	(214,438)
(Equity shortfall)/ Total equity		(22,788,927)	7,413,657	49,779,383	49,785,562
Non-current liabilities					
Hire purchase and finance lease liabilities	19	466,373	600,703	-	-
Islamic Medium Term Notes/ Sukuk Istisna'	20	779,935,300	730,000,000	-	-
Redeemable Secured Junior Bonds	22	49,275,540	-	-	-
Series A Redeemable Preference Shares ("Series A RPS")	23	195,000,000	195,000,000	-	-
Deferred income	24	74,149,512	74,625,821	-	-
Amount due to a related party	17	21,101,035	25,854,583	-	-
		1,119,927,760	1,026,081,107	-	-
Current liabilities					
Trade and other payables	25	80,125,267	62,148,890	8,830	8,100
Amount due to holding company	17	171,627	176,227	171,627	176,227
Amount due to a subsidiary	17	-	-	40,500	32,000
Amount due to related parties	17	192,379	292,901	-	-
Hire purchase and finance lease liabilities	19	218,509	208,189	-	-
Islamic Medium Term Notes/ Sukuk Istisna'	20	-	50,000,000	-	-
		80,707,782	112,826,207	220,957	216,327
Total liabilities		1,200,635,542	1,138,907,314	220,957	216,327
Total equity and liabilities		1,177,846,615	1,146,320,971	50,000,340	50,001,889

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

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Statements of changes in equity
For the year ended 31 December 2010

	Share Capital RM	Accumulated Losses RM	Total equity/ (Equity shortfall) RM
GROUP			
At 1 January 2009	50,000,000	(8,409,510)	41,590,490
Total comprehensive expense for the year	-	(34,176,833)	(34,176,833)
At 31 December 2009	50,000,000	(42,586,343)	7,413,657
At 1 January 2010 (as previously stated)	50,000,000	(42,586,343)	7,413,657
Effects of adopting FRS 139	-	3,881,030	3,881,030
At 1 January 2010 (restated)	50,000,000	(38,705,313)	11,294,687
Total comprehensive expense for the year	-	(34,083,614)	(34,083,614)
At 31 December 2010	50,000,000	(72,788,927)	(22,788,927)
COMPANY			
At 1 January 2009	50,000,000	(209,826)	49,790,174
Total comprehensive expense for the year	-	(4,612)	(4,612)
At 31 December 2009	50,000,000	(214,438)	49,785,562
At 1 January 2010	50,000,000	(214,438)	49,785,562
Total comprehensive expense for the year	-	(6,179)	(6,179)
At 31 December 2010	50,000,000	(220,617)	49,779,383

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

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Statements of cash flows
For the year ended 31 December 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash Flows from Operating Activities					
Loss before tax		(34,083,614)	(32,807,340)	(6,179)	(4,612)
Adjustments for:					
Amortisation of concession assets		7,047,774	3,642,072	-	-
Amortisation of deferred income		(476,309)	(246,102)	-	-
Allowance for impairment loss on other receivables		800,000	-	-	-
Depreciation of property, plant and equipment		478,739	397,395	-	-
Interest expense arising from fair value adjustment of financial liabilities		1,307,426	-	-	-
Profit element expensed on Islamic Medium Term Notes/Sukuk Istisna'		60,207,725	40,470,938	-	-
Dividend expense on Series A RPS		19,860,813	12,494,137	-	-
Interest expense on hire purchase		47,839	30,266	-	-
Gain on disposal of property, plant and equipment		-	(30,000)	-	-
Operating profit/(loss) before working capital changes		55,190,393	23,951,366	(6,179)	(4,612)
Changes in working capital:					
Increase in receivables		(834,614)	(321,572)	-	-
(Decrease)/increase in payables		(12,665,631)	(10,941,271)	730	(10,127)
Decrease in holding company		(4,600)	(8,000)	(4,600)	(8,000)
Increase in a subsidiary		-	-	8,500	22,000
(Decrease)/increase in related parties		(2,273,510)	30,437,101	-	-
Cash generated from/(used in) operation		39,412,038	43,117,624	(1,549)	(739)
Interest on hire purchase paid		(47,839)	(30,266)	-	-
Net cash generated from/ (used in) operating activities		39,364,199	43,087,358	(1,549)	(739)

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Statements of cash flows (cont'd)
For the year ended 31 December 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash Flows from Investing Activities					
Purchase of property, plant and equipment		(496,399)	(1,010,933)	-	-
Proceeds from disposal of property, plant and equipment		-	14,500	-	-
Payment for concession assets		(652,512)	(62,078,166)	-	-
Interest received		-	784,599	-	-
Net cash used in investing activities		(1,148,911)	(62,290,000)	-	-
Cash Flows from Financing Activities					
Proceeds from government grant		-	17,425,329	-	-
Proceeds from issuance of Islamic Medium Term Notes		48,849,874	-	-	-
Repayment of hire purchase		(234,010)	(224,361)	-	-
Payment on profit element of Sukuk Istisna'		(49,065,564)	(47,425,700)	-	-
Net cash used in financing activities		(449,700)	(30,224,732)	-	-
Net increase/(decrease) in cash and cash equivalents		37,765,588	(49,427,374)	(1,549)	(739)
Cash and cash equivalents at beginning of the year		38,646,367	88,073,741	1,889	2,628
Cash and cash equivalents at end of the year	18	76,411,955	38,646,367	340	1,889

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

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Notes to the financial statements
For the financial year ended 31 December 2010

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 8-1-1, Jalan 3/50, Diamond Square, Off Jalan Gombak, 53000 Kuala Lumpur. The principal place of business of the Company is located at Suite 10 3, Level 10, East Wing, Rohas Perkasa, 8 Jalan Perak, 50450 Kuala Lumpur.

The holding company is Wira Kristal Sdn Bhd, which is incorporated in Malaysia.

The principal activity of the Company is investment holding.

In accordance with the terms of the Concession Agreement dated 12 August 2004, the principal activities of its subsidiary, Konsortium Lebuhraya Utara-Timur (KL) Sdn. Bhd. ("Kesturi") are to design, construct, operate, manage, and maintain the proposed Duta Ulu-Kelang Expressway ("Expressway") ("DUKE Project"). The Expressway commences from the Jalan Duta Interchange to Hill View Interchange and the Karak Link from Sentul Pasar Interchange to Greenwood Interchange. Under the Concession, Kesturi also takes over and maintains certain existing routes.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 15 June 2011.

2. Award of concession

The Government of Malaysia and Kesturi entered into a Concession Agreement ("Agreement") dated 12 August 2004 in connection with the Expressway. The Expressway commences from the Jalan Duta Interchange to Hill View Interchange and the Karak Link from Sentul Pasar Interchange to Greenwood Interchange. Under the Concession, Kesturi also takes over and maintains certain existing roads.

The Concession Period is for a period of 34 years which commenced from 11 August 2005.

The Expressway project is being financed in the following manner:

(i) RM195 million raised via the issuance of 1,950 Redeemable Preference Share ("RPS") of RM1 each by Kesturi at an issue price of RM100,000 each ("Kesturi RPS"), which have been subscribed by Ekovest Berhad ("Ekovest") and Malaysian Resource Capital Berhad ("MRCB") in the proportion of 70:30.

2. Award of concession (cont'd)

The Expressway project is being financed in the following manner (cont'd).

(ii) Issuance of RM40 million shares in Kesturi to Nuzen. Nuzen in turn issued RM40 million shares in Nuzen which were subscribed by Wira Kristal and MRCB in the proportion of 70:30 respectively.

(iii) Wira Kristal subscribed its portion of RM28 million shares in Nuzen as mentioned in Note (ii) above via the issuance of 28 RPS of RM1 each at an issue price of RM1 million each ("Wira Kristal RPS")

(iv) Funding by the Government of Malaysia ("Government") of up to RM77.2 million which RM74.8 million has been received during financial year ended 31 December 2009 after completing the construction for the section commencing from Kampong Dalam Interchange and transversing through Greenwood Interchange

(v) Issuance of Redeemable Secured Serial Sukuk Istisna' by Kesturi with a net proceeds of RM780 million

(vii) Issuance of Islamic Medium Term Notes ("IMTNs") with a nominal value of RM820 million and RM50 million Redeemable Secured Junior Bonds on 28 October 2010.

3. Toll compensation and toll sharing arrangements

In the event that the Government imposes a toll rate which is lower than the agreed toll rates stated in the Concession Agreement, for any Concession Year, the agreement provides that Kesturi shall be compensated for any reduction in toll collections by it in respect of the relevant operating year in which the reduction is implemented, and for each operating year thereafter during which the decision of the Government continues to apply, until such time Kesturi is allowed to collect the then prevailing agreed toll rate.

Based on the terms of the Concession Agreement, the Government is entitled to 30% share of toll revenue on the excess of actual toll revenue against the average projected toll revenue, subject to Kesturi's full settlement of all loans or on the 19th year of the Concession Period, whichever earlier.

4. Significant accounting policies

4.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with applicable Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical basis except as disclosed in the accounting policies below.

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

The accompanying financial statements of the Group and of the Company have been prepared assuming that the Group and the Company will continue as going concern. For the financial year ended 31 December 2010, the Group and the Company incurred net losses of RM34,083,614 and RM6,179 respectively, and as of that date, the current liabilities of the Group and of the Company exceeded their current assets by RM2,045,248 and RM220,617. The ability of the Group and of the Company to continue as going concern is dependent on the continued financial support from their shareholders to enable them to meet their obligations and liabilities as and when they fall due.

4.2 Summary of significant accounting policies

(a) Subsidiary and basis of consolidation

(i) Subsidiary

A subsidiary is an entity over which the Group has the ability to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

The Company's investment in a subsidiary is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.2(e).

Upon disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.2 Summary of significant accounting policies (cont'd)

(a) Subsidiary and basis of consolidation (cont'd)

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the reporting date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

The subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, all intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisition of a subsidiary is accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in a subsidiary not held by the Group. It is measured at the minorities' share of the fair value of the subsidiary's identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary's equity since then.

Company No. 132493-D

APPENDIX VI - ACCOUNTANTS' REPORT ON NUZEN GROUP (CONT'D)

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.2 Summary of significant accounting policies (cont'd)

(b) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Furniture and Fittings	10%
Office Equipment	10%
Motor Vehicles	20%
Computers - Hardware and Software	33%
Tools and Equipments	20%
Renovation	10%
Signboard	10%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.2 Summary of significant accounting policies (cont'd)

(c) Property, plant and equipment and depreciation (cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

(d) Concession assets

Concession asset refers to Expressway Development Expenditure ("EDE") which comprises development and upgrading expenditure (including interest charges relating to financing of the development) incurred in connection with the Concession.

Concession asset is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.2(e).

Amortisation of a concession asset begins when it is available for use, which means when it is in the location and condition necessary for it to be capable of operating in the manner intended by management

EDE is amortised over the Concession Period. The amortisation formula applied in the preparation of the financial statements to arrive at the annual amortisation charge for each financial period is as follows:

$$\frac{\text{Toll revenue for the year}}{\text{[Actual toll revenue for the year + Projected total toll revenue for the subsequent years to the end of the Concession Period]}} \times \text{[Net Book Value of EDE at the beginning of the year + Additions for the year]}$$

Toll revenue and projected total toll revenue include toll collection and toll compensation.

The projected total toll revenue is based on the latest available base case traffic projections prepared by independent traffic consultants multiplied by the toll rate structures contemplated in the Concession Agreement.

The traffic volume projections are independently reviewed on a periodic basis.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.2 Summary of significant accounting policies (cont'd)

(e) Impairment of non-financial assets

The carrying amounts of assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.2 Summary of significant accounting policies (cont'd)

(f) Government grants

Government grants are recognised initially at their fair value in the statement of financial position as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Group and the Company for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group and the Company for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset

(g) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provision of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial assets in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.2 Summary of significant accounting policies (cont'd)

(g) Financial assets (cont'd)

Financial assets at fair value through profit or loss (cont'd)

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss es part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group and the Company have not designated any financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group and the Company have the expressed intention and ability to hold to maturity.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.2 Summary of significant accounting policies (cont'd)

(g) Financial assets (cont'd)

Held-to-maturity investments (cont'd)

Investments that are intended to be held-to-maturity are subsequently measured at amortised cost using the effective interest method Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current

The Group and the Company have not designated any financial assets as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group and the Company have not designated any financial assets as available-for-sale.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.2 Summary of significant accounting policies (cont'd)

(h) **Impairment of financial assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) *Receivables and other financial assets carried at amortised cost*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.2 Summary of significant accounting policies (cont'd)

(h) Impairment of financial assets (cont'd)

(ii) *Available-for-sale financial assets (cont'd)*

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss

(i) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Financial liabilities, within the scope of FRS 139 *Financial Instruments: Recognition and Measurement*, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.2 Summary of significant accounting policies (cont'd)

(i) Financial liabilities (cont'd)

Financial liabilities at fair value through profit or loss (cont'd)

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless there exist an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Details of borrowings of the Group are as follows:

(i) *Redeemable secured serial Sukuk Istisna'*

The Redeemable secured serial Sukuk Istisna' is issued in accordance with the Islamic principle of Istisna' which is a contract to sell and repurchase the bond at the same price together with an agreed profit margin.

The Sukuk Istisna' is initially stated at cost, being the fair value of the consideration received. After initial recognition, the profit element attributable to the Sukuk in each period is recognised as an expense at a constant rate to its maturity.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.2 Summary of significant accounting policies (cont'd)

(i) Financial liabilities (cont'd)

Other financial liabilities (cont'd)

(ii) *Islamic Medium Term Notes - Sukuk Musyarakah with periodic payments*

The Islamic Medium Term Notes are issued under the Islamic principle of Musyarakah which is a contract of partnership in a venture

The Sukuk Musyarakah is initially stated at cost, being the fair value of the consideration received. After initial recognition, the profit element attributable to the Sukuk in each period is recognised as an expense at a constant rate to its maturity.

(iii) *Redeemable Preference Shares*

The redeemable preference shares are regarded as financial liability and recognised in the statement of financial position initially at fair value, net of transaction costs. The dividends on those shares are compounded annually and recognised as interest expense in profit or loss using the effective interest rate method

(iv) *Redeemable Secured Junior Bonds*

The redeemable secured junior bonds are initially stated at cost, being the fair value of the consideration received less directly attributable transaction costs. After initial recognition, the interest attributable to the redeemable secured junior bonds is recognised as an expense at a constant rate to its maturity.

(j) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group and the Company all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.2 Summary of significant accounting policies (cont'd)

(j) Leases (cont'd)

(i) Classification (cont'd)

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's and the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in **Note 4.2(c)**.

(ii) Operating leases – The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. Significant accounting policies (cont'd)

4.2 Summary of significant accounting policies (cont'd)

(l) Income tax

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

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or eracted at the reporting date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(m) Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(n) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

4. Significant accounting policies (cont'd)

4.2 Summary of significant accounting policies (cont'd)

(n) Employee benefits (cont'd)

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Toll revenue

Toll revenue is accounted for as and when toll is chargeable for the usage of the expressway.

(ii) Toll compensation

Pursuant to the Concession Agreement, the Government of Malaysia reserves the right to restructure or to restrict the imposition of unit toll rate increases, and in such event, the Government shall compensate the Group for any reduction in toll revenue, subject to negotiation and other considerations that the Government may deem fit. Toll compensation for any Concession Year is recognised in the financial statements as revenue when recovery is probable and the amount that is recoverable can be measured reliably. The amount of toll compensation accrued and recognised in profit or loss for the year has been estimated after taking into consideration the effects of the arrangements described in Note 3.

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.3 New Standards and Interpretations that are effective beginning on or after 1 January 2010

On 1 January 2010, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010

Effective for financial periods beginning on or after 1 January 2010

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments. Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment, Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2 Share-based Payment - Vesting Conditions and Cancellation
Amendments to FRS 132 Financial Instruments: Presentation
Amendments to FRS 139 Financial Instruments: Recognition and Measurement and FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
Amendments to FRSs 'Improvements to FRSs (2009)'
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company except for those discussed below:

(a) FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.3 New Standards and Interpretations that are effective beginning on or after 1 January 2010 (cont'd)

(a) FRS 7 Financial Instruments: Disclosures (cont'd)

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

(b) FRS 101. Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised directly in statement of comprehensive income, together with all other items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present in one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements.

The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital. Please refer to Note 32.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.3 New Standards and Interpretations that are effective beginning on or after 1 January 2010 (cont'd)

(c) FRS 139: Financial Instruments: Recognition and Measurement

The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. As at 1 January 2010, the effects arising from the adoption of this Standard has been accounted for as follows and comparatives were not restated.

(i) Interest-free non-current amount owing to related company

Prior to the adoption of FRS 139, the Group's interest-free non-current amount due to related company was stated at cost. With the adoption of FRS 139, the interest-free amount is measured at amortised cost. As at 1 January 2010, the Group remeasured the amount owing at amortised cost and the adjustment of RM3,881,030 to adjust the previous carrying amount was recognised to retained earnings.

(d) Amendments to FRS 120 Accounting for Government Grants and Disclosures of Government Assistance

On 1 January 2010, the Group adopted the amendments to FRS 120 Accounting for Government Grants and Disclosures of Government Assistance.

The amendments to FRS 120 removed the exemption to impute interests on government loans at below market interest rate. The difference between the amount received and the present value of estimated cash flows discounted at market interest rate is accounted for as government grants The amendments shall be applied prospectively to government loans received on or after 1 January 2010. The Group obtained government loans at below market interest rate amounting to RM74.8 million prior to 1 January 2010 and hence the amendments to FRS 120 did not have any impact on the Group's financial statements.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.3 New Standards and Interpretations that are effective beginning on or after 1 January 2010 (cont'd)

(e) Summary of effects arising from the changes in accounting policies

The following are effects arising from the above changes in accounting policies:

	As at 31/12/2010 RM	As at 1/1/2010 RM
Statements of financial position		
Increase/(decrease) in:		
Group		
Retained earnings	2,573,604	3,881,030
Amount owing to related company	(2,573,604)	(3,881,030)

	Group 2010 RM	Company 2010 RM
Statements of comprehensive income		
Increase/(decrease) in:		
Finance costs	1,307,426	-
Profit before tax	(1,307,426)	-
Income tax expense	-	-
Profit for the year	(1,307,426)	-

4.4 Standards and Interpretations issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for financial periods beginning on or after 1 July 2010

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.4 Standards and Interpretations issued but not yet effective (cont'd)

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132	Classification of Right Issues

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 7	Improving Disclosures about Financial Instruments

Effective for financial periods beginning on or after 1 January 2012

FRS 124	Related Party Disclosures
Amendments to FRS 1	Additional Exemption to First-Time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Improvements to FRS issued in 2010	
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfer of assets from Customers
IC Interpretation 19	Extinguishing Financial Liablities with Equity Instruments
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.4 Standards and Interpretations issued but not yet effective (cont'd)

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and of the Company upon their initial application·

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 *Statement of Cash Flows*, FRS 112 *Income Taxes*, FRS 121 *The Effects of Changes in Foreign Exchange Rates*, FRS 128 *Investments in Associates* and FRS 131 *Interests in Joint Ventures*. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

IC Interpretation 12: Service Concession Agreements

This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. The adoption of IC Interpretation 12 will likely to have an impact to the financial statements and the Group and the Company is in the process of assessing the extent of the impact. However, the Group is exempted from disclosing the possible impact to the financial statements upon the initial application of this Interpretation.

4.5 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

The management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (cont'd)

4.5 Significant accounting estimates and judgements (cont'd)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Amortisation of Expressway Development Expenditure ("EDE")

The cost of EDE is amortised over the concession period by applying the formula in Note 4.2(d) above. The denominator of the formula includes projected total toll revenue for subsequent years to the end of the concession period and is based on the latest available base case traffic volume projections prepared by independent traffic consultants multiplied by the relevant toll rates. The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on current market and economical conditions. Changes in the expected traffic volume could impact future amortisation charges.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

5. Revenue

	Group 2010 RM	Group 2009 RM
Toll revenue	62,815,890	33,934,344
Toll compensation revenue	199,409	110,089
	63,015,299	34,044,433

Toll compensation revenue arose from lower gazetted toll rates as described in Note 3.

6. Other income

	Group 2010 RM	Group 2009 RM
Income from rental of facilities	951,020	170,000
Interest income from short term deposits	1,030,260	626,222
Amortisation of deferred income (Note 24)	476,309	246,102
Gain on disposal of property, plant and equipment	-	30,000
Other income	16,898	14,697
	2,474,487	1,087,021

7. Finance costs

	Group 2010 RM	Group 2009 RM
Interest expense on:		
Hire purchase and finance lease liabilities	47,839	30,266
Bond issuance costs	10,250	130,764
Profit element on Islamic Medium Term Notes/ Redeemable Secured Junior Bonds/ Sukuk Istisna'	60,207,725	40,470,938
Interest expense arising from fair value adjustment of financial liabilities	1,307,427	-
Dividend on Series A Redeemable Preference Shares ("Series A RPS")	19,860,813	12,494,137
	81,434,054	53,126,105

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

8. Loss before tax

The following amounts have been included in arriving at loss before tax:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Employee benefits expense (Note 9)	4,043,188	3,321,768	-	-
Auditors' remuneration				
- statutory audit				
- underprovision in prior years	20,000	-	-	-
- current year	48,000	28,000	3,000	3,000
Allowance for impairment loss on other receivables (Note 16)	800,000	-	-	-
Rental of office	272,160	178,605	-	-
Rental of office equipment	-	3,030	-	-
Rental of motor vehicles	37,280	59,425	-	-
Rental of accomodation	11,400	12,900		
Rental of plant and machinery	58,628	45,585		
Depreciation of property, plant and equipment (Note 12)	478,739	397,395	-	-
Amortisation of concession asset (Note 11)	7,047,774	3,642,072	-	-

9. **Employee benefits expense**

	Group 2010 RM	Group 2009 RM
Wages and salaries	3,658,209	3,001,022
Social security contributions	44,439	35,606
Contributions to defined contribution plan	340,540	285,140
	4,043,188	3,321,768

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM268,800 (2009: RM248,640) exclusive of benefits-in-kind of RM35,200 (2009: RM35,200).

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

10. Income tax

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Deferred tax (Note 14):				
Relating to origination and reversal of temporary differences	(2,756,208)	1,369,493	-	-
Underprovision in prior years	2,756,208	-	-	-
	-	1,369,493	-	-

The reconciliation of the tax effects of accounting and taxable loss is as follows.

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Loss before tax	(34,083,614)	(32,807,340)	(6,179)	(4,612)
Taxation at Malaysian tax rate of 25% (2009: 25%)	(8,520,904)	(8,201,835)	(1,545)	(1,153)
Expenses not deductible for tax purposes	79,455	360,506	1,545	1,153
Utilisation of previously unrecognised unutilised reinvestment allowance	-	(7,500)	-	-
Deferred tax assets recognised in respect of prior year's tax losses and unabsorbed capital allowances	-	(36,233,674)	-	-
Deferred tax assets not recognised in respect of tax losses and unabsorbed capital allowances	5,685,241	45,451,996	-	-
Underprovision of deferred tax in prior years	2,756,208	-	-	-
	-	1,369,493	-	-

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

11. Concession assets

	Group 2010 RM	Group 2009 RM
Cost		
Expressway development expenditure	916,270,652	915,785,583
Borrowing costs.		
Profit element capitalised	210,558,362	210,558,362
Accrued dividend on Series A RPS	35,898,504	35,898,504
Less: Interest income*	(55,199,641)	(55,199,641)
Net borrowing costs capitalised	191,257,225	191,257,225
Other concession assets	167,443	-
	1,107,695,320	1,107,042,808
Accumulated amortisation		
At 1 January	(3,642,072)	-
Charge for the year	(7,047,774)	(3,642,072)
At 31 December	(10,689,846)	(3,642,072)
Net carrying amount	1,097,005,474	1,103,400,736

* The interest income relates to proceeds received from the Sukuk Istisna' placed under the short term deposits and investments.

The concession assets are charged as security for the borrowings as disclosed in Note 21 and 22.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

12. Property, plant and equipment

	Furniture and Fittings RM	Office Equipment RM	Motor Vehicles RM	Computer Hardware RM	Computer Software RM	Tools and Equipments RM	Renovation RM	Signboard RM	Total RM
GROUP									
31 December 2010									
Cost									
At 1 January 2010	412,341	335,729	2,113,343	224,649	14,174	17,628	26,287	302,171	3,446,322
Additions	7,245	18,398	126,021	5,430	-	4,160	28,000	417,145	606,399
Disposal	-	-	-	-	-	-	-	-	-
At 31 December 2010	419,586	354,127	2,239,364	230,079	14,174	21,788	54,287	719,316	4,052,721
Accumulated Depreciation									
At 1 January 2010	187,276	40,908	996,319	138,567	12,040	2,180	1,953	16,132	1,395,375
Depreciation charge for the year	41,651	34,104	293,673	41,635	-	4,228	2,862	60,586	478,739
Disposal	-	-	-	-	-	-	-	-	-
At 31 December 2010	228,927	75,012	1,289,992	180,202	12,040	6,408	4,815	76,718	1,874,114
Net carrying amount	190,659	279,115	949,372	49,877	2,134	15,380	49,472	642,598	2,178,607

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

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

	Furniture and Fittings RM	Office Equipment RM	Motor Vehicles RM	Computer Hardware RM	Computer Software RM	Tools and Equipments RM	Renovation RM	Signboard RM	Total RM
GROUP									
31 December 2009									
Cost									
At 1 January 2009	286,277	34,619	1,175,356	146,963	14,174	-	-	-	1,657,389
Additions	126,064	301,110	1,007,987	77,686	-	17,628	26,287	302,171	1,858,933
Disposal	-	-	(70,000)	-	-	-	-	-	(70,000)
At 31 December 2009	412,341	335,729	2,113,343	224,649	14,174	17,628	26,287	302,171	3,446,322
Accumulated Depreciation									
At 1 January 2009	148,072	15,694	784,125	108,182	11,907	-	-	-	1,067,980
Depreciation charge for the year	39,204	25,214	282,194	30,385	133	2,180	1,953	16,132	397,395
Disposal	-	-	(70,000)	-	-	-	-	-	(70,000)
At 31 December 2009	187,276	40,908	996,319	138,567	12,040	2,180	1,953	16,132	1,395,375
Net carrying amount	225,065	294,821	1,117,024	86,082	2,134	15,448	24,334	286,039	2,050,947

During the financial year, the Group acquired plant and equipment at aggregate costs of RM606,399 (2009: RM1,858,993) of which RM110,000 (2009. RM848,000) was acquired by means of hire purchase and finance lease arrangements The net carrying amount of plant and equipment held under hire purchase and finance lease arrangements at year end amounted to RM745,923 (RM917,884).

The property, plant and equipment are charged as security for the IMTNs as disclosed in Note 21

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

13. Investment in a subsidiary

	Company 2010 RM	Company 2009 RM
Unquoted shares at cost	50,000,000	50,000,000

The subsidiary, which is incorporated in Malaysia, is as follows:

Name	Principal activity	Effective equity interest 2010	Effective equity interest 2009
Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("Kesturi")	Design, construction, operation, management and maintenance of the proposed Duta-Ulu Kelang Expressway	100%	100%

14. Deferred taxation

	Group 2010 RM	Group 2009 RM
At 1 January	-	(1,369,493)
Recognised in profit or loss	-	1,369,493
At 31 December	-	-

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets

	Unused tax lossess RM	Unabsorbed capital allowances RM	Total RM
At 1 January 2010	(37,947,376)	(33,930,073)	(71,877,449)
Recognised in profit or loss	(6,813,130)	(12,827,505)	(19,640,635)
At 31 December 2010	(44,760,506)	(46,757,578)	(91,518,084)
At 1 January 2009	(35,450,481)	(185,738)	(35,636,219)
Recognised in profit or loss	(2,496,895)	(33,744,335)	(36,241,230)
At 31 December 2009	(37,947,376)	(33,930,073)	(71,877,449)

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

14. Deferred taxation (cont'd.)

Deferred tax liabilities

	Concession assets RM	Others RM	Total RM
At 1 January 2010	71,794,236	83,213	71,877,449
Recognised in profit or loss	19,838,411	(197,776)	19,640,635
At 31 December 2010	91,632,647	(114,563)	91,518,084
At 1 January 2009	34,230,815	35,911	34,266,726
Recognised in profit or loss	37,563,421	47,302	37,610,723
At 31 December 2009	71,794,236	83,213	71,877,449

Deferred tax assets have not been recognised in respect of the following items:

	2010 RM	2009 RM
Unused tax losses	22,740,964	36,748,405

The unused tax losses of the Group are available indefinitely for offsetting against future taxable profits of the Group, subject to no substantial change in shareholdings of the Group under the Income Tax Act, 1967 and guidelines issued by the tax authority. Deferred tax assets have not been recognised in respect of this item as it is not probable that taxable profit of the Group will be available against which unused tax losses can be utilised.

15. Toll compensation due from the Government

	Group 2010 RM	2009 RM
At 1 January	73,261	-
Toll compensation revenue recognised in profit or loss	199,409	110,089
Less: Amount received	(119,771)	(36,828)
At 31 December	152,899	73,261

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

16. Trade and other receivables

	Group 2010 RM	2009 RM
Trade receivables	303,018	112,031
Sundry receivables	1,348,589	880,620
Less: Allowance for impairment loss	(800,000)	-
	548,589	880,620
Deposits	374,431	278,411
Total trade and other receivables	1,226,038	1,271,062
Add: Cash and cash equivalents (Note 18)	76,411,955	38,646,367
Amount due from related parties (Note 17)	871,642	878,598
Toll compensation due from Government (Note 15)	152,899	73,261
Total loans and receivables	78,662,534	40,869,288

The Group's credit term is based on the next business day which ranges from 1 to 3 days.

Other information on financial risks of receivables are disclosed in Note 29.

17. Holding company, subsidiary company and related parties

(i) Holding company

The holding company is Wira Kristal Sdn. Bhd., a company incorporated in Malaysia.

The amount due to the holding company is non-trade in nature, interest-free, unsecured and repayable on demand.

(ii) Subsidiary

The amount due to the subsidiary is non-trade in nature, interest-free, unsecured and repayable on demand.

(iii) Related parties

The related parties in these financial statements mainly refers to companies within the Ekovest Berhad group ("Ekovest") by virtue of a common shareholder, who is also the Executive Vice Chairman of Ekovest.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

17. Holding company, subsidiary company and related parties (cont'd)

(iii) Related parties (cont'd)

	Group 2010 RM	Group 2009 RM
Current:		
Amount due by related parties	871,642	878,598
Amount due to related parties	(192,379)	(292,901)
Non-current		
Amount due to a related party	(21,101,035)	(25,854,583)

On 28 February 2005 with the signing of the Joint Venture cum Subscription Agreement ("JVSA") between Wira Kristal and Ekovest, Wira Kristal agrees and covenants to cause Kesturi to nominate Ekovest or its nominated wholly owned subsidiary as the Main Turnkey Contractor of the DUKE project.

On 1 June 2005, Kesturi appointed Ekovest Construction Sdn. Bhd. ("ECSB"), a subsidiary of Ekovest as the Main Turnkey Contractor. Accordingly, all related expenses incurred by the Company in respect of the Expressway was charged to the Main Turnkey Contractor.

The amounts due from/(to) related parties are trade in nature, unsecured, interest-free and repayable on demand except an amount due to a related party of RM21,101,035 (2009: RM25,854,583) which is due in 2012.

18. Cash and cash equivalents

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Islamic short term deposits with licensed banks	75,545,989	37,155,602	-	-
Cash on hand and at bank	865,966	1,490,765	340	1,889
	76,411,955	38,646,367	340	1,889

Included in the islamic short term deposits is an amount relating to the Finance Service Reserve Account ("FSRA") which must be maintained by the Group at any time during the tenure of the IMTNs as disclosed in Note 20.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

18. Cash and cash equivalents (cont'd)

The interest rate of islamic short term deposits ranged from 1.8% to 3% (2009: 1.30% to 2.40%) per annum. The maturities as at the end of the financial year ranged from 1 day to 365 days (2009: 1 day to 365 days).

An amount of RM4,126,415 (2009: RM4,048,796) which has also been included in islamic short term deposits are pledged to secure banking and other credit facilities granted to the Group.

The security arrangement for the IMTNs are disclosed in Note 21.

Other information on financial risks of cash and cash equivalents are disclosed in Note 29.

19. Hire purchase and finance lease liabilities

	Group 2010 RM	Group 2009 RM
Future minimum lease payments:		
Not later than 1 year	253,200	252,032
Later than 1 year and not later than 2 years	414,325	199,377
Later than 2 years and not later than 5 years	84,357	463,082
Total future minimum lease payments	751,882	914,491
Less: Future finance charges	(67,000)	(105,599)
Present value of finance lease liabilities	684,882	808,892
Analysis of present value of finance lease liabilities:		
Not later than 1 year	218,509	208,189
Later than 1 year and not later than 2 years	383,370	170,264
Later than 2 years and not later than 5 years	83,003	430,439
	684,882	808,892
Less: Amount due within 12 months	(218,509)	(208,189)
Amount due after 12 months	466,373	600,703

The flat interest rate of the hire purchase ranges between 2.35% to 3.62% (2009: 2.35% to 3.62%) per annum.

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 29.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

20. Islamic Medium Term Notes/Sukuk Istisna'

	Group 2010 RM	2009 RM
Principal	820,000,000	780,000,000
Unamortised deferred payment	(40,064,700)	-
	779,935,300	780,000,000
Repayable within 12 months	-	50,000,000
Repayable after 12 months	779,935,300	730,000,000
	779,935,300	780,000,000

In 2009, the outstanding amount of RM780 million relates to the redeemable secured serial Sukuk Istisna' issued by Kesturi on 18 October 2005, which was constituted by a trust deed dated 3 October 2005 between Kesturi and Malaysian Trustee Berhad. During the year the Sukuk Istisna' was replaced with the Islamic Medium Term Notes ("IMTNs") on 28 October 2010. Further information is disclosed in Note 30.

Kesturi issued IMTNs pursuant to the Sukuk issuance programme of up to RM820 million in nominal value under the Shariah principle of Musyarakah. The IMTNs, at nominal value of RM1.00 each, was constituted by a Trust Deed dated 20 October 2010 between Kesturi and the Trustee for the holders of the IMTNs.

The IMTNs was issued in 12 series, with maturities commencing from 2018 to 2029. The profit payment is on every six months, commencing from the issue date of the relevant tranche of the IMTNs.

The periodic payment will be calculated on the basis of a year of 365 days and the actual number of days elapsed (actual/365 days).

Deferred payment relates to the payment of the ancillary fees, costs and expenses related to the Company's restructuring scheme which includes the redemption of Sukuk Istisna' and the establishment of the IMTNs.

The terms and covenants of the IMTNs include the following:

(i) Kesturi must maintain a Finance Service Coverage Ratio ("FSCR") of at least 1.75 times;

(ii) Kesturi will maintain a Finance Service Reserve Account ("FSRA") at any time during the tenure of the IMTNs which has a minimum balance equivalent to the next 6 months' projected debt service. In the event that the balance held in FSRA is less than or exceeds the minimum required balance (except in the case where the Initial Deposit is not utilised), the shortfall or excess shall be topped up or released from Revenue Account; and

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

20. Islamic Medium Term Notes/Sukuk Istisna' (cont'd)

The terms and covenants of the IMTNs include the following (cont'd):

(iii) In the event Kesturi utilises the balance in the FSRA, Kesturi is to top up the FSRA within 45 days. Non compliance of the minimum required balance does not constitute an Event of Default.

The relevant details of the security arrangements are stated in Note 21, 'Security Arrangements of IMTNs'.

The maturity of the IMTNs/Sukuk Istisna' of the Group are tabulated as follows:

	2010 RM	2009 RM
Within 1 year	-	50,000,000
Between 1 to 2 years	-	65,000,000
Between 2 and 5 years	-	255,000,000
After 5 years	779,935,300	410,000,000
	779,935,300	780,000,000

The weighted average effective interest rate of this instrument was 6.88% (2009: 7.65%) per annum.

21. Security arrangements of IMTNs

Kesturi as the legal and beneficial owner and as a continuing security for the due and punctual payment of the bond has absolutely assigned and charged to the Security Trustee as security trustee for and on behalf of the Sukuk holders as follows:

(a) a first ranking fixed and floating charge on the assets of Kesturi (other than the Redeemable Secured Junior Bond's FSRA as disclosed in note 22), both present and future;

(b) a first ranking assignment on all Kesturi's rights, interests, titles and benefits under the Concession Agreement to demand, collect and retain toll for its own benefit from all vehicles liable to pay toll using the Expressway and other relevant project documents and proceeds therefrom;

(c) a first ranking assignment of Kesturi's rights, interests, titles and benefits in all performance and/or maintenance bonds in relation to the Project and the proceeds therefrom except where such performance and/or maintenance bonds are used or to be used as security for other parties (including the Government) in accordance with the Concession Agreement, in which case the security of the Sukuk holders shall rank second after the security of the Government or such other parties;

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

21. Security arrangements of IMTNs (cont'd)

Kesturi as the legal and beneficial owner and as a continuing security for the due and punctual payment of the bond has absolutely assigned and charged to the Security Trustee as security trustee for and on behalf of the Sukuk holders as follows (cont'd):

(d) a first ranking assignment on all designed accounts and the credit balances therein; and

(e) a first ranking assignment of Kesturi's rights, interests and titles and benefits in all relevant insurance policies of the Issuers or in respect of the Project.

22. Redeemable Secured Junior Bonds

	Group 2010 RM	2009 RM
Principal	50,000,000	-
Unamortised deferred payment	(724,460)	-
	49,275,540	-

Kesturi issued RM50 million nominal value Redeemable Secured Junior Bonds ("Junior Bonds"). The Junior Bonds, at nominal value RM1.00 each, were constituted by a Trust Deed dated 20 October 2010 made between Kesturi and the Trustee for the holders of the Bonds. The tenure of the Junior Bonds is 19.5 years from the date of issuance.

The maturity of the Redeemable Secured Junior Bonds is tabulated as follows:

	2010 RM	2009 RM
After 5 years	49,275,540	-
	49,275,540	-

The weighted average effective interest rate of this instrument was 11.50% (2009: Nil) per annum.

The Junior Bonds are secured by a first ranking charge and assignment of the Junior FSRA and the credit balances therein. Upon the first coupon payment date, Kesturi will deposit an amount equivalent to the expected coupon payment which will become due and payable in the next 6 months, subject to the meeting of all obligations under the IMTNs. The amount equivalent to the expected coupon payment represents the Junior FSRA amount and is only required to be maintained in the next financial year.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

23. Series A Redeemable Preference Shares

	2010 RM	2009 RM
Group		
Authorised:		
1,950 shares of RM1 each at beginning/end of the year	1,950	1,950
Nominal value - Issued and fully paid up:		
1,950 shares of RM1 each at beginning/end of the year	1,950	1,950
Share premium	194,998,050	194,998,050
Net carrying amount	195,000,000	195,000,000

The salient features of the Series A Redeemable Preference Shares ("Series A RPS") are as follows:

(i) the Series A RPS holders have the rights to a fixed cumulative gross dividend rate of 8% per annum, to be calculated based on the issue price of RM100,000 per Series A RPS. Any unpaid dividends shall be charged a compounded interest rate of 8% per annum;

(ii) the Series A RPS do not carry any rights to participate in the profits or surplus assets of the subsidiary;

(iii) the Series A RPS holders have the rights on a winding-up or other return of capital to payment, prior to all other shares;

(iv) the Series A RPS shall be redeemed partially or in full on a Series A RPS redemption date, at the option of the subsidiary. Series A RPS redemption date is defined as Series A RPS Dividend date. At the maturity date, which is 24 years from the first subscription date, any Series A RPS not redeemed shall be automatically redeemed. The redemption rate is as stipulated in the Article of Association of Kesturi; and

(v) the holders do not have any right to vote at the subsidiary's General Meeting other than as conferred by Section 148(2) of the Companies Act, 1965.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

24. Deferred Income

	Group 2010 RM	Group 2009 RM
Cost		
At 1 January	74,871,923	57,446,594
Additions	-	17,425,329
At 31 December	74,871,923	74,871,923
Accumulated amortisation		
At 1 January	246,102	-
Charged for the year	476,309	246,102
At 31 December	722,411	246,102
Net carrying amount	74,149,512	74,625,821

Deferred income relates to funding by the Government of Malaysia ("Government") of up to RM77.2 million as disclosed in Note 2(iv).

25. Trade and other payables

		Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Trade payables	(i)	106,820	108,874	-	-
Accruals		383,587	567,502	3,000	3,000
Other payables		600,211	814,573	5,830	5,100
Profit element payable on Islamic Medium Term Notes/Redeemable Secured Junior Bonds/ Sukuk Istisna'	(ii)	10,781,195	12,265,300	-	-
Provision for redeemable preference shares dividends	(iii)	68,253,454	48,392,641	-	-
		80,125,267	62,148,890	8,830	8,100

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

25. Trade and other payables (cont'd)

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Add:				
Hire purchase and finance lease liabilities (Note 19)	684,882	808,892	-	-
IMTNs/Sukuk Istisna' (Note 20)	779,935,300	780,000,000	-	-
Redeemable Secured Junior Bonds (Note 22)	49,275,540	-	-	-
Series A RPS (Note 23)	195,000,000	195,000,000	-	-
Amount due to related parties (Note 17)	21,293,414	26,147,484	-	-
Total other financial liabilities carried at amortised cost	1,126,314,403	1,064,105,266	8,830	8,100

(i) Trade payables are non-interest bearing and the normal trade credit terms granted to the Company range from 30 days to 60 days.

(ii) Profit element payable on IMTNs and Redeemable Secured Junior Bonds relate to accrued profit payable to bondholders as disclosed in Note 20 and 22.

(iii) Provision for redeemable preference shares dividends relates to provision for dividends payable to Series A RPS holders as disclosed in Note 23.

26. Share capital

	Group / Company 2010 RM	Group / Company 2009 RM
Authorised:		
5,000,000 ordinary shares of RM1 each at beginning/ end of the year	5,000,000	5,000,000
45,000,000 redeemable preference shares of RM1 each at beginning/end of the year	45,000,000	45,000,000
	50,000,000	50,000,000

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

26. Share capital (cont'd)

	2010 RM	2009 RM
Issued and fully paid:		
5,000,000 ordinary shares of RM1 each at beginning/ end of the year	5,000,000	5,000,000
45,000,000 redeemable preference shares of RM1 each at beginning/end of the year	45,000,000	45,000,000
	50,000,000	50,000,000

Redeemable Preference Shares

The Company shall have the right to redeem the preference shares at the anniversary of each year after its allotment (provided that it is fully paid) based on terms and conditions agreed. The salient terms and conditions are as follows:

(i) no preference shares shall be redeemed except out of distributable profits or the proceeds of a fresh issue of shares made for the purpose of the redemption or out of capital to the extent permitted by Section 61 of the Companies Act, 1965;

(ii) the preference shares shall be redeemed at a premium of RM1,000 per preference share or such other premium as the Board of Directors ("Board") of the Company may decide; and

(iii) the redeemable preference shares holders have the right to dividends at a rate to be determined by the Board of the Company.

The redeemable preference shares rank in priority to the ordinary shares with regard to dividends and return on capital but do not confer upon the holders any right to vote at the Company's General Meeting other than as conferred by Section 148(2) of the Companies Act, 1965.

27. Capital commitments

	Group 2010 RM	Group 2009 RM
(a) **Capital commitments**		
Approved and contracted for concession assets	360,230	479,246

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

27. Capital commitments (cont'd)

	Group 2010 RM	Group 2009 RM
(b) **Operating lease commitments**		
Future minimum rental payments:		
Not later than 1 year	272,160	272,160
Later than 1 year and not later than 5 years	476,280	521,640
	748,440	793,800

28. Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2010 RM	2009 RM
Group		
Amount receivable from Ekovest Construction Sdn Bhd ("ECSB")	-	30,731,540
Amount paid and payable to ECSB for the concession assets	2,226,016	64,649,082
Miscellaneous expenses paid/payable to the Ekovest Berhad and its subsidiary:		
- Ekovest Berhad	-	773

There are no key management personnel other than the Directors whose remuneration is disclosed in Note 9.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

29. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throught the year under review, the Group's policy that no trading in derivative shall be undertaken.

(b) Liquidity risk

The Group relies on the continuing financial support from its shareholders to ensure that refinancing, repayment and funding needs are met.

(c) Credit risk

The carrying amount of sundry receivables represent the Group's maximum exposure to credit risk. The Group does not have any significant exposure to any individual customer or counterparty, nor does it have any major concentration of credit risk related to any financial assets.

(d) Interest rate risk

The Group obtains its external financing through IMTNs, Redeemable Secured Junior Bonds and Series A RPS. The Group's profit element for IMTNs is based on agreed fixed rates, while the dividend rate for Series A RPS is fixed at 8% per annum.

Information relating to the Group's profit element on IMTNs, Redeemable Secured Junior Bonds and dividend rate on Series A RPS are disclosed in Notes 20 and 23.

Surplus funds where available are mainly placed with approved licensed banks. The Group is exposed to changes in interest rates that affect profit elements and interest income from fixed deposits.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

29. Financial instruments (cont'd)

(d) Interest rate risk (cont'd)

The interest/profit profile of the financial liabilities of the Group is as follows:

	2010 RM	2009 RM
Fixed rate financial liabilities	1,024,210,840	975,000,000

The weighted average effective interest rate on fixed rate financial liabilities of the Group are as follows:

	2010 RM	2009 RM
Weighted average dividend rate (%)	8.00	8.00
Weighted average profit rate (%)	7.11	7.65
Average period for which rate is fixed (years)	14	12

The interest/profit profile of the financial assets of the Group is as follows:

	2010 RM	2009 RM
Fixed rate financial assets (Note i)	75,545,989	37,155,602
Financial assets on which no interest is earned (Note ii)	865,966	1,490,765
	76,411,955	38,646,367

Note i

Fixed rate financial assets mainly comprise of islamic short term deposits placed with licensed banks. The islamic short term deposits attracted interest/profit element during the year at a rate of 1.80% to 3% (2009: 1.30% to 2.40%) per annum. The maturity dates for fixed rate financial assets during the period ranged between 1 to 365 days (2009: 1 to 365 days).

Note ii

Financial assets on which no interest is earned comprise cash and bank balances.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

29. Financial instruments (cont'd)

(e) Maturity of financial liabilities

The maturity profile of the financial liabilities based on the contractual undiscounted repayment obligations is disclosed in the Note 20 and Note 22.

(f) Fair values

The carrying amounts of financial assets and liabilities of the Group at the reporting date approximated their fair values except for the followings:

	Carrying amount RM	Fair value RM
2010		
Financial liabilities		
IMTNs (Note 20)	829,772,975*	▼
Redeemble Secured Junior Bonds (Note 22)	51,008,219#	▼
Series A Redeemable Preference Shares (Note 23)	195,000,000	▼
2009		
Financial liabilities		
Sukuk Istisna (Note 20)	792,265,300	▼
Series A Redeemable Preference Shares (Note 23)	195,000,000	▼

* inclusive of profit element of approximately RM9.8 million (2009: RM12.3 million) in other payables.

\# inclusive of profit element approximately RM1 million in other payables.

▼ The carrying amounts of the loans and borrowings are reasonable approximation of their fair values as the borrowing rates reflect the market interest rates in which the Group is able to obtain at the point of drawdown of the loans and borrowings.

The directors are of the opinion that the carrying amounts of the receivables, short term investments, cash and bank balances, payables and hire purchase payables approximate their fair values due to their short term maturities.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

30. Significant event

On 27 May 2010, the Group held an Extraordinary General Meeting to initiate a buy back ("Proposed Buyback"), pursuant to the terms of the trust deed, of all the RM780 million nominal value redeemable secured serial Sukuk Istisna' outstanding. After the debt restructuring exercise, the IMTNs with nominal value of RM820 million has been issued based on the Shariah Principle of Musyarakah.

31. Contingent liabilities

	Group 2010 RM	2009 RM
Unsecured:		
Corporate guarantee given to bank for issuance of maintenance bonds to the Government as security for the maintenance of the completed sections of the Duta-Ulu Kelang Expressway ("DUKE")	3,000,000	3,000,000
Corporate guarantee given to bank for issuance of Performance Guarantee or Security Deposit favoring Tenaga Nasional Berhad for DUKE project	1,000,000	1,000,000
	4,000,000	4,000,000

32. Capital management

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business activities and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition, whilst ensuring full compliance with its relevant financing covenants. To maintain or adjust its capital structure, the Group may issue new shares or refinancing of existing borrowings. No changes were made to the objective, policies or processes during the year ended 31 December 2010 and 31 December 2009.

The Group shall maintain the required minimum FSCR of 1.75 times throughout the IMTNs tenure.

ERNST & YOUNG

NUZEN CORPORATION SDN BHD
(486730-P)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2011

Company No. 132493-D

APPENDIX VI - ACCOUNTANTS' REPORT ON NUZEN GROUP (CONT'D)

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Contents

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Directors' report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

Principal activities

The principal activity of the Company is investment holding.

Under the terms of the Concession Agreement dated 12 August 2004, the principal activities of its subsidiary, Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("Kesturi") are to design, construct, operate, manage and maintain the Duta Ulu-Kelang Expressway ("Expressway"). The Expressway commences from the Jalan Duta Interchange to Hill View Interchange and the Karak Link from Sentul Pasar Interchange to Greenwood Interchange. Under the Concession, the subsidiary also takes over and maintains certain existing routes.

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

Financial results

	Group RM	Company RM
Loss for the year	(43,904,224)	(5,452)

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

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

Dividends

The directors of the Company do not recommend any dividend for the current financial year.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Haris Onn Bin Tun Hussein	
Dato' Lim Kang Hoo	
Lim Keng Cheng	
Hussin Bin Mohd Ali	
Chua Soo Kok	
Datuk Mohamed Razeek Bin Md Hussain Maricar	(Appointed on 30 November 2011)
Shaharuddin Bin Mohamed (Alternate director to Datuk Mohamed Razeek Bin Md Hussain Maricar)	(Appointed on 30 November 2011)
Datuk Ahmad Zaki Bin Zahid	(Resigned on 30 November 2011)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 each			
	1.1.2011	Acquired	Sold	31.12.2011
Holding Company				
- Wira Kristal Sdn Bhd				
Direct Interest:				
Dato' Haris Onn Bin Tun Hussein	600,000	-	-	600,000
Dato' Lim Kang Hoo	400,000	-	-	400,000

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Directors' interests (continued)

	Number of Preference Shares of RM1 each			
	1.1.2011	Acquired	Sold	31.12.2011
Holding Company - **Wira Kristal Sdn Bhd**				
Indirect Interest: Dato' Lim Kang Hoo	28	-	-	28

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of allowance for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Other statutory information (continued)

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

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors.

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

(g) As at 31 December 2011, the Group and the Company incurred net losses of RM43,904,224 and RM5,452 respectively and the equity shortfall of the Group as of that date amounted to RM98,690,702 In the opinion of the directors, the Group and the Company will not be able to meet their obligations when they fall due without the continued financial support from shareholders.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 June 2012.

Dato' Lim Kang Hoo

Dato' Haris Onn Bin Tun Hussein

Kuala Lumpur, Malaysia

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

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

We, Dato' Lim Kang Hoo and Dato' Haris Onn Bin Tun Hussein, being two of the directors of Nuzen Corporation Sdn Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 8 to 63 are drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 June 2012.

Dato' Lim Kang Hoo

Dato' Haris Onn Bin Tun Hussein

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

I, Dato' Haris Onn Bin Tun Hussein, being the director primarily responsible for the financial management of Nuzen Corporation Sdn Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 8 to 63 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Dato' Haris Onn Bin Tun Hussein at Kuala Lumpur in the Federal Territory on 1 June 2012

Dato' Haris Onn Bin Tun Hussein

Before me,

PESURUHJAYA SUMPAH
No: B266
Nama: HAJJAH JAMILAH ISMAIL
MALAYSIA

Lot 5.30, Tingkat 5
Wisma Central
Jalan Ampang
50450 Kuala Lumpur

ERNST & YOUNG

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia
Mail address: P.O. Box 11040
50734 Kuala Lumpur Malaysia
Tel +603 7495 8000
Fax +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
www.ey.com

486730 P

Independent auditors' report to the members of
Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Nuzen Corporation Sdn Bhd, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 63.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation 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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

ERNST & YOUNG

486730 P

Independent auditors' report to the members of
Nuzen Corporation Sdn Bhd (continued)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiary that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' report on the financial statements of the subsidiary were not subject to any qualification and did not include any comment required to be made under Section 174(3) 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.

Ernst & Young
AF: 0039
Chartered Accountants

Kua Choh Leang
No. 2716/01/13 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
1 June 2012

Company No. 132493-D

APPENDIX VI - ACCOUNTANTS' REPORT ON NUZEN GROUP (CONT'D)

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Statements of comprehensive income
For the year financial ended 31 December 2011

	Note	Group 2011 RM	Group 2010 RM (Restated)	Company 2011 RM	Company 2010 RM
Revenue	5	73,320,583	63,015,299	-	-
Cost of sales		(16,328,842)	(14,033,950)	-	-
Gross profit		56,991,741	48,981,349	-	-
Other income	6	4,253,495	2,474,487	-	-
Administrative expenses		(3,976,438)	(4,761,532)	(5,452)	(6,179)
Operating profit/(loss)		57,268,798	46,694,304	(5,452)	(6,179)
Finance costs	7	(101,173,022)	(92,599,271)	-	-
Loss before tax	8	(43,904,224)	(45,904,967)	(5,452)	(6,179)
Income tax expense	10	-	-	-	-
Loss for the year, representing total comprehensive expense for the year		(43,904,224)	(45,904,967)	(5,452)	(6,179)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Consolidated statement of financial position
As at 31 December 2011

	Note	2011 RM	2010 RM (Restated)	1.1.2010 RM (Restated)
Assets				
Non-current assets				
Concession intangible assets	11	1,089,049,671	1,097,005,474	1,103,400,736
Property, plant and equipment	12	2,019,549	2,178,607	2,050,947
		1,091,069,220	1,099,184,081	1,105,451,683
Current assets				
Toll compensation due from Government	15	-	152,899	73,261
Trade and other receivables	16	1,293,000	1,226,038	1,271,062
Amounts due from related parties	17	871,642	871,642	878,598
Cash and cash equivalents	18	82,567,900	76,411,955	38,646,367
		84,732,542	78,662,534	40,869,288
Total assets		1,175,801,762	1,177,846,615	1,146,320,971
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	27	50,000,000	50,000,000	50,000,000
Accumulated losses		(148,690,702)	(104,786,478)	(58,881,511)
Equity shortfall		(98,690,702)	(54,786,478)	(8,881,511)
Non-current liabilities				
Hire purchase and finance lease liabilities	19	328,845	466,373	600,703
Islamic Medium Term Notes/Sukuk Istisna'	20	782,062,630	779,935,300	730,000,000
Redeemable Secured Junior Bonds	22	49,314,007	49,275,540	-
Series A Redeemable Preference Shares ("Series A RPS")	23	328,638,360	294,020,000	263,048,297
Deferred income	24	75,895,662	74,149,512	74,625,821
Provision for heavy repairs	25	2,066,388	1,231,005	520,542
Amount due to a related party	17	23,670,521	21,101,035	21,973,553
		1,261,976,413	1,220,178,765	1,090,768,916

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Consolidated statement of financial position
As at 31 December 2011 (continued)

	Note	2011 RM	2010 RM (Restated)	1.1.2010 RM (Restated)
Current liabilities				
Trade and other payables	26	12,060,878	11,871,813	13,756,249
Amount due to holding company	17	171,627	171,627	176,227
Amounts due to related parties	17	32,016	192,379	292,901
Hire purchase and finance lease liabilities	19	251,530	218,509	208,189
Islamic Medium Term Notes/Sukuk Istisna'	20	-	-	50,000,000
		12,516,051	12,454,328	64,433,566
Total liabilities		1,274,492,464	1,232,633,093	1,155,202,482
Total equity and liabilities		1,175,801,762	1,177,846,615	1,146,320,971

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Company statement of financial position
As at 31 December 2011

	Note	2011 RM	2010 RM
Assets			
Non-current assets			
Investment in a subsidiary	13	50,000,000	50,000,000
Current assets			
Cash and cash equivalents	18	9,310	340
Total assets		50,009,310	50,000,340
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		50,000,000	50,000,000
Accumulated losses		(226,069)	(220,617)
Total equity		49,773,931	49,779,383
Current liabilities			
Trade and other payables	26	14,252	8,830
Amount due to holding company	17	171,627	171,627
Amount due to a subsidiary company	17	49,500	40,500
		235,379	220,957
Total liabilities		235,379	220,957
Total equity and liabilities		50,009,310	50,000,340

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Statements of changes in equity
For the year financial ended 31 December 2011

	Share capital RM	Accumulated losses RM	(Equity shortfall)/ total equity RM
Group			
At 1 January 2011			
As previously stated	50,000,000	(72,788,927)	(22,788,927)
Prior year adjustments (Note 28)	-	(30,766,546)	(30,766,546)
Effects of adopting IC Interpretation 12 (Note 4.3)	-	(1,231,005)	(1,231,005)
At 1 January 2011 (restated)	50,000,000	(104,786,478)	(54,786,478)
Total comprehensive expense for the year	-	(43,904,224)	(43,904,224)
At 31 December 2011	50,000,000	(148,690,702)	(98,690,702)
At 1 January 2010			
As previously stated	50,000,000	(38,705,313)	11,294,687
Prior year adjustments (Note 28)	-	(19,655,656)	(19,655,656)
Effects of adopting IC Interpretation 12 (Note 4.3)	-	(520,542)	(520,542)
At 1 January 2010 (restated)	50,000,000	(58,881,511)	(8,881,511)
Total comprehensive expense for the year	-	(45,904,967)	(45,904,967)
At 31 December 2010	50,000,000	(104,786,478)	(54,786,478)
Company			
At 1 January 2011	50,000,000	(220,617)	49,779,383
Total comprehensive expense for the year	-	(5,452)	(5,452)
Total comprehensive expense for the year	50,000,000	(226,069)	49,773,931
At 1 January 2010	50,000,000	(214,438)	49,785,562
Total comprehensive expense for the year	-	(6,179)	(6,179)
Total comprehensive expense for the year	50,000,000	(220,617)	49,779,383

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Statements of cash flows
For the year financial ended 31 December 2011

	Group 2011 RM	Group 2010 RM (Restated)	Company 2011 RM	Company 2010 RM
Cash flows from operating activities				
Loss before tax	(43,904,224)	(45,904,967)	(5,452)	(6,179)
Adjustments for:				
Amortisation of concession intangible assets	8,389,250	7,047,774	-	-
Amortisation of deferred income	(581,926)	(476,309)	-	-
Allowance for impairment loss on other receivables	-	800,000	-	-
Depreciation of property, plant and equipment	541,542	478,739	-	-
Interest expense arising from fair value adjustment of financial liabilities	2,572,487	1,307,426	-	-
Provision for heavy repairs	712,508	656,136		
Unwinding of discount from provision for heavy repairs	122,875	54,327		
Profit element expensed on Islamic Medium Term Notes/ Sukuk Istisna'	63,652,297	60,207,725	-	-
Dividend on Series A Redeemable Preference Shares ("RPS")	34,618,360	30,971,703	-	-
Interest income	(2,486,690)	(1,030,260)		
Interest expense on hire purchase	44,003	47,839	-	-
Property, plant and equipment written off	90,315	-	-	-
Operating profit/(loss) before working capital changes	63,770,797	54,160,133	(5,452)	(6,179)
Changes in working capital:				
Decrease/(increase) in receivables	110,619	(834,614)	-	-
(Decrease)/increase in payables	(316,304)	(12,665,631)	5,422	730
Decrease in holding company	-	(4,600)	-	(4,600)
Increase in a subsidiary	-	-	9,000	8,500
Decrease in related parties	(163,364)	(2,273,510)	-	-
Cash generated from/(used in) operations	63,401,748	38,381,778	8,970	(1,549)
Interest on hire purchase paid	(44,003)	(47,839)	-	-
Net cash generated from/ (used in) operating activities	63,357,745	38,333,939	8,970	(1,549)

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Statements of cash flows
For the year ended 31 December 2011 (continued)

	Group 2011 RM	Group 2010 RM (Restated)	Company 2011 RM	Company 2010 RM
Cash flows from investing activities				
Purchase of property, plant and equipment	(245,799)	(496,399)	-	-
Payment for concession intangible assets	(433,447)	(652,512)	-	-
Interest received	2,486,690	1,030,260	-	-
Net cash generated from/(used in) investing activities	1,807,444	(118,651)	-	-
Cash flows from financing activities				
Proceeds from government grant	2,328,076	-	-	-
Proceeds from issuance of Islamic Medium Term Notes	-	48,849,874	-	-
Repayment of hire purchase	(356,189)	(234,010)	-	-
Payment on profit element of Islamic Medium Term Notes/ Sukuk Istisna'	(60,981,131)	(49,065,564)	-	-
Net cash used in financing activities	(59,009,244)	(449,700)	-	-
Net increase/(decrease) in cash and cash equivalents	6,155,945	37,765,588	8,970	(1,549)
Cash and cash equivalents at beginning of the year	76,411,955	38,646,367	340	1,889
Cash and cash equivalents at end of the year (Note 18)	82,567,900	76,411,955	9,310	340

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

Notes to the financial statements
For the financial year ended 31 December 2011

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 8-1-1, Jalan 3/50, Diamond Square, Off Jalan Gombak, 53000 Kuala Lumpur. The principal place of business of the Company is located at Suite 10.3, Level 10, East Wing, Rohas Perkasa, 8 Jalan Perak, 50450 Kuala Lumpur.

The holding company is Wira Kristal Sdn Bhd ("Wira Kristal"), which is incorporated in Malaysia.

The principal activity of the Company is investment holding

In accordance with the terms of the Concession Agreement dated 12 August 2004, the principal activities of its subsidiary, Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("Kesturi") are to design, construct, operate, manage and maintain the proposed Duta Ulu-Kelang Expressway ("Expressway") ("DUKE Project"). The Expressway commences from the Jalan Duta Interchange to Hill View Interchange and the Karak Link from Sentul Pasar Interchange to Greenwood Interchange. Under the Concession, Kesturi also takes over and maintains certain existing routes.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 1 June 2012.

2. **Award of concession**

The Government of Malaysia and Kesturi entered into a Concession Agreement ("Agreement") dated 12 August 2004 in connection with the Expressway. The Expressway commences from the Jalan Duta Interchange to Hill View Interchange and the Karak Link from Sentul Pasar Interchange to Greenwood Interchange. Under the Concession, Kesturi also takes over and maintains certain existing roads.

The Concession Period is for a period of 34 years which commenced from 11 August 2005.

The Expressway project is being financed in the following manner:

(i) RM195 million raised via the issuance of 1,950 Redeemable Preference Share ("RPS") of RM1 each by Kesturi at an issue price of RM100,000 each ("Kesturi RPS"), which have been subscribed by Ekovest Berhad ("Ekovest") and Malaysian Resource Capital Berhad ("MRCB") in the proportion of 70:30.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

2. Award of concession (continued)

The Expressway project is being financed in the following manner (continued):

(ii) Issuance of RM40 million shares in Kesturi to Nuzen. Nuzen in turn issued RM40 million shares in Nuzen which were subscribed by Wira Kristal and MRCB in the proportion of 70:30 respectively.

(iii) Wira Kristal subscribed its portion of RM28 million shares in Nuzen as mentioned in Note (ii) above via the issuance of 28 RPS of RM1 each at an issue price of RM1 million each ("Wira Kristal RPS").

(iv) Funding by the Government of Malaysia ("Government") of up to RM77.2 million, of which RM74.9 million was received during the financial year ended 31 December 2009 after completing the construction for the section commencing from Kampong Dalam Interchange and transversing through Greenwood Interchange. The balance of RM2.3 million was received during the financial year.

(v) Issuance of Redeemable Secured Serial Sukuk Istisna' by Kesturi with a net proceeds of RM780 million.

(vi) Issuance of Islamic Medium Term Notes ("IMTNs") with a nominal value of RM820 million and RM50 million Redeemable Secured Junior Bonds on 28 October 2010.

3. **Toll compensation and toll sharing arrangements**

In the event that the Government imposes a toll rate which is lower than the agreed toll rates stated in the Concession Agreement, for any Concession Year, the agreement provides that Kesturi shall be compensated for any reduction in toll collections by it in respect of the relevant operating year in which the reduction is implemented, and for each operating year thereafter during which the decision of the Government continues to apply, until such time Kesturi is allowed to collect the then prevailing agreed toll rate.

Based on the terms of the Concession Agreement, the Government is entitled to 30% share of toll revenue on the excess of actual toll revenue against the average projected toll revenue, subject to Kesturi's full settlement of all loans or on the 19th year of the Concession Period, whichever earlier.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies

4.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with applicable Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below

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

The accompanying financial statements of the Group and of the Company have been prepared assuming that the Group and the Company will continue as a going concern. As at 31 December 2011, the Group and the Company incurred net losses of RM43,904,224 and RM5,452 respectively and the equity shortfall of the Group as of that date amounted to RM98,690,702. The ability of the Group and of the Company to continue as going concern is dependent on the continued financial support from their shareholders to enable them to meet their obligations and liabilities as and when they fall due.

4.2 Summary of significant accounting policies

(a) Subsidiary and basis of consolidation

(i) Subsidiary

A subsidiary is an entity over which the Group has the ability to control the financial and operating policies so as to obtain benefits from its activities The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity

The Company's investment in a subsidiary is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.2(e).

Upon disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (continued)

4.2 Summary of significant accounting policies (continued)

(a) Subsidiary and basis of consolidation (continued)

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the reporting date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

The subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, all intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisition of a subsidiary is accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in a subsidiary not held by the Group It is measured at the minorities' share of the fair value of the subsidiary's identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary's equity since then.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (continued)

4.2 Summary of significant accounting policies (continued)

(b) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Furniture and fittings	10%
Office equipment	10%
Motor vehicles	20%
Computer equipment	33%
Tools and equipment	20%
Renovation	10%
Signboard	10%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (continued)

4.2 Summary of significant accounting policies (continued)

(c) Property, plant and equipment and depreciation (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

(d) Concession intangible assets

Upon adoption of IC Interpretation 12, concession assets are recognised as intangible assets to the extent that the Group has a right (a licence) to charge users of the public services, as explained in Note 4.3.

Concession intangible assets refer to Expressway Development Expenditure ("EDE") which comprises development and upgrading expenditure (including interest charges relating to financing of the development) incurred in connection with the concession.

Intangible asset is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4 2(e).

Amortisation of the intangible assets begins when it is available for use, which means when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

EDE is amortised over the Concession Period. The amortisation formula applied in the preparation of the financial statements to arrive at the annual amortisation charge for each financial period is as follows:

$$\frac{\text{Toll revenue for the year}}{\text{[Actual toll revenue for the year + Projected total toll revenue for the subsequent years to the end of the Concession Period]}} \times \text{[Net Book Value of EDE at the beginning of the year + Additions for the year]}$$

Toll revenue and projected total toll revenue include toll collection and toll compensation.

The projected total toll revenue is based on the latest available base case traffic projections prepared by independent traffic consultants multiplied by the toll rate structures contemplated in the Concession Agreement.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (continued)

4.2 Summary of significant accounting policies (continued)

(d) Concession intangible assets (continued)

The traffic volume projections are independently reviewed on a periodic basis.

(e) Impairment of non-financial assets

The carrying amounts of assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. 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 Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (continued)

4.2 Summary of significant accounting policies (continued)

(f) Government grants

Government grants are recognised initially at their fair value in the statement of financial position as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Group and the Company for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group and the Company for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.

(g) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provision of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial assets in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (continued)

4.2 Summary of significant accounting policies (continued)

(g) Financial assets (continued)

Financial assets at fair value through profit or loss (continued)

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date

The Group and the Company have not designated any financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group and the Company have the expressed intention and ability to hold to maturity.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (continued)

4.2 Summary of significant accounting policies (continued)

(g) Financial assets (continued)

Held-to-maturity investments (continued)

Investments that are intended to be held-to-maturity are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group and the Company have not designated any financial assets as available-for-sale.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (continued)

4.2 Summary of significant accounting policies (continued)

(h) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) *Receivables and other financial assets carried at amortised cost*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (continued)

4.2 Summary of significant accounting policies (continued)

(h) Impairment of financial assets (continued)

(ii) *Available-for-sale financial assets (continued)*

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(i) **Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Financial liabilities, within the scope of FRS 139 *Financial Instruments: Recognition and Measurement*, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (continued)

4.2 Summary of significant accounting policies (continued)

(i) Financial liabilities (continued)

Financial liabilities at fair value through profit or loss (continued)

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless there exist an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process Details of borrowings of the Group are as follows:

(i) *Redeemable secured serial Sukuk Istisna'*

The Redeemable secured serial Sukuk Istisna' is issued in accordance with the Islamic principle of Istisna' which is a contract to sell and repurchase the bond at the same price together with an agreed profit margin.

The Sukuk Istisna' is initially stated at cost, being the fair value of the consideration received. After initial recognition, the profit element attributable to the Sukuk in each period is recognised as an expense at a constant rate to its maturity.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (continued)

4.2 Summary of significant accounting policies (continued)

(i) Financial liabilities (continued)

Other financial liabilities (continued)

(ii) *Islamic Medium Term Notes - Sukuk Musyarakah with periodic payments*

The Islamic Medium Term Notes are issued under the Islamic principle of Musyarakah which is a contract of partnership in a venture.

The Sukuk Musyarakah is initially stated at cost, being the fair value of the consideration received. After initial recognition, the profit element attributable to the Sukuk in each period is recognised as an expense at a constant rate to its maturity.

(iii) *Redeemable Preference Shares*

The redeemable preference shares are regarded as financial liability and recognised in the statement of financial position initially at fair value, net of transaction costs. The dividends on those shares are compounded annually and recognised as interest expense in profit or loss using the effective interest rate method.

(iv) *Redeemable Secured Junior Bonds*

The redeemable secured junior bonds are initially stated at cost, being the fair value of the consideration received less directly attributable transaction costs. After initial recognition, the interest attributable to the redeemable secured junior bonds is recognised as an expense at a constant rate to its maturity.

(j) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group and the Company all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

4. Significant accounting policies (continued)

4.2 Summary of significant accounting policies (continued)

(j) Leases (continued)

(i) Classification (continued)

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's and the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 4.2(c).

(ii) Operating leases – The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. Significant accounting policies (continued)

4.2 Summary of significant accounting policies (continued)

(l) Income tax

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

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or enacted at the reporting date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(m) Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(n) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (continued)

4.2 Summary of significant accounting policies (continued)

(n) Employee benefits (continued)

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Toll revenue

Toll revenue is accounted for as and when toll is chargeable for the usage of the expressway.

(ii) Toll compensation

Pursuant to the Concession Agreement, the Government of Malaysia reserves the right to restructure or to restrict the imposition of unit toll rate increases, and in such event, the Government shall compensate the Group for any reduction in toll revenue, subject to negotiation and other considerations that the Government may deem fit. Toll compensation for any Concession Year is recognised in the financial statements as revenue when recovery is probable and the amount that is recoverable can be measured reliably. The amount of toll compensation accrued and recognised in profit or loss for the year has been estimated after taking into consideration the effects of the arrangements described in Note 3.

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (continued)

4.3 Changes in accounting policies

On 1 January 2011, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011

FRS 1 *First-time Adoption of Financial Reporting Standards*
FRS 3 *Business Combinations (revised)*
Amendments to FRS 1: *Additional Exemptions for First-time Adopters*
Amendments to FRS 1: *Limited Exemption from Comparative FRS 7 Disclosures* for First-time Adopters
Amendments to FRS 2 *Share-based Payment*
Amendments to FRS 2: *Group Cash-settled Share-based Payment Transactions*
Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued* Operations
Amendments to FRS 7: *Improving Disclosures about Financial Instruments*
Amendments to FRS 127 *Consolidated and Separate Financial Statements*
Amendments to FRS 132: *Classification of Rights Issues*
Amendments to FRS 138 *Intangible Assets*
IC Interpretation 4 *Determining Whether an Arrangement contains a Lease*
IC Interpretation 12 *Service Concession Arrangements*
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*
IC Interpretation 18 *Transfer of Assets from Customers*
Improvements to FRSs issued in 2010

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group except as follows:

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 12: Service Concession Arrangements ("IC 12") provides guidance on the accounting by the operator of a service concession arrangement involving the provision of public sector services. Hence, IC 12 is applicable to all tolled expressways concession arrangements awarded to the Group.

Infrastructure within the scope of IC 12 is recognised as intangible assets of the operator as the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the operator and instead, the operator receives a right to charge users for the use of the public service infrastructure.

4. Significant accounting policies (continued)

4.3 Changes in accounting policies (continued)

IC Interpretation 12: Service Concession Arrangements (continued)

Where the operator has contractual obligations to maintain the infrastructure to a specified level of serviceability or to restore the infrastructure to a specified condition, such contractual obligations to maintain or restore infrastructure, except for any upgrade element, shall be recognised and measured in accordance with FRS 137: Provisions, Contingent Liabilities and Contingent Assets, such as at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period.

The application of IC 12 has led to the change in the Group's accounting policies for the classification, recognition and measurement of service concession arrangements and maintenance obligations, as follows:

(a) Change in classification and nature of concession intangible assets

Prior to the adoption of IC 12, all the infrastructure costs incurred (which comprised capitalised expressway development expenditure and other concession assets) were classified as concession assets, part of tangible assets of the Group, and were stated at cost less accumulated amortisation and impairment losses.

Upon adoption of IC 12, those infrastructure costs incurred that establish or vary the right of the Group in providing the public services are classified as concession intangible assets. These infrastructure costs are stated at cost less accumulated amortisation and impairment losses.

(b) Provision for heavy repairs

Heavy repairs relate to costs incurred to repair bridges, slopes and embankments, rectification of settlements and pavement rehabilitation of medium and high traffic sections along the expressway.

Upon adoption of IC 12, provision for heavy repairs being the contractual obligations to maintain and restore the infrastructure to a specified standard of serviceability, is recognised and measured at the present value of estimated expenditures expected to be required to settle the present obligation at the reporting date.

4. Significant accounting policies (continued)

4.3 Changes in accounting policies (continued)

IC Interpretation 12: Service Concession Arrangements (continued)

In accordance with the transitional provisions of IC 12, the changes in accounting policies have been applied retrospectively and comparative figures have been restated accordingly. The following are effects to the financial statements arising from the above change in accounting policy:

	Group Increase/(decrease)	
	As at 31 December 2011 RM	As at 31 December 2010 RM
Statement of financial position		
Concession assets	-	(1,097,005,474)
Concession intangible assets	-	1,097,005,474
Provision for heavy repairs	835,383	1,231,005
Accumulated losses	835,383	1,231,005
Statement of comprehensive income		
Cost of sales	712,508	656,136
Finance costs	122,875	54,327
Loss for the year, representing total comprehensive expense for the year	835,383	710,463

4.4 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (continued)

4.4 **Malaysian Financial Reporting Standards (continued)**

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

4.5 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

The management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

(i) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

4. Significant accounting policies (continued)

4.5 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

(ii) Amortisation of Expressway Development Expenditure ("EDE")

The cost of EDE is amortised over the concession period by applying the formula in Note 4.2(d) above. The denominator of the formula includes projected total toll revenue for subsequent years to the end of the concession period and is based on the latest available base case traffic volume projections prepared by independent traffic consultants multiplied by the relevant toll rates. The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on current market and economical conditions Changes in the expected traffic volume could impact future amortisation charges.

(iii) Provision for heavy repairs

Provision for heavy repairs are recognised at the present value of the future heavy repairs expenditure expected to be incurred over the concession period. Judgement and estimation are involved in determining the timing and amounts of future expenditure in the computation of the present value. The present value is also dependent on various assumptions, which include amongst others, traffic volume as mentioned in Note 4.5(b)(ii).

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

5. Revenue

	Group 2011 RM	Group 2010 RM
Toll revenue	73,320,583	62,815,890
Toll compensation revenue	-	199,409
	73,320,583	63,015,299

Toll compensation revenue arose from lower gazetted toll rates as described in Note 3.

6. Other income

	Group 2011 RM	Group 2010 RM
Income from rental of facilities	1,026,400	951,020
Interest income from short term deposits	2,486,690	1,030,260
Amortisation of deferred income (Note 24)	581,926	476,309
Proceeds from insurance claim on theft of motor vehicle	110,000	-
Other income	48,479	16,898
	4,253,495	2,474,487

7. Finance costs

	Group 2011 RM	Group 2010 RM (Restated)
Interest expense on:		
Hire purchase and finance lease liabilities	44,003	47,839
Bond issuance costs	163,000	10,250
Unwinding of discount from provision for heavy repairs (Note 25)	122,875	54,327
Profit element on Islamic Medium Term Notes/ Redeemable Secured Junior Bonds	63,652,297	60,207,725
Interest expense arising from fair value adjustment of financial liabilities	2,572,487	1,307,427
Dividend on Series A RPS	34,618,360	30,971,703
	101,173,022	92,599,271

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

8. Loss before tax

The following amounts have been included in arriving at loss before tax:

	Group 2011 RM	Group 2010 RM (Restated)	Company 2011 RM	Company 2010 RM
Employee benefits expense (Note 9)	4,042,832	4,043,188	-	-
Auditors' remuneration				
- statutory audit				
- underprovision in prior year	-	20,000	-	-
- current year	48,000	48,000	3,000	3,000
Allowance for impairment loss on other receivables (Note 16)	-	800,000	-	-
Property, plant and equipment written off	90,315	-	-	-
Provision for heavy repairs	712,508	656,136	-	-
Rental of office	272,160	272,160	-	-
Rental of motor vehicles	22,650	37,280	-	-
Rental of accomodation	3,600	11,400	-	-
Rental of plant and machinery	113,611	58,628	-	-
Depreciation of property, plant and equipment (Note 12)	541,542	478,739	-	-
Amortisation of concession intangible assets (Note 11)	8,389,250	7,047,774	-	-

9. Employee benefits expense

	Group 2011 RM	Group 2010 RM
Wages and salaries	3,690,988	3,658,209
Social security contributions	43,287	44,439
Contributions to defined contribution plan	308,557	340,540
	4,042,832	4,043,188

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM268,800 (2010: RM268,800) exclusive of benefits-in-kind of RM35,200 (2010: RM35,200).

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

10. Income tax

	Group 2011 RM	Group 2010 RM (Restated)	Company 2011 RM	Company 2010 RM
Deferred tax:				
Relating to origination and reversal of temporary differences	-	(2,756,208)	-	-
Underprovision in prior years	-	2,756,208	-	-
	-	-	-	-

The reconciliation of the tax effects of accounting and taxable loss is as follows:

	Group 2011 RM	Group 2010 RM (Restated)	Company 2011 RM	Company 2010 RM
Loss before tax	(43,904,224)	(45,904,967)	(5,452)	(6,179)
Taxation at Malaysian tax rate of 25% (2010: 25%)	(10,976,056)	(11,476,242)	(1,363)	(1,545)
Expenses not deductible for tax purposes	10,191,584	3,034,793	1,363	1,545
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	784,472	5,685,241	-	-
Underprovision of deferred tax in prior years	-	2,756,208	-	-
	-	-	-	-

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

11. Concession intangible assets

	Group 2011 RM	Group 2010 RM (Restated)	Group 1.1.2010 RM (Restated)
Cost			
Expressway development expenditure	916,517,299	916,270,652	915,785,583
Borrowing costs:			
Profit element capitalised	210,558,362	210,558,362	210,558,362
Accrued dividend on Series A RPS	35,898,504	35,898,504	35,898,504
Less: Interest income*	(55,199,641)	(55,199,641)	(55,199,641)
Net borrowing costs capitalised	191,257,225	191,257,225	191,257,225
Other concession intangible assets	354,243	167,443	-
	1,108,128,767	1,107,695,320	1,107,042,808
Accumulated amortisation			
At 1 January	(10,689,846)	(3,642,072)	-
Charge for the year	(8,389,250)	(7,047,774)	(3,642,072)
At 31 December	(19,079,096)	(10,689,846)	(3,642,072)
Net carrying amount	1,089,049,671	1,097,005,474	1,103,400,736

* The interest income relates to proceeds received from the Sukuk Istisna' placed under the short term deposits and investments.

The concession intangible assets are charged as security for the borrowings as disclosed in Notes 21 and 22.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

12. Property, plant and equipment

	Furniture and fittings RM	Office equipment RM	Motor Vehicles RM	Computer equipment RM	Tools and equipment RM	Renovation RM	Signboard RM	Total RM
Group								
31 December 2011								
Cost								
At 1 January 2011	419,586	354,127	2,239,364	244,253	21,788	54,287	719,316	4,052,721
Additions	1,935	21,970	254,495	101,518	13,027	8,177	71,677	472,799
Write off	-	-	(126,021)	-	-	-	-	(126,021)
At 31 December 2011	421,521	376,097	2,367,838	345,771	34,815	62,464	790,993	4,399,499
Accumulated depreciation								
At 1 January 2011	228,927	75,012	1,289,992	192,242	6,408	4,815	76,718	1,874,114
Charge for the year	35,372	35,677	334,070	48,745	5,329	6,007	76,342	541,542
Write off	-	-	(35,706)	-	-	-	-	(35,706)
At 31 December 2011	264,299	110,689	1,588,356	240,987	11,737	10,822	153,060	2,379,950
Net carrying amount	157,222	265,408	779,482	104,784	23,078	51,642	637,933	2,019,549

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

12. Property, plant and equipment (continued)

	Furniture and fittings RM	Office equipment RM	Motor Vehicles RM	Computer equipment RM	Tools and equipment RM	Renovation RM	Signboard RM	Total RM
Group								
31 December 2010								
Cost								
At 1 January 2010	412,341	335,729	2,113,343	238,823	17,628	26,287	302,171	3,446,322
Additions	7,245	18,398	126,021	5,430	4,160	28,000	417,145	606,399
At 31 December 2010	419,586	354,127	2,239,364	244,253	21,788	54,287	719,316	4,052,721
Accumulated depreciation								
At 1 January 2010	187,276	40,908	996,319	150,607	2,180	1,953	16,132	1,395,375
Charge for the year	41,651	34,104	293,673	41,635	4,228	2,862	60,586	478,739
At 31 December 2010	228,927	75,012	1,289,992	192,242	6,408	4,815	76,718	1,874,114
Net carrying amount	190,659	279,115	949,372	52,011	15,380	49,472	642,598	2,178,607

During the financial year, the Group acquired plant and equipment at aggregate costs of RM472,799 (2010: RM606,399) of which RM227,000 (2010: RM110,000) was acquired by means of hire purchase and finance lease arrangements. The net carrying amount of plant and equipment held under hire purchase and finance lease arrangements at year end amounted to RM659,144 (2010. RM745,923).

The property, plant and equipment are charged as security for the IMTNs as disclosed in Note 21

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

13. Investment in a subsidiary

	Company 2011 RM	2010 RM
Unquoted shares at cost	50,000,000	50,000,000

The details of the subsidiary, which is incorporated in Malaysia, are as follows:

Name	Principal activity	Effective equity interest 2011	2010
Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("Kesturi")	Design, construction, operation, management and maintenance of the proposed Duta-Ulu Kelang Expressway	100%	100%

14. Deferred taxation

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets

	Group Unused tax lossess RM	Unabsorbed capital allowances RM	Total RM
At 1 January 2011	(44,760,506)	(46,757,578)	(91,518,084)
Recognised in profit or loss	803,722	(11,327,540)	(10,523,818)
At 31 December 2011	(43,956,784)	(58,085,118)	(102,041,902)
At 1 January 2010	(37,947,376)	(33,930,073)	(71,877,449)
Recognised in profit or loss	(6,813,130)	(12,827,505)	(19,640,635)
At 31 December 2010	(44,760,506)	(46,757,578)	(91,518,084)

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

14. Deferred taxation (continued)

Deferred tax liabilities

	Group Concession intangible assets RM	Others RM	Total RM
At 1 January 2011	91,632,647	(114,563)	91,518,084
Recognised in profit or loss	10,721,951	(198,133)	10,523,818
At 31 December 2011	102,354,598	(312,696)	102,041,902
At 1 January 2010	71,794,236	83,213	71,877,449
Recognised in profit or loss	19,838,411	(197,776)	19,640,635
At 31 December 2010	91,632,647	(114,563)	91,518,084

Deferred tax assets have not been recognised in respect of the following items:

	2011 RM	2010 RM
Unused tax losses	3,889,980	752,091

The unused tax losses of the Group are available indefinitely for offsetting against future taxable profits of the Group, subject to guidelines issued by the tax authority. Deferred tax assets have not been recognised in respect of this item as it is not probable that taxable profit of the Group will be available against which unused tax losses can be utilised.

15. Toll compensation due from Government

	Group 2011 RM	2010 RM
At 1 January	152,899	73,261
Toll compensation revenue recognised in profit or loss	-	199,409
Less: Amount received	(152,899)	(119,771)
At 31 December	-	152,899

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

16. Trade and other receivables

	Group 2011 RM	2010 RM
Trade receivables	434,645	303,018
Sundry receivables	1,253,776	1,348,589
Less: Allowance for impairment loss	(800,000)	(800,000)
	453,776	548,589
Deposits	379,897	374,431
Prepayments	24,682	-
Total trade and other receivables	1,293,000	1,226,038
Add: Cash and cash equivalents (Note 18)	82,567,900	76,411,955
Amount due from related parties (Note 17)	871,642	871,642
Toll compensation due from Government (Note 15)	-	152,899
Less: Prepayments	(24,682)	-
Total loans and receivables	84,707,860	78,662,534

The Group's credit term is based on the next business day which ranges from 1 to 3 days.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2011 RM	2010 RM
Neither past due nor impaired	420,756	290,735
1 to 30 days past due not impaired	503	114
31 to 60 days past due not impaired	337	392
61 to 90 days past due not impaired	434	312
91 to 120 days past due not impaired	391	198
More than 121 days past due not impaired	12,224	11,267
	434,645	303,018

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

16. Trade and other receivables (continued)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM13,889 (2010: RM12,283) that are past due at the reporting date but not impaired.

Other information on financial risks of receivables are disclosed in Note 31.

17. Holding company, subsidiary company and related parties

(i) Holding company

The holding company is Wira Kristal Sdn Bhd, a company incorporated in Malaysia.

The amount due to the holding company is non-trade in nature, interest-free, unsecured and repayable on demand.

(ii) Subsidiary

The amount due to the subsidiary is non-trade in nature, interest-free, unsecured and repayable on demand.

(iii) Related parties

The related parties in these financial statements mainly refers to companies within the Ekovest Berhad group ("Ekovest") by virtue of a common shareholder, who is also the Executive Vice Chairman of Ekovest.

	Group 2011 RM	2010 RM
Current:		
Amounts due from related parties	871,642	871,642
Amounts due to related parties	(32,016)	(192,379)
Non-current:		
Amount due to a related party	(23,670,521)	(21,101,035)

On 28 February 2005 with the signing of the Joint Venture cum Subscription Agreement ("JVSA") between Wira Kristal and Ekovest, Wira Kristal agrees and covenants to cause Kesturi to nominate Ekovest or its nominated wholly owned subsidiary as the Main Turnkey Contractor of the DUKE project.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

17. Holding company, subsidiary company and related parties (continued)

(iii) Related parties (continued)

On 1 June 2005, Kestun appointed Ekovest Construction Sdn Bhd ("ECSB"), a subsidiary of Ekovest as the Main Turnkey Contractor Accordingly, all related expenses incurred by the Company in respect of the Expressway was charged to the Main Turnkey Contractor.

The amounts due from/(to) related parties are trade in nature, unsecured, interest-free and repayable on demand except an amount due to a related party of RM23,670,521 (2010: RM21,101,035) which is due in 2013.

18. Cash and cash equivalents

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Islamic short term deposits with licensed banks	78,486,822	75,545,989	-	-
Cash on hand and at bank	4,081,078	865,966	9,310	340
	82,567,900	76,411,955	9,310	340

Included in the islamic short term deposits is an amount relating to the Finance Service Reserve Account ("FSRA") which must be maintained by the Group at any time during the tenure of the IMTNs as disclosed in Note 20.

The interest rate of islamic short term deposits ranged from 2.8% to 3.35% (2010.1.8% to 3%) per annum The maturities as at the end of the financial year ranged from 1 day to 365 days (2010: 1 day to 365 days).

An amount of RM4,108,431 (2010: RM4,126,415) which has also been included in islamic short term deposits are pledged to secure banking and other credit facilities granted to the Group.

The security arrangement for the IMTNs are disclosed in Note 21.

Other information on financial risks of cash and cash equivalents are disclosed in Note 31

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

19. Hire purchase and finance lease liabilities

	Group 2011 RM	Group 2010 RM
Future minimum lease payments:		
Not later than 1 year	278,597	253,200
Later than 1 year and not later than 2 years	251,547	235,610
Later than 2 years and not later than 5 years	91,218	263,072
Total future minimum lease payments:	621,362	751,882
Less: Future finance charges	(40,987)	(67,000)
Present value of finance lease liabilities	580,375	684,882
Analysis of present value of finance lease liabilities:		
Not later than 1 year	251,530	218,509
Later than 1 year and not later than 2 years	239,013	214,408
Later than 2 years and not later than 5 years	89,832	251,965
	580,375	684,882
Less: Amount due within 12 months	(251,530)	(218,509)
Amount due after 12 months	328,845	466,373

The flat interest rate of the hire purchase ranges between 2.70% to 3.62% (2010: 2.35% to 3.62%) per annum.

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 31.

20. Islamic Medium Term Notes

	Group 2011 RM	Group 2010 RM
Principal	820,000,000	820,000,000
Unamortised deferred payment	(37,937,370)	(40,064,700)
	782,062,630	779,935,300
Analysed as follows:		
Repayable after 12 months	782,062,630	779,935,300

In prior year, Kesturi replaced its existing redeemable secured serial Sukuk Istisna' with the IMTNs.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

20. Islamic Medium Term Notes (continued)

Kesturi issued IMTNs pursuant to the Sukuk issuance programme of up to RM820 million in nominal value under the Shariah principle of Musyarakah. The IMTNs, at nominal value of RM1.00 each, was constituted by a Trust Deed dated 20 October 2010 between Kesturi and the Trustee for the holders of the IMTNs.

The IMTNs was issued in 12 series, with maturities commencing from 2018 to 2029. The profit payment is on every six months, commencing from the issue date of the relevant tranche of the IMTNs.

The periodic payment will be calculated on the basis of a year of 365 days and the actual number of days elapsed (actual/365 days).

Deferred payment relates to the payment of the ancillary fees, costs and expenses related to Kesturi's restructuring scheme which includes the redemption of Sukuk Istisna' and the establishment of the IMTNs.

The terms and covenants of the IMTNs include the following:

(i) Kesturi must maintain a Finance Service Coverage Ratio ("FSCR") of at least 1.75 times;

(ii) Kesturi will maintain a FSRA at any time during the tenure of the IMTNs which has a minimum balance equivalent to the next 6 months' projected debt service. In the event that the balance held in FSRA is less than or exceeds the minimum required balance (except in the case where the Initial Deposit is not utilised), the shortfall or excess shall be topped up or released from Revenue Account; and

(iii) In the event Kesturi utilises the balance in the FSRA, Kesturi is to top up the FSRA within 45 days. Non compliance of the minimum required balance does not constitute an Event of Default.

The relevant details of the security arrangements are stated in Note 21, 'Security Arrangements of IMTNs'.

The maturity of the IMTNs of the Group is tabulated as follows.

	2011 RM	2010 RM
After 5 years	782,062,630	779,935,300

The weighted average effective interest rate of this instrument was 6.88% (2010: 6.88%) per annum.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

21. Security arrangements of IMTNs

Kesturi as the legal and beneficial owner and as a continuing security for the due and punctual payment of the bond has absolutely assigned and charged to the Security Trustee as security trustee for and on behalf of the Sukuk holders as follows:

(a) a first ranking fixed and floating charge on the assets of Kesturi (other than the Redeemable Secured Junior Bond's FSRA ("Junior FSRA") as disclosed in Note 22), both present and future,

(b) a first ranking assignment on all Kesturi's rights, interests, titles and benefits under the Concession Agreement to demand, collect and retain toll for its own benefit from all vehicles liable to pay toll using the Expressway and other relevant project documents and proceeds there from;

(c) a first ranking assignment of Kesturi's rights, interests, titles and benefits in all performance and/or maintenance bonds in relation to the Project and the proceeds there from except where such performance and/or maintenance bonds are used or to be used as security for other parties (including the Government) in accordance with the Concession Agreement, in which case the security of the Sukuk holders shall rank second after the security of the Government or such other parties;

(d) a first ranking assignment on all designed accounts and the credit balances therein; and

(e) a first ranking assignment of Kesturi's rights, interests and titles and benefits in all relevant insurance policies of the Issuers or in respect of the Project.

22. Redeemable Secured Junior Bonds

	Group 2011 RM	2010 RM
Principal	50,000,000	50,000,000
Unamortised deferred payment	(685,993)	(724,460)
	49,314,007	49,275,540

Kesturi issued RM50 million nominal value Redeemable Secured Junior Bonds ("Junior Bonds"). The Junior Bonds, at nominal value RM1.00 each, were constituted by a Trust Deed dated 20 October 2010 made between Kesturi and the Trustee for the holders of the Bonds. The tenure of the Junior Bonds is 19.5 years from the date of issuance.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

22. Redeemable Secured Junior Bonds (continued)

The maturity of the Junior Bonds is tabulated as follows:

	Group 2011 RM	2010 RM
After 5 years	49,314,007	49,275,540

The weighted average effective interest rate of this instrument was 11.50% (2010: 11.50%) per annum.

The Junior Bonds are secured by a first ranking charge and assignment of the Junior FSRA and the credit balances therein. Upon the first coupon payment date, Kesturi will deposit an amount equivalent to the expected coupon payment which will become due and payable in the next 6 months, subject to the meeting of all obligations under the IMTNs. The amount equivalent to the expected coupon payment represents the Junior FSRA amount and is only required to be maintained in the next financial year.

23. Series A Redeemable Preference Shares

	Group 2011 RM	2010 RM
Authorised:		
1,950 shares of RM1 each at beginning/end of the year	1,950	1,950
Nominal value - issued and fully paid up:		
1,950 shares of RM1 each at beginning/end of the year	1,950	1,950
Share premium	194,998,050	194,998,050
Face value of Series A RPS	195,000,000	195,000,000

The carrying amount of the liability component of Series A RPS at the reporting date is arrived at as follows:

	2011 RM	Group 2010 RM (Restated)	1.1.2010 RM (Restated)
Face value of Series A RPS	195,000,000	195,000,000	195,000,000
Provision for redeemable preference shares dividends	133,638,360	99,020,000	68,048,297
	328,638,360	294,020,000	263,048,297

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

23. Series A Redeemable Preference Shares (continued)

The maturity of the Series A RPS is tabulated as follows:

	2011 RM	2010 RM	1.1.2010 RM
After 5 years	328,638,360	294,020,000	263,048,297

The salient features of the Series A Redeemable Preference Shares ("Series A RPS") are as follows:

(i) the Series A RPS holders have the rights to a fixed cumulative gross dividend rate of 8% per annum, to be calculated based on the issue price of RM100,000 per Series A RPS. Any unpaid dividends shall be charged a compounded interest rate of 8% per annum;

(ii) the Series A RPS do not carry any rights to participate in the profits or surplus assets of the subsidiary;

(iii) the Series A RPS holders have the rights on a winding-up or other return of capital to payment, prior to all other shares;

(iv) the Series A RPS shall be redeemed partially or in full on a Series A RPS redemption date, at the option of the subsidiary. Series A RPS redemption date is defined as Series A RPS Dividend date. At the maturity date, which is 24 years from the first subscription date, any Series A RPS not redeemed shall be automatically redeemed. The redemption rate is as stipulated in the Article of Association of Kesturi; and

(v) the holders do not have any right to vote at the subsidiary's General Meeting other than as conferred by Section 148(2) of the Companies Act, 1965.

(vi) the Series A RPS is expected to earn a projected internal rate of return of at least 14.5% per annum.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

24. Deferred income

	Group 2011 RM	2010 RM
Cost		
At 1 January	74,871,923	74,871,923
Additions	2,328,076	-
At 31 December	77,199,999	74,871,923
Accumulated amortisation		
At 1 January	722,411	246,102
Charged for the year	581,926	476,309
At 31 December	1,304,337	722,411
Net carrying amount	75,895,662	74,149,512

Deferred income relates to funding by the Government of Malaysia ("Government") of up to RM77 2 million as disclosed in Note 2(iv).

25. Provision for heavy repairs

	2011 RM	Group 2010 RM (Restated)	1.1.2010 RM (Restated)
At 1 January, as previously stated	-	-	-
Add: Effect of adoption of IC 12	1,231,005	520,542	-
At 1 January, as restated	1,231,005	520,542	-
Arose during the year	712,508	656,136	520,542
Unwinding of discount	122,875	54,327	-
At 31 December	2,066,388	1,231,005	520,542

Provision for heavy repairs relates to expected future costs of repairs of bridges and embankments, rectification of settlements and pavement rehabilitation of medium and high traffic sections along the highways and is provided based on past experience of the level of repair and level of usage of the highway. Assumptions used to calculate the provision for heavy repairs were based on projected traffic volume prepared by independent traffic consultants. The traffic volume projection is independently reviewed on a periodic basis.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

26. Trade and other payables

		Group 2011 RM	2010 RM (Restated)	1.1.2010 RM (Restated)
Trade payables	(i)	402,427	106,820	108,874
Accruals		473,890	383,587	567,502
Other payables		403,366	600,211	814,573
Profit elements payable on Islamic Medium Term Notes/Redeemable Secured Junior Bonds/ Sukuk Istisna'	(ii)	10,781,195	10,781,195	12,265,300
Total trade and other payables		12,060,878	11,871,813	13,756,249
Add: Hire purchase and finance lease liabilities (Note 19)		580,375	684,882	808,892
IMTNs/Sukuk Istisna' (Note 20)		782,062,630	779,935,300	780,000,000
Redeemable Secured Junior Bonds (Note 22)		49,314,007	49,275,540	-
Series A RPS (Note 23)		328,638,360	294,020,000	263,048,297
Amount due to holding company		171,827	171,627	176,227
Amounts due to related parties (Note 17)		23,702,537	21,293,414	22,266,454
Total other financial liabilities carried at amortised cost		1,196,530,414	1,157,252,576	1,080,056,119

	Company 2011 RM	2010 RM
Accruals	3,000	3,000
Other payables	11,252	5,830
Total trade and other payables	14,252	8,830
Add: Amount due to holding company	171,627	171,627
Amount due to a subsidiary company	49,500	40,500
Total other financial liabilities carried at amortised cost	235,379	220,957

(i) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 60 days.

(ii) Profit elements payable on IMTNs and Junior Bonds relate to accrued profit payable to bondholders as disclosed in Note 20 and 22.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

27. Share capital

	Group/Company 2011 RM	2010 RM
Authorised:		
5,000,000 ordinary shares of RM1 each at beginning/ end of the year	5,000,000	5,000,000
45,000,000 redeemable preference shares of RM1 each at beginning/end of the year	45,000,000	45,000,000
	50,000,000	50,000,000
Issued and fully paid:		
5,000,000 ordinary shares of RM1 each at beginning/ end of the year	5,000,000	5,000,000
45,000,000 redeemable preference shares of RM1 each at beginning/end of the year	45,000,000	45,000,000
	50,000,000	50,000,000

Redeemable Preference Shares

The Company shall have the right to redeem the preference shares at the anniversary of each year after its allotment (provided that it is fully paid) based on terms and conditions agreed. The salient terms and conditions are as follows:

(i) no preference shares shall be redeemed except out of distributable profits or the proceeds of a fresh issue of shares made for the purpose of the redemption or out of capital to the extent permitted by Section 61 of the Companies Act, 1965;

(ii) the preference shares shall be redeemed at a premium of RM1,000 per preference share or such other premium as the Board of Directors ("Board") of the Company may decide, and

(iii) the redeemable preference shares holders have the right to dividends at a rate to be determined by the Board of the Company.

The redeemable preference shares rank in priority to the ordinary shares with regard to dividends and return on capital but do not confer upon the holders any right to vote at the Company's General Meeting other than as conferred by Section 148(2) of the Companies Act, 1965.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

28. Prior year adjustments

During the financial year, Kesturi made prior year adjustments relating to the amortisation of Series A Redeemable Preference Shares and adoption of IC 12. The following are effects on the financial statements as a result of the prior year adjustments:

	Previously stated RM	Adjustments RM	IC 12 adjustments RM	Restated RM
31 December 2010				
Consolidated statement of financial position				
Accumulated losses	(72,788,927)	(30,766,546)	(1,231,005)	(104,786,478)
Series A Redeemable Preference Shares	195,000,000	99,020,000	-	294,020,000
Consolidated statement of comprehensive income				
Cost of sales	(13,377,814)	-	(656,136)	(14,033,950)
Finance costs	(81,434,054)	(11,110,890)	(54,327)	(92,599,271)
Loss for the year, representing total comprehensive expense for the year	(34,083,614)	(11,110,890)	(710,463)	(45,904,967)
1 January 2010				
Consolidated statement of financial position				
Accumulated losses	(38,705,313)	(19,655,656)	(520,542)	(58,881,511)
Series A Redeemable Preference Shares	195,000,000	68,048,297	-	263,048,297

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

29. Capital commitments

	Group 2011 RM	2010 RM
(a) Capital commitments		
Approved and contracted for:		
Concession intangible assets	336,000	360,230
(b) Operating lease commitments		
Future minimum rental payments:		
Not later than 1 year	249,480	272,160
Later than 1 year and not later than 5 years	-	249,480
	249,480	521,640

30. Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2011 RM	2010 RM
Group		
Amount paid and payable to ECSB for the concession intangible assets	-	2,226,016
Miscellaneous expenses paid/payable to Ekovest Berhad and its subsidiary:		
- Ekovest Berhad	158,156	-

Outstanding balances in respect of the above transactions are disclosed in Note 17 to the financial statements.

There are no key management personnel other than the directors whose remuneration is disclosed in Note 9.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

31. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative shall be undertaken.

(b) Liquidity risk

The Group relies on the continuing financial support from its shareholders to ensure that refinancing, repayment and funding needs are met.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations:

31 December 2011	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Trade and other payables	12,060,878	-	-	12,060,878
Amounts due to holding and related parties	203,643	23,670,521	-	23,874,164
Hire purchase and finance lease liabilities	278,597	342,765	-	621,362
IMTNs	-	-	820,000,000	820,000,000
Redeemable Secured Junior Bonds	-	-	50,000,000	50,000,000
Series A RPS	-	60,000,000	1,540,151,985	1,600,151,985
Total undiscounted financial liabilities	12,543,118	84,013,286	2,410,151,985	2,506,708,389
Company				
Trade and other payables	14,252	-	-	14,252
Amount due to holding company	171,627	-	-	171,627
Amount due to a subsidiary company	49,500	-	-	49,500
Total undiscounted financial liabilities	235,379	-	-	235,379

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

31. Financial instruments (continued)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations (continued):

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
31 December 2010				
Group				
Trade and other payables	11,871,813	-	-	11,871,813
Amounts due to holding and related parties	364,006	21,101,035	-	21,465,041
Hire purchase and finance lease liabilities	253,200	498,682	-	751,882
IMTNs	-	-	820,000,000	820,000,000
Redeemable Secured Junior Bonds	-	-	50,000,000	50,000,000
Series A RPS	-	30,000,000	1,570,151,985	1,600,151,985
	12,489,019	51,599,717	2,440,151,985	2,504,240,721
Company				
Trade and other payables	8,830	-	-	8,830
Amount due to holding company	171,627	-	-	171,627
Amount due to a subsidiary company	40,500	-	-	40,500
Total undiscounted financial liabilities	220,957	-	-	220,957

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

31. Financial instruments (continued)

(c) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and sundry receivables.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by:

- The carrying amount of trade and sundry receivables

- A nominal amount of RM3,000,000 (2010: RM3,000,000) relating to a corporate guarantee given to a bank for issuance of maintenance bonds to the Government as security for the maintenance of the completed sections of the Duta-Ulu Kelang Expressway ("DUKE")

- A nominal amount of RM1,000,000 (2010: RM1,000,000) relating to a corporate guarantee given to a bank for issuance of Performance Guarantee or Security Deposit favouring Tenaga Nasional Berhad for DUKE project

(d) **Interest rate risk**

The Group obtains its external financing through IMTNs, Junior Bonds and Series A RPS. The Group's profit element for IMTNs is based on agreed fixed rates, while the dividend rate for Series A RPS is fixed at 8% per annum.

Information relating to the Group's profit element on IMTNs, Junior Bonds and dividend rate on Series A RPS are disclosed in Notes 7, 11, 20, 22 and 23.

Surplus funds where available are mainly placed with approved licensed banks. The Group is exposed to changes in interest rates that affect profit elements and interest income from fixed deposits.

The interest/profit profile of the financial liabilities of the Group is as follows:

	2011 RM	2010 RM
Fixed rate financial liabilities	1,160,014,997	1,123,230,840

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

31. Financial instruments (continued)

(d) Interest rate risk (continued)

The weighted average effective interest rate on fixed rate financial liabilities of the Group are as follows:

	2011 RM	2010 RM
Weighted average dividend rate (%)	8.00	8.00
Weighted average profit rate (%)	6.80	7.11
Average period for which rate is fixed (years)	13	14

The interest/profit profile of the financial assets of the Group is as follows:

	2011 RM	2010 RM
Fixed rate financial assets (Note i)	78,486,822	75,545,989
Financial assets on which no interest is earned (Note ii)	6,245,720	3,116,545
	84,732,542	78,662,534

Note i

Fixed rate financial assets mainly comprise islamic short term deposits placed with licensed banks. The islamic short term deposits attracted interest/profit element during the year at a rate of 2.80% to 3.35% (2010: 1.80% to 3.00%) per annum. The maturity dates for fixed rate financial assets during the period ranged between 1 to 365 days (2010: 1 to 365 days).

Note ii

Financial assets on which no interest is earned comprise cash and bank balances, trade and other receivables, amounts due from related parties and immediate holding company and toll compensation due from Government.

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

31. Financial instruments (continued)

(e) Fair values

The carrying amounts of financial assets and liabilities of the Group at the reporting date approximated their fair values except for the following:

	Fair value hierarchy	Carrying amount RM	Fair value RM
2011			
Financial liabilities			
IMTNs (Note 20)	Level 2	829,772,975 *	973,845,500
Junior Bonds (Note 22)	Level 2	51,008,219 #	52,340,000
2010			
Financial liabilities			
IMTNs (Note 20)	Level 2	829,772,975 *	882,902,500
Junior Bonds (Note 22)	Level 2	51,008,219 #	50,880,000

* inclusive of profit element of approximately RM9.8 million (2010: RM9.8 million) in other payables.

inclusive of profit element approximately RM1 million in other payables.

The Group has classified the fair value measurements using a fair value hierarchy based on the following levels:

Level 1: The fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: The fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: The fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

486730 P

Nuzen Corporation Sdn Bhd
(Incorporated in Malaysia)

32. Capital management

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business activities and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition, whilst ensuring full compliance with its relevant financing covenants. To maintain or adjust its capital structure, the Group may issue new shares or refinancing of existing borrowings No changes were made to the objective, policies or processes during the year ended 31 December 2011 and 31 December 2010.

The Group shall maintain the required minimum FSCR of 1 75 times throughout the IMTNs tenure

33. Comparatives

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been reclassified to conform with current year's presentation.

Company No. 132493-D

APPENDIX VI - ACCOUNTANTS' REPORT ON NUZEN GROUP (CONT'D)

Company No.: 486730-P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2012

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

Contents

Company No. 132493-D

APPENDIX VI - ACCOUNTANTS' REPORT ON NUZEN GROUP (CONT'D)

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

Directors' report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

Principal activities

The principal activity of the Company is investment holding.

In accordance with the terms of the Concession Agreement dated 12 August 2004, the principal activities of its subsidiary, Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("Kesturi") are to design, construct, operate, manage and maintain the Duta Ulu-Kelang Expressway ("Expressway") ("DUKE project"). The Expressway commences from the Jalan Duta Interchange to Hill View Interchange and the Karak Link from Sentul Pasar Interchange to Greenwood Interchange. Under the Concession, the subsidiary also takes over and maintains certain existing routes.

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

Financial results

	Group RM	Company RM
Loss for the year	38,115,046	5,252

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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

Dividends

The directors do not recommend any dividend for the current financial year.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Haris Onn Bin Tun Hussein	
Tan Sri Dato' Lim Kang Hoo	
Lim Keng Cheng	
Chua Soo Kok	
Bu Teng Cheng	(Appointed on 18 September 2012)
Shaharuddin Bin Mohamed	(Appointed on 18 September 2012)
Shaharuddin Bin Mohamed	(Ceased on 18 August 2012)
(Alternate director to Datuk Mohamed Razeek Bin Md Hussain Maricar)	
Hussin Bin Mohd Ali	(Resigned on 18 August 2012)
Datuk Mohamed Razeek Bin Md Hussain Maricar	(Resigned on 18 September 2012)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements and the related party transactions as disclosed in Note 29) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 each			
	1.1.2012	**Acquired**	**Sold**	**31.12.2012**
Holding Company				
- Wira Kristal Sdn Bhd				
Direct Interest:				
Dato' Haris Onn Bin Tun Hussein	600,000	-	-	600,000
Tan Sri Dato' Lim Kang Hoo	400,000	-	-	400,000

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

Directors' interests (continued)

	Number of Preference Shares of RM1 each			
	1.1.2012	**Acquired**	**Sold**	**31.12.2012**
Holding Company				
- Wira Kristal Sdn Bhd				
Indirect Interest:				
Tan Sri Dato' Lim Kang Hoo	28	-	-	28

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance has been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of allowance for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

Other statutory information (continued)

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) As at 31 December 2012, the Group and the Company incurred losses of RM38,115,046 and RM5,252 respectively and the equity shortfall of the Group as of that date amounted to RM136,805,748. In the opinion of the directors, the Group and the Company will not be able to meet their obligations when they fall due without the continued financial support from its ultimate holding company.

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the Group and of the Company for the financial year in which this report is made.

Holding companies

The directors regard Wira Kristal Sdn Bhd and Ekovest Berhad, as immediate and ultimate holding companies respectively, both of which are incorporated in Malaysia.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

Auditors

The auditors, Mazars, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 11June 2013.

Tan Sri Dato' Lim Kang Hoo

Dato' Haris Onn Bin Tun Hussein

Kuala Lumpur, Malaysia

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

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

We, Tan Sri Dato' Lim Kang Hoo and Dato' Haris Onn Bin Tun Hussein, being two of the directors of Nuzen Corporation Sdn Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 66 are drawn up in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 11 June 2013.

Tan Sri Dato' Lim Kang Hoo

Dato' Haris Onn Bin Tun Hussein

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

I, Dato' Haris Onn Bin Tun Hussein, being the director primarily responsible for the financial management of Nuzen Corporation Sdn Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 66 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Dato' Haris Onn Bin Tun Hussein
at Kuala Lumpur in the Federal Territory
on 11 June 2013.

Before me,

PESURUHJAYA SUMPAH
ARSHAD ABDULLAH
W 550
MALAYSIA

NO 102 & 104 1st FLOOR BANGUNAN
PERSATUAN YAP SELANGOR
JALAN TUN HS LEE
50000 KUALA LUMPUR

Dato' Haris Onn Bin Tun Hussein

MAZARS

AF: 1954

Independent auditors' report to the members of
NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Nuzen Corporation Sdn Bhd, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 66.

The financial statements of the Group and of the Company as at 31 December 2011 were audited by another firm of chartered accountants, whose report dated 1 June 2012, expressed an unqualified opinion on those statements.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements 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 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation 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 Company's internal control. An audit also includes evaluating the appropriateness the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

Wisma Selangor Dredging · 7th Flr, South Blk, 142-A · Jalan Ampang · 50450 Kuala Lumpur · Malaysia
Tel +603 - 2161 5222 · Fax +603 - 2161 3909 contact@mazars.my · www.mazars.my

Chartered Accountants

Praxity
MEMBER · GLOBAL ALLIANCE OF INDEPENDENT FIRMS

MAZARS

Independent auditors' report to the members of
NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 Deeember 2012 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

(a) . In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiary have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purpose.

(c) The auditors' report on the financial statements of the subsidiary were not subject to any qualifieation and did not include any comment required to be made under Section 174(3) of the Aet.

MAZARS

Independent auditors' report to the members of
NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

Other matters

1. The Group and the Company adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 December 2012 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining snfficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

2. This report is made solely to 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.

MAZARS
No. AF: 1954
Chartered Accountants

YAP CHING SHIN
No. 2022/03/14 (J)
Chartered Accountant

Kuala Lumpur, Malaysia

11 JUN 2013

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue	5	81,923,387	73,320,583	-	-
Cost of sales		(17,716,910)	(16,328,842)	-	-
Gross profit		64,206,477	56,991,741	-	-
Other income	6	4,779,662	4,253,495	-	-
Administrative expenses		(4,202,214)	(3,976,438)	(5,252)	(5,452)
Operating profit/(loss)		64,783,925	57,268,798	(5,252)	(5,452)
Finance costs	7	(102,898,971)	(101,173,022)	-	-
Loss before tax	8	(38,115,046)	(43,904,224)	(5,252)	(5,452)
Income tax expense	10	-	-	-	-
Loss net of tax		(38,115,046)	(43,904,224)	(5,252)	(5,452)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss for the year		(38,115,046)	(43,904,224)	(5,252)	(5,452)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	Goup 2012 RM	Goup 2011 RM	Company 2012 RM	Company 2011 RM
Assets					
Non-current assets					
Concession intangible assets	11	1,080,292,987	1,089,049,671	-	-
Property, plant and equipment	12	1,705,945	2,019,549	-	-
Investment in a subsidiary	13	-	-	50,000,000	50,000,000
		1,081,998,932	1,091,069,220	50,000,000	50,000,000
Current assets					
Toll compensation due from Government	15	-	-	-	-
Trade and other receivables	16	1,181,923	1,256,694	-	-
Amounts due from related parties	17	891,693	907,948	-	-
Cash and cash equivalents	18	94,251,383	82,567,900	342	9,310
		96,324,999	84,732,542	342	9,310
Total assets		1,178,323,931	1,175,801,762	50,000,342	50,009,310
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	27	50,000,000	50,000,000	50,000,000	50,000,000
Accumulated losses		(186,805,748)	(148,690,702)	(231,321)	(226,069)
Total equity		(136,805,748)	(98,690,702)	49,768,679	49,773,931
Non-current liabilities					
Hire purchase and finance lease liabilities	19	89,832	328,845	-	-
Islamic Medium Term Notes ("IMTNs")	20	784,189,959	782,062,630	-	-
Redeemable Secured Junior Bonds	22	49,352,474	49,314,007	-	-
Series A Redeemable Preference Shares ("Series A RPS")	23	367,332,736	328,638,360	-	-
Deferred income	24	83,205,824	75,895,662	-	-
Provision for heavy repairs	25	2,979,096	2,066,388	-	-
Amount due to a related party	17	-	23,670,521	-	-
		1,287,149,921	1,261,976,413	-	-

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 (continued)

	Note	Goup 2012 RM	Goup 2011 RM	Company 2012 RM	Company 2011 RM
Current liabilities					
Trade and other payables	26	11,788,576	12,060,878	8,936	14,252
Amount due to holding company	17	162,227	171,627	162,227	171,627
Amounts due to related parties	17	15,789,942	32,016	-	-
Amounts due to a subsidiary company	17	-	-	60,500	49,500
Hire purchase and finance lease liabilities	19	239,013	251,530	-	-
		27,979,758	12,516,051	231,663	235,379
Total liabilities		1,315,129,679	1,274,492,464	231,663	235,379
Total equity and liabilities		1,178,323,931	1,175,801,762	50,000,342	50,009,310

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital RM	Accumulated losses RM	(Equity shortfall)/ total equity RM
Group			
At 1 January 2011	50,000,000	(104,786,478)	(54,786,478)
Total comprehensive loss for the year	-	(43,904,224)	(43,904,224)
At 31 December 2011	50,000,000	(148,690,702)	(98,690,702)
At 1 January 2012	50,000,000	(148,690,702)	(98,690,702)
Total comprehensive loss for the year	-	(38,115,046)	(38,115,046)
At 31 December 2012	50,000,000	(186,805,748)	(136,805,748)
Company			
At 1 Jauuary 2011	50,000,000	(220,617)	49,779,383
Total comprehensive loss for the year	-	(5,452)	(5,452)
At 31 December 2011	50,000,000	(226,069)	49,773,931
At 1 January 2012	50,000,000	(226,069)	49,773,931
Total comprehensive loss for the year	-	(5,252)	(5,252)
At 1 January 2012	50,000,000	(231,321)	49,768,679

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Cash flows from operating activities				
Loss before tax	(38,115,046)	(43,904,224)	(5,252)	(5,452)
Adjustments for:				
Amortisation of concession intangible assets	9,060,760	8,389,250	-	-
Amortisation of deferred income	(689,838)	(581,926)	-	-
Gain on disposal of property, plant and equipment	(11,000)	-	-	-
Depreciation of property, plant and equipment	519,272	541,542	-	-
Interest expense arising from fair value adjustment of financial liabilities	-	2,572,487	-	-
Provision for heavy repairs	718,932	712,508		
Unwinding of discount from provision for heavy repairs	193,776	122,875	-	-
Profit element expensed on Islamic Medium Term Notes	63,820,752	63,652,297	-	-
Dividend on Series A Redeemable Preference Shares ("RPS")	38,694,376	34,618,360	-	-
Interest income	(2,845,723)	(2,486,690)		
Interest expense on hire purchase	27,067	44,003	-	-
Property, plant and equipment written off	-	90,315	-	-
Operating profit/(loss) before working capital changes	71,373,328	63,770,797	(5,252)	(5,452)
Changes in working capital:				
Decrease in receivables	95,733	135,985	-	-
(Decrease)/increase in payables	(103,846)	(316,304)	(5,316)	5,422
Decrease in holding company	(9,400)	-	(9,400)	-
Increase in a subsidiary	-	-	11,000	9,000
Decrease in related parties	(7,896,340)	(188,730)	-	-
Cash generated from/(used in) operations	63,459,475	63,401,748	(8,968)	8,970
Interest on hire purchase paid	(27,067)	(44,003)	-	-
Net cash generated from/(used in) operating activities	63,432,408	63,357,745	(8,968)	8,970

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Cash flows from investing activities				
Purchase of property, plant and equipment	(205,668)	(245,799)	-	-
Proceeds from disposal of property, plant and equipment	11,000	-	-	-
Payment for concession intangible assets	(304,076)	(433,447)	-	-
Interest received	2,845,723	2,486,690	-	-
Net cash generated from investing activities	2,346,979	1,807,444	-	-
Cash flows from financing activities				
Proceeds from government grant	8,000,000	2,328,076	-	-
Proceeds from issuance of Islamic Medium Term Notes	-	-	-	-
Repayment of hire purchase	(272,492)	(356,189)	-	-
Payment on profit element of Islamic Medium Term Notes	(61,823,412)	(60,981,131)	-	-
Net cash used in financing activities	(54,095,904)	(59,009,244)	-	-
Net increase/(decrease) in cash and cash equivalents	11,683,483	6,155,945	(8,968)	8,970
Cash and cash equivalents at beginning of the year	82,567,900	76,411,955	9,310	340
Cash and cash equivalents at end of the year (Note 18)	94,251,383	82,567,900	342	9,310

a) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2012 RM	2011 RM
Purchase of property, plant and equipment	205,668	472,799
Financed by finance lease arrangements	-	(227,000)
	205,668	245,799

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. CORPORATE INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 1-2-1, Jalan 2/50, Diamond Square, Off Jalan Gombak, 53000 Kuala Lumpur. The principal place of business of the Company is located at Wisma Ekovest, No 118, Jalan Gombak, 53000 Kuala Lumpur.

The immediate and ultimate holding companies are holding company Wira Kristal Sdn Bhd ("Wira Kristal") and Ekovest Berhad, both of which are incorporated in Malaysia.

The principal activity of the Company is investment holding.

In accordance with the terms of the Concession Agreement ("CA") dated 12 August 2004, the principal activities of its subsidiary, Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("Kesturi") are to design, construct, operate, manage and maintain the the Duta Ulu-Kelang Expressway ("Expressway") ("DUKE Project"). The Expressway commences from the Jalan Duta Interchange to Hill View Interchange and the Karak Link from Sentul Pasar Interchange to Greenwood Interchange. Under the Concession, Kesturi also takes over and maintains certain existing routes.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 11 June 2013.

2. AWARD OF CONCESSION

The Concession Period is for a period of 34 years which commenced from 11 August 2005.

CA may be terminated by either the Government or the Company if either party fails to remedy its default within the period specified in the CA. The Government may terminate the CA or the Company by giving notice within the specific period in the CA. Upon expiry of the Concession Period, the Company shall hand over the Concession Area to the Government in a well-maintained condition and make good any defects at the Company's own expenses within twelve (12) months after the date of handing over.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

2. AWARD OF CONCESSION (continued)

The Expressway project is being financed in the following manners:

(i) RM195 million raised via the issuance of 1,950 Redeemable Preference Share ("RPS") of RM1 each by Kesturi at an issue price of RM100,000 each ("Kesturi RPS"), which have been subscribed by Ekovest Berhad ("Ekovest") and Malaysian Resource Capital Berhad ("MRCB") in the proportion of 70:30 respectively.

(ii) Issuance of RM40 million shares in Kesturi to Nuzen. Nuzen in turn issued RM40 million shares in Nuzen which were subscribed by Wira Kristal and MRCB in the proportion of 70:30 respectively.

(iii) Wira Kristal subscribed its portion of RM28 million shares in Nuzen as mentioned in Note (ii) above via the issuance of 28 RPS of RM1 each at an issue price of RM1 million each ("Wira Kristal RPS").

(iv) Funding by the Government of Malaysia ("Government") of up to RM77.2 million, after completing the construction for the section commencing from Kampong Dalam Interchange and transversing through Greenwood Interchange.

(v) Issuance of Redeemable Secured Serial Sukuk Istisna' by Kesturi with a net proceeds of RM780 million. In 2010, Kesturi replaces its Sukuk Istina' with the issuance of Islamic Medium Term Notes ("IMTNs").

(vi) Issuance of IMTNs by Kesturi with a nominal value of RM820 million and RM50 million Redeemable Secured Junior Bonds on 28 October 2010.

3. TOLL COMPENSATION AND TOLL SHARE ARRANGEMENTS

In the event that the Government imposes a toll rate which is lower than the agreed toll rates stated in the CA, for any Concession Year, the agreement provides that Kesturi shall be compensated for any reduction in toll collections by it in respect of the relevant operating year in which the reduction is implemented, and for each operating year thereafter during which the decision of the Government continues to apply, until such time Kesturi is allowed to collect the then prevailing agreed toll rate.

Based on the terms of the CA, the Government is entitled to 30% share of toll revenue on the excess of actual toll revenue against the average projected toll revenue, subject to Kesturi's full settlement of all loans or on the 19th year of the Concession Period, whichever earlier.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

As at 31 December 2012, the Group and the Company incurred net losses of RM38,115,046 and RM5,252 respectively and as of that date, the equity shortfall of the Group as amounted to RM136,805,748. The ability of the Group and of the Company to continue as going concern is dependent on the continued financial support from the ultimate holding company to enable them to meet their obligations and liabilities as and when they fall due. Consequently, the financial statements have been prepared on a going concern basis and do not include any adjustments that would result from a failure to obtain such financial support.

4.2 Summary of significant accounting policies

(a) Subsidiary and basis of consolidation

(i) Subsidiary

A subsidiary is an entity over which the Group has the ability to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

The Company's investment in a subsidiary is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.2(e).

Upon disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.2 Summary of significant accounting policies (continued)

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the reporting date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements is prepared for the same reporting date as the Company.

The subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, all intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisition of a subsidiary is accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.2 Summary of significant acconnting policies (continued)

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only wheu it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Snbsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Furniture and fittings	10%
Office equipment	10%
Motor vehicles	20%
Computer equipment	33%
Tools and equipment	20%
Renovation	10%
Signboard	10%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds and the net carrying amount is recognised in profit or loss.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.2 Summary of significant accounting policies (continued)

(c) Concession intangible assets

Upon adoption of IC Interpretation 12, concession assets are recognised as intangible assets to the extent that the Group has a right (a licence) to charge users of the public services, as explained in Note 4.3.

Concession intangible assets refer to Expressway Development Expenditure ("EDE") which comprises development and upgrading expenditure (including interest charges relating to financing of the development) incurred in connection with the concession.

Intangible asset is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in aceordance with Note 4.2(d).

Amortisation of the intangible assets begins when it is available for use, which means when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

EDE is amortised over the Concession Period. The amortisation formula applied in the preparation of the financial statements to arrive at the annual amortisation charge for each financial period is as follows:

$$\frac{\text{Toll revenue for the year}}{\text{[Actual toll revenue for the year + Projected total toll revenue for the subsequent years to the end of the Concession Period]}} \times \text{[Net Book Value of EDE at the beginning of the year + Additions for the year]}$$

Toll revenue and projected total toll revenue include toll collection and toll compensation.

The projected total toll revenue is based on the latest available base case traffic projections prepared by independent traffic consultants multiplied by the toll rate structures contemplated in the Concession Agreement.

The traffic volume projections are independently reviewed on a periodic basis.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.2 **Summary of significant accounting policies (continued)**

(d) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.2 **Summary of significant accounting policies (continued)**

(e) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provision of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial assets in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.2 Summary of significant accounting policies (continued)

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group and the Company have not designated any financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group and the Company have the expressed intention and ability to hold to maturity.

Investments that are intended to be held-to-maturity are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current

The Group and the Company have not designated any financial assets as held-to-maturity investments.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.2 Summary of significant accounting policies (continued)

Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss. Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group and the Company have not designated any financial assets as available-for-sale.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.2 Summary of significant accounting policies (continued)

(f) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) *Receivables and other financial assets carried at amortised cost*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.2 Summary of significant accounting policies (continued)

(f) Impairment of financial assets (continued)

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(g) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Financial liabilities, within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.2 Summary of significant accounting policies (continued)

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and borrowings.

Trade and sundry payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Details of borrowings of the Group are as follows:

(i) *Islamic Medium Term Notes - Sukuk Musyarakah with periodic payments*

The Islamic Medium Term Notes are issued under the Islamic principle of Musyarakah which is a contract of partnership in a venture.

The Sukuk Musyarakah is initially stated at cost, being the fair value of the consideration received After initial recognition, the profit element attributable to the Sukuk in each period is recognised as an expense at a constant rate to its maturity.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.2 Summary of significant accounting policies (continued)

(ii) *Redeemable Preference Shares*

The redeemable preference shares are regarded as financial liability and recognised in the statement of financial position initially at fair value, net of transaction costs. The dividends on those shares are compounded annually and recognised as interest expense in profit or loss using the effective interest rate method.

(iii) *Redeemable Secured Junior Bonds*

The redeemable secured junior bonds are initially stated at cost, being the fair value of the consideration received less directly attributable transaction costs. After initial recognition, the interest attributable to the redeemable secured junior bonds is recognised as an expense at a constant rate to its maturity.

(h) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group and the Company all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's and the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.2 Summary of significant accounting policies (continued)

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 4.2(b).

(ii) Operating leases – The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred

(j) Income tax

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

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.2 Summary of significant accounting policies (continued)

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted at the reporting date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(k) Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(l) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.2 Summary of significant accounting policies (continued)

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Toll revenue

Toll revenue is accounted for as and when toll is chargeable for the usage of the expressway.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Advertising income

Advertising income is recognised on an accrual basis when the service is rendered.

(iv) Rental income

Rental income is recognised on a straight-line basis over the specific tenure of the respective leases.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.3 Changes in accounting policies

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 12: Service Concession Arrangements ("IC 12") provides guidance on the accounting by the operator of a service concession arrangement involving the provision of public sector services. Hence, IC 12 is applicable to all tolled expressways concession arrangements awarded to the Group.

Infrastructure within the scope of IC 12 is recognised as intangible assets of the operator as the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the operator and instead, the operator receives a right to charge users for the use of the public service infrastructure.

Where the operator has contractual obligations to maintain the infrastructure to a specified level of serviceability or to restore the infrastructure to a specified condition, such contractual obligations to maintain or restore infrastructure, except for any upgrade element, shall be recognised and measured in accordance with MFRS 137: Provisions, Contingent Liabilities and Contingent Assets, such as at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period.

The application of IC 12 in the previous financial year has led to the change in the Group's accounting policies for the classification, recognition and measurement of service concession arrangements and maintenance obligations, as follows:

(a) Change in classification and nature of concession intangible assets

Prior to the adoption of IC 12, all the infrastructure costs incurred (which comprised capitalised expressway development expenditure and other concession assets) were classified as concession assets, part of tangible assets of the Group, and were stated at cost less accumulated amortisation and impairment losses.

Upon adoption of IC 12 in prior year, those infrastructure costs incurred that establish or vary the right of the Group in providing the public services are classified as concession intangible assets. These infrastructure costs are stated at cost less accumulated amortisation and impairment losses.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.3 Changes in accounting policies

(b) Provision for heavy repairs

Heavy repairs relate to costs iucurred to repair bridges, slopes and embankments, rectification of settlements and pavement rehabilitation of medium and high traffic sections along the expressway.

Upon adoption of IC 12 in prior year, provision for heavy repairs being the contractual obligations to maintain and restore the infrastructure to a specified standard of serviceability, is recognised and measured at the present value of estimated expenditures expected to be required to settle the present obligation at the reporting date.

In accordance with the transitional provisions of IC 12, the changes in accounting policies have been applied retrospectively and comparative figures have been restated accordingly. The following are effects to the financial statements arising from the above change in accounting policy:

	Group Increase As at 31 December 2011 RM
Statements of financial position	
Provision for heavy repairs	835,383
Accumulated losses	835,383
Statements of comprehensive income	
Cost of sales	712,508
Finance costs	122,875
Loss for the year, representing total comprehensive loss for the year	835,383

Company No. 132493-D

APPENDIX VI - ACCOUNTANTS' REPORT ON NUZEN GROUP (CONT'D)

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.4 Malaysian Financial Reporting Standards

These are the Group' and the Company's first financial statements prepared in accordance with MFRSs and accordingly MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*, has been applied in the preparation of the financial statements.

In the previous years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRS"). There are no significant financial impacts as a result of transition to MFRS. Accordingly, no statement of financial position as at 1 January 2011 is presented, as there is no adjustment made to the amounts reported previously in the financial statements prepared in accordance with FRS.

The measurement bases applied in the preparation of the financial statements include cost, recoverable value and fair value. Estimates are used in measuring these values.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

Standards issue that are not yet effective

The Group and the Company have not applied the following MFRSs, Amendments to MFRSs, Issue Committee Interpretations ("IC Interpretations") and Amendments to IC Interpretation that are relevent to operatiors and have been issued by the MASB but are not yet effective.

New/ Revised MFRSs, Amendments to MFRSs, IC Interpretations and Amendments to IC Interpretation		*Effective for financial periods beginning on or after*
MFRS 9	Financial Instruments	1-Jan-2015
MFRS 10	Consolidated Financial Statements	1-Jan-2013
MFRS 13	Fair Value Measurement	1-Jan-2013
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in May 2011)	1-Jan-2013
MFRS 127	Separate Financial Statements	1-Jan-2013

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.4 Malaysian Financial Reporting Standards (continued)

New/ Revised MFRSs, Amendments to MFRSs, IC Interpretations and Amendments to IC Interpretation		*Effective for financial periods beginning on or after*
Amendments to MFRS 1	Government loans	1-Jan-2013
Amendment to MFRS 1	Annual improvements 2009-2011 Cycle	1-Jan-2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1-Jan-2013
Amendment to MFRS 10	Consolidated Financial Statements	1-Jan-2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1-Jul-2012
Amendment to MFRS 101	Annual improvements 2009-2011 Cycle	1-Jan-2013
Amendment to MFRS 116	Annual improvements 2009-2011 Cycle	1-Jan-2013
Amendments to MFRS 132	Annual improvements 2009-2011 Cycle	1-Jan-2013
Amendment to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1-Jan-2014
Amendment to MFRS 134	Annual improvements 2009-2011 Cycle	1-Jan-2013
Amendment to IC Interpretation 2	Annual improvements 2009-2011 Cycle	1-Jan-2013

Except as otherwise indicated, the adoption of the above standards, amendments and interpretations on their respective effective dates are not expected to have significant impact on the financial statements of the Group and the Company.

Amendments to MFRS7, *Disclosures - Offsetting Financial Assets and Financial Liabilities*

The disclosures would provide users with information to better assess the effect or potential of offsetting arrangements on the Group and the Company's financial position.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.4 Malaysian Financial Reporting Standards (continued)

The Group and the Company does not anticipate significant impact to the financial statements upon adoption of these amendments.

Amendments to MFRS 101. *Presentation of items of Other Comprehensive Income*

The amendment introduces a requirement for entities to group items presented in other comprehensive income on the basis whether they are potentially reclassifiable to profit or loss subsequently.

The amendment may result in some presentation changes but is not expected to have a significant impact on the Group and the Company's financial statements.

Amendments to MFRS 132, *Offsetting Financial Assets and Financial Liabilities*

The amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement.

The Group and the Company does not anticipate significant impact to the financial statements upon adoption of theses amendments.

MFRS 9, Financial Instruments

MFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.4 Malaysian Financial Reporting Standards (continued)

The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group and the Company is yet to assess MFRS 9's full impact and intends to adopt MFRS 9 no later than the accounting period beginning on or after 1 January 2015.

MFRS 13, Fair Value Measurement

MFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements. This MFRS explains how to measure fair value of assets, liabilities and equity but does not introduce new fair value measurement requirements.

The Group and the Company does not anticipate significant impact to the financial statements upon adoption of this standard.

4.5 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

The management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.5 Significant accounting estimates and judgements (continued)

(i) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Amortisation of Expressway Development Expenditure ("EDE")

The cost of EDE is amortised over the concession period by applying the formula in Note 4.2(c) above. The denominator of the formula includes projected total toll revenue for subsequent years to the end of the concession period and is based on the latest available base case traffic volume projections prepared by independent traffic consultants multiplied by the relevant toll rates. The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on current market and economical conditions. Changes in the expected traffic volume could impact future amortisation charges.

(iii) Impairment of Expressway Development Expenditure ("EDE")

The Group determines whether EDE impaired at least on an annual basis based on the expected future cash flows generated from EDE discounted at a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of EDE of the Group as at 31 December 2012 was RM1,080,292,987 (2011: RM1,089,049,671). Further details are disclosed in Note 11.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES

4.5 Significant accounting estimates and judgements (continued)

(iv) Provision for heavy repairs

Provision for heavy repairs are recognised at the present value of the future heavy repairs expenditure expected to be incurred over the concession period. Judgement and estimation are involved in determining the timing and amounts of future expenditure in the computation of the present value. The present value is also dependent on various assumptions, which include amongst others, traffic volume as mentioned in Note 4.5(b)(ii).

(v) Deferred tax assets

Deferred tax assets are only recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Siginificant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. No deferred tax assets of the Group and the Company are recognised and the unrecognised tax losses of the Group as at 31 December 2012 amount to RM712,816 (2011: RM5,021,673).

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

5. REVENUE

	Group 2012 RM	Group 2011 RM
Toll revenue	81,923,387	73,320,583

6. Other income

	Group 2012 RM	Group 2011 RM
Income from rental of facilities	954,000	900,000
Interest income from short term deposits	2,845,723	2,486,690
Amortisation of deferred income (Note 24)	689,838	581,926
Gain on disposal of property, plant and equipment	11,000	-
Proceeds from insurance claim on theft of motor vehicle	-	110,000
Other income	279,101	174,879
	4,779,662	4,253,495

7. FINANCE COSTS

	Group 2012 RM	Group 2011 RM
Interest expense on:		
Hire purchase and finance lease liabilities	27,067	44,003
Bond issuance costs	163,000	163,000
Unwinding of discount from provision for heavy repairs (Note 25)	193,776	122,875
Profit element on Islamic Medium Term Notes/ Redeemable Secured Junior Bonds	63,820,752	63,652,297
Interest expense arising from fair value adjustment of financial liabilities	-	2,572,487
Dividend on Series A RPS	38,694,376	34,618,360
	102,898,971	101,173,022

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

8. LOSS BEFORE TAX

The following amounts have been included in arriving at loss before tax:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Employee benefits expense (Note 9)	4,436,563	4,042,832	-	-
Auditors' remuneration - statutory audit	40,000	48,000	3,000	3,000
Property, plant and equipment written off	-	90,315	-	-
Provisioo for heavy repairs	718,932	712,508	-	-
Rental of office	269,955	272,160	-	-
Rental of motor vehicles	45,500	22,650	-	-
Rental of accomodation	3,000	3,600	-	-
Rental of plant and machinery	50,033	113,611	-	-
Depreciation of property, plant and equipment	519,272	541,542	-	-
Amortisation of concession intangible assets (Note 11)	9,060,760	8,389,250	-	-

9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2012 RM	2011 RM
Wages and salaries	4,006,823	3,690,988
Social security contributions	44,816	43,287
Contributions to defined contribntion plan	384,924	308,557
	4,436,563	4,042,832

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM268,800 (2011: RM268,800) exclusive of benefits-in-kind of RM35,200 (2011: RM35,200).

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

10. INCOME TAX EXPENSE

The reconciliation of the tax effects of accounting and taxable loss is as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Loss before tax	(38,115,046)	(43,904,224)	(5,252)	(5,452)
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	(9,528,762)	(10,976,056)	(1,313)	(1,363)
Expenses not deductible for tax purposes	10,605,926	10,191,584	1,313	1,363
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	-	784,472	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(1,077,164)	-	-	-
	-	-	-	-

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

11. CONCESSION INTANGIBLE ASSETS

	Group 2012 RM	Group 2011 RM
Cost		
Expressway development expenditure	916,782,875	916,517,299
Borrowing costs:		
Profit element capitalised	210,558,362	210,558,362
Accrued dividend on Series A RPS	35,898,504	35,898,504
Less: Interest income*	(55,199,641)	(55,199,641)
Net borrowing costs capitalised	191,257,225	191,257,225
Other concession intangible assets	392,743	354,243
	1,108,432,843	1,108,128,767
Accumulated amortisation		
At 1 January	(19,079,096)	(10,689,846)
Charge for the year	(9,060,760)	(8,389,250)
At 31 December	(28,139,856)	(19,079,096)
Net carrying amount	1,080,292,987	1,089,049,671

* The interest income relates to proceeds received from the Sukuk Istisna' placed under the short term deposits and investments.

The concession intangible assets are charged as security for the borrowings as disclosed in Notes 20 to 22.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

12. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Computer equipment RM	Tools and equipment RM	Renovation RM	Signboard RM	Total RM
Group								
31 December 2012								
Cost								
At 1 January 2012	421,521	376,097	2,367,838	345,771	34,815	62,464	790,993	4,399,499
Additions	8,135	64,286	82,120	26,777	9,580	-	14,770	205,668
Disposal	-	-	(101,507)	-	-	-	-	(101,507)
At 31 December 2012	429,656	440,383	2,348,451	372,548	44,395	62,464	805,763	4,503,660
Accumulated depreciation								
At 1 January 2012	264,299	110,689	1,588,356	240,987	11,737	10,822	153,060	2,379,950
Charge for the year	22,315	37,647	314,853	50,000	7,946	6,246	80,265	519,272
Disposal	-	-	(101,507)	-	-	-	-	(101,507)
At 31 December 2012	286,614	148,336	1,801,702	290,987	19,683	17,068	233,325	2,797,715
Net carrying amount	143,042	292,047	546,749	81,561	24,712	45,396	572,438	1,705,945

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture and fittings	Office equipment	Motor vehicles	Conipnter equipment	Tools and equipment	Renovation	Siguboard	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
31 December 2011								
Cost								
At 1 January 2011	419,586	354,127	2,239,364	244,253	21,788	54,287	719,316	4,052,721
Additions	1,935	21,970	254,495	101,518	13,027	8,177	71,677	472,799
Write off	-	-	(126,021)	-	-	-	-	(126,021)
At 31 Deeember 2011	421,521	376,097	2,367,838	345,771	34,815	62,464	790,993	4,399,499
Accumulated depreciatiou								
At 1 January 2011	228,927	75,012	1,289,992	192,242	6,408	4,815	76,718	1,874,114
Charge for year	35,372	35,677	334,070	48,745	5,329	6,007	76,342	541,542
Write off	-	-	(35,706)	-	-	-	-	(35,706)
At 31 December 2011	264,299	110,689	1,588,356	240,987	11,737	10,822	153,060	2,379,950
Net carrying amount	157,222	265,408	779,482	104,784	23,078	51,642	637,933	2,019,549

The net carrying amount of plant and equipment of the Group which held under hire purchase and finance lease arrangements at year end amounted to RM380,058 (2011: RM659,144).

The property, plant and equipment of the Group are charged as security for the IMTNs as disclosed in Note 20

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

13. INVESMENT IN A SUBSIDIARY

	Company 2012	Company 2011
	RM	RM
Unquoted shares at cost	50,000,000	50,000,000

The details of the subsidiary, which is incorporated in Malaysia, are as follows:

Name	Principal activities	Effective equity interest 2012	Effective equity interest 2011
Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("Kesturi")	Design, construction, operation, management and maintenance of the proposed Duta-Ulu Kelang Expressway ("Expressway or Duke Project")	100%	100%

14. DEFERRED TAXATION

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets

	Group Unused tax lossess	Group Unabsorbed capital allowances	Group Total
	RM	RM	RM
At 1 January 2012	(43,956,784)	(58,085,118)	(102,041,902)
Recognised in profit or loss	(920,868)	(9,181,202)	(10,102,070)
At 31 December 2012	(44,877,652)	(67,266,320)	(112,143,972)
At 1 January 2011	(44,760,506)	(46,757,578)	(91,518,084)
Recognised in profit or loss	803,722	(11,327,540)	(10,523,818)
At 31 December 2011	(43,956,784)	(58,085,118)	(102,041,902)

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

14. DEFERRED TAXATION (continued)

Deferred tax liabilities

	Group		
	Concession intangible assets RM	Others RM	Total RM
At 1 January 2012	102,354,598	(312,696)	102,041,902
Recognised in profit or loss	10,382,506	(280,436)	10,102,070
At 31 December 2012	112,737,104	(593,132)	112,143,972
At 1 January 2011	91,632,647	(114,563)	91,518,084
Recognised in profit or loss	10,721,951	(198,133)	10,523,818
At 31 December 2011	102,354,598	(312,696)	102,041,902

Deferred tax assets have not been recognised in respect of the following item:

	Group 2012 RM	2011 RM
Unused tax losses	712,816	5,021,673

The unused tax losses of the Group are available indefinitely for offsetting against future taxable profits of the Group, subject to guidelines issued by the tax authority. Deferred tax assets have not been recognised in respect of this item as it is not probable that taxable profit of the Group will be available against which unused tax losses can be utilised.

15. TOLL COMPENSATION DUE FROM GOVERNMENT

	Group 2012 RM	2011 RM
At 1 January	-	152,899
Less: Amount received	-	(152,899)
At 31 December	-	-

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

16. TRADE AND OTHER RECEIVABLES

	Group 2012 RM	2011 RM
Trade receivables	175,355	434,645
Sundry receivables	1,387,352	1,217,470
Less: Allowance for impairment loss	(800,000)	(800,000)
	587,352	417,470
Deposits	394,847	379,897
Prepayments	24,369	24,682
Total trade and other receivables	1,181,923	1,256,694
Add: Cash and cash equivalents (Note 18)	94,251,383	82,567,900
Amounts due from related parties (Note 17)	891,693	907,948
Less: Prepayments	(24,369)	(24,682)
Total loans and receivables	96,300,630	84,707,860

The Group's credit term is based on the next business day which ranges from 1 to 3 days.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2012 RM	2011 RM
Neither past due nor impaired	158,050	420,756
1 to 30 days past due not impaired	621	503
31 to 60 days past due not impaired	614	337
61 to 90 days past due not impaired	614	434
91 to 120 days past due not impaired	621	391
More than 121 days past due not impaired	14,835	12,224
	175,355	434,645

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

16. TRADE AND OTHER RECEIVABLES (continued)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM17,305 (2011: RM13,889) that are past due at the reporting date but not impaired.

Other information on financial risks of receivables are disclosed in Note 30(c)

17. HOLDING OMPANY, SUBSIDIARY COMPANY AND RELATED PARTIES

(i) **Holding company**

The amount due to the holding company is unsecured non-trade in nature, interest-free, and payable on demand

(ii) **Subsidiary**

The amount due to the subsidiary is non-trade in nature, interest-free, unsecured and payable on demand.

(iii) **Related parties**

The related parties in these financial statements mainly refers to companies within the Ekovest Berhad Group ("Ekovest") by virtue of a common shareholder, who is also the Executive Vice Chairman of Ekovest.

	Group	
	2012	**2011**
	RM	**RM**
Current:		
Amounts due from related parties	891,693	907,948
Amounts due to related parties	(15,789,942)	(32,016)
Non-current:		
Amount due to a related party	-	(23,670,521)

On 28 February 2005 with the signing of the Joint Venture cum Subscription Agreement ("JVSA") between Wira Kristal and Ekovest, Wira Kristal agrees and covenants to cause Kesturi to nominate Ekovest or its nominated wholly owned subsidiary as the Main Turnkey Contractor of the DUKE project.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

17. **Holding company, subsidiary company and related parties (continued)**

On 1 June 2005, Kesturi appointed Ekovest Construction Sdn Bhd ("ECSB"), a subsidiary of Ekovest as the Main Turnkey Contractor. Accordingly, all related expenses incurred by the Company in respect of the Expressway was charged to the Main Turnkey Contractor.

The amounts due from/(to) related parties are trade in nature, unsecured, interest-free and repayable on demand except an amount due to a related party of RM15,672,171 (2011: RM23,670,521) which is due in 2013.

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Islamic short term deposits with licensed banks	90,828,688	78,486,822	-	-
Cash on hand and at bank	3,422,695	4,081,078	342	9,310
	94,251,383	82,567,900	342	9,310

Included in the cash and cash equivalent is an amount relating to the Finance Service Reserve Account ("FSRA") totaled RM32,126,496 (2011: RM1,093,789) which must be maintained by the Group at any time during the tenure of the IMTNs as disclosed in Note 20.

The interest rate of islamic short term deposits ranged from 2.8% to 3.35% (2011: 2.8% to 3.35%) per annum. The maturities as at the end of the financial year ranged from 1 day to 365 days (2011: 1 day to 365 days).

An amount of RM4,000,000 (2011: RM4,108,431) which has also been included in Islamic short term deposits are pledged to secure banking and other credit facilities granted to the Group as disclosed in Notes 20 to 22.

The security arrangement for the IMTNs are disclosed in Note 21.

Other information on financial risks of cash and cash equivalents are disclosed in Note 30(d).

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

19. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group 2012 RM	2011 RM
Future minimum lease payments:		
Not later than 1 year	251,547	278,597
Later than 1 year and not later than 2 years	91,218	251,547
Later than 2 years and not later than 5 years	-	91,218
Total future minimum lease payments:	342,765	621,362
Less: Future finance charges	(13,920)	(40,987)
Present value of finance lease liabilities	328,845	580,375
Analysis of present value of finance lease liabilities:		
Not later than 1 year	239,013	251,530
Later than 1 year and not later than 2 years	89,832	239,013
Later than 2 years and not later than 5 years	-	89,832
	328,845	580,375
Less: Amount due within 12 months	(239,013)	(251,530)
Amount due after 12 months	89,832	328,845

The flat interest rate of the hire purchase ranges between 2.70% to 3.62% (2011: 2.70% to 3.62%) per annum.

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 30(b).

20. ISLAMIC MEDIUM TERM NOTES

	Group 2012 RM	2011 RM
Principal	820,000,000	820,000,000
Unamortised deferred payment	(35,810,041)	(37,937,370)
	784,189,959	782,062,630
Analysed as follows.		
Repayable after 12 months	784,189,959	782,062,630

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

20. ISLAMIC MEDIUM TERM NOTES (continued)

Kesturi issued IMTNs pursuant to the Sukuk issuance programme of up to RM820 million in nominal value under the Shariah principle of Musyarakah. The IMTNs, at nominal value of RM1.00 each, was constituted by a Trust Deed dated 20 October 2010 between Kesturi and the Trustee for the holders of the IMTNs.

The IMTNs was issued in 12 tranches, with maturities commencing from 2018 to 2029. The profit payment is on every six months, commencing from the issue date of the relevant tranche of the IMTNs ("Periodic Payment Period").

The periodic payment will be calculated on the basis of a year of 365 days and the actual number of days elapsed (actual/365 days).

Deferred payment relates to the payment of the ancillary fees, costs and expenses related to Kesturi's restructuring scheme which includes the redemption of Sukuk Istisna' and the establishment of the IMTNs.

The terms and covenants of the IMTNs include the following:

(i) Kesturi must maintain a Finance Service Coverage Ratio ("FSCR") of at least 1.75 times;

(ii) Kesturi will maintain a FSRA at any time during the tenure of the IMTNs which has a minimum balance equivalent to the next 6 months' projected debt service. In the event that the balance held in FSRA is less than or exceeds the minimum required balance (except in the case where the Initial Deposit is not utilised), the shortfall or excess shall be topped up or released from Revenue Account; and

(iii) In the event Kesturi utilises the balance in the FSRA, Kesturi is to top up the FSRA within 45 days. Non compliance of the minimum required balance does not constitute an Event of Default.

The relevant details of the security arrangements are stated in Note 21, 'Security Arrangements of IMTNs'.

The maturity of the IMTNs of the Group is tabulated as follows:

	2012 RM	2011 RM
After 5 years	784,189,959	782,062,630

The weighted average effective interest rate of this instrument was 6.80% (2011: 6.88%) per annum.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

21. SECURITY ARRANGEMENTS OF IMTNs

Kesturi as the legal and beneficial owner and as a continuing security for the due and punctual payment of the bond has absolutely assigned and charged to the Security Trustee as security trustee for and on behalf of the Sukuk holders as follows:

(a) a first ranking fixed and floating charge on the assets of Kesturi (other than the Redeemable Secured Junior Bond's FSRA ("Junior FSRA") as disclosed in Note 22), both present and future;

(b) a first ranking assignment on all Kesturi's rights, interests, titles and benefits under the CA to demand, collect and retain toll for its own benefit from all vehicles liable to pay toll using the Expressway and other relevant project documents and proceeds there from,

(c) a first ranking assignment of Kesturi's rights, interests, titles and benefits in all performance and/or maintenance bonds in relation to the Project and the proceeds there from except where such performance and/or maintenance bonds are used or to be used as security for other parties (including the Government) in accordance with the CA, in which case the security of the Sukuk holders shall rank second after the security of the Government or such other parties;

(d) a first ranking assignment on all designed accounts and the credit balances therein; and

(e) a first ranking assignment of Kesturi's rights, interests and titles and benefits in all relevant insurance policies of the Issuers or in respect of the Project.

22. REDEEMABLE SECURED JUNIOR BONDS

	Group 2012 RM	Group 2011 RM
Principal	50,000,000	50,000,000
Unamortised deferred payment	(647,526)	(685,993)
	49,352,474	49,314,007

Kesturi issued RM50 million nominal value Redeemable Secured Junior Bonds ("Junior Bonds"). The Junior Bonds, at nominal value RM1.00 each, were constituted by a Trust Deed dated 20 October 2010 made between Kesturi and the Trustee for the holders of the Bonds. The tenure of the Junior Bonds is 19.5 years from the date of issuance.

Company No. 132493-D

APPENDIX VI - ACCOUNTANTS' REPORT ON NUZEN GROUP (CONT'D)

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

22. REDEEMABLE SECURED JUNIOR BONDS (continued)

The maturity of the Junior Bonds is tabulated as follows:

	Group 2012 RM	Group 2011 RM
After 5 years	49,352,474	49,314,007

The weighted average effective interest rate of this instrument was 11.50% (2011: 11.50%) per annum.
The Junior Bonds are secured by a first ranking charge and assignment of the Junior FSRA and the credit balances therein. Upon the first coupon payment date, Kesturi will deposit an amount equivalent to the expected coupon payment which will become due and payable in the next 6 months, subject to the meeting of all obligations under the IMTNs. The amount equivalent to the expected coupon payment represents the Junior FSRA amount.

Kesturi must maintain a FSCR of at least 1.25 times.

23. SERIES A REDEEMABLE PREFERENCE SHARES

	Group 2012 RM	Group 2011 RM
Authorised:		
1,950 shares of RM1 each at beginning/end of the year	1,950	1,950
Nominal value - issued and fully paid up:		
1,950 shares of RM1 each at beginning/end of the year	1,950	1,950
Share premium	194,998,050	194,998,050
Face value of Series A RPS	195,000,000	195,000,000

The carrying amount of the liability component of Series A RPS at the reporting date is arrived at as follows:

	Group 2012 RM	Group 2011 RM
Face value of Series A RPS	195,000,000	195,000,000
Provision for redeemable preference shares dividends	172,332,736	133,638,360
	367,332,736	328,638,360

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

23. SERIES A REDEEMABLE PREFERENCE SHARES (continued)

The maturity of the Series A RPS is tabulated as follows:

	2012 RM	2011 RM
After 5 years	367,332,736	328,638,360

The salient features of the Series A Redeemable Preference Shares ("Series A RPS") are as follows:

(i) the Series A RPS holders have the rights to a fixed cumulative gross dividend rate of 8% per annum, to be calculated based on the issue price of RM100,000 per Series A RPS. Any unpaid dividends shall be charged a compounded interest rate of 8% per annum;

(ii) the Series A RPS do not carry any rights to participate in the profits or surplus assets of Kesturi;

(iii) the Series A RPS holders have the rights on a winding-up or other return of capital to payment, prior to all other shares;

(iv) the Series A RPS shall be redeemed partially or in full on a Series A RPS redemption date, at the option of Kesturi. Series A RPS redemption date is defined as Series A RPS Dividend date. At the maturity date, which is 24 years from the first subscription date, any Series A RPS not redeemed shall be automatically redeemed. The redemption rate is as stipulated in the Article of Association of Kesturi; and

(v) the holders do not have any right to vote at the Kesturi's General Meeting other than as conferred by Section 148(2) of the Companies Act, 1965; and

(vi) the Series A RPS is expected to earn a projected internal rate of return of at least 14.5% per annum.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

24. DEFERRED INCOME

	Group 2012 RM	Group 2011 RM
Cost		
At 1 January	77,199,999	74,871,923
Additions	8,000,000	2,328,076
At 31 December	85,199,999	77,199,999
Accumulated amortisation		
At 1 January	1,304,337	722,411
Charged for the year	689,838	581,926
At 31 December	1,994,175	1,304,337
Net carrying amount	83,205,824	75,895,662

Deferred income relates to funding from the Government of Malaysia ("Government") as disclosed in Note 2(iv).

25. PROVISION FOR HEAVY REPAIRS

	Group 2012 RM	Group 2011 RM
At 1 January	2,066,388	1,231,005
Arose during the year	718,932	712,508
Unwinding of discount	193,776	122,875
At 31 December	2,979,096	2,066,388

Provision for heavy repairs relates to expected future costs of repairs of bridges and embankments, rectification of settlements and pavement rehabilitation of medium and high traffic sections along the highways and is provided based on past experience of the level of repair and level of usage of the highway. Assumptions used to calculate the provision for heavy repairs were based on projected traffic volume prepared by independent traffic consultants. The traffic volume projection is independently reviewed on a periodic basis.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

26. TRADE AND OTHER PAYABLES

		Group 2012 RM	Group 2011 RM
Trade payables	(i)	73,722	402,427
Accruals		509,074	473,890
Other payables		593,042	403,366
Profit elements payable on IMTNs/ Redeemable Secured Junior Bonds	(ii)	10,612,738	10,781,195
Total trade and other payables		11,788,576	12,060,878
Add: Hire purchase and finance lease liabilities (Note 19)		328,845	580,375
IMTNs (Note 20)		784,189,959	782,062,630
Redeemable Secured Junior Bonds (Note 22)		49,352,474	49,314,007
Series A RPS (Note 23)		367,332,736	328,638,360
Amount due to holding company		162,227	171,627
Amounts due to related parties (Note 17)		15,789,942	23,702,537
Total other financial liabilities carried at amortised cost		1,228,944,759	1,196,530,414

	Company 2012 RM	Company 2011 RM
Accruals	3,836	3,000
Other payables	5,100	11,252
Total trade and other payables	8,936	14,252
Add: Amount due to holding company	162,227	171,627
Amount due to a subsidiary company	60,500	49,500
Total other financial liabilities carried at amortised cost	231,663	235,379

(i) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 60 days.

(ii) Profit elements payable on IMTNs and Junior Bonds relate to accrued profit payable to bondholders as disclosed in Note 20 and 22.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

27. SHARE CAPITAL

	2012 RM	2011 RM
Authorised:		
5,000,000 ordinary shares of RM1 each at beginning/ end of the year	5,000,000	5,000,000
45,000,000 redeemable preference shares of RM1 each at beginning/end of the year	45,000,000	45,000,000
	50,000,000	50,000,000
Issued and fully paid:		
5,000,000 ordinary shares of RM1 each at beginning/ end of the year	5,000,000	5,000,000
45,000,000 redeemable preference shares of RM1 each at beginning/end of the year	45,000,000	45,000,000
	50,000,000	50,000,000

Redeemable Preference Shares

Kesturi shall have the right to redeem the preference shares at the anniversary of each year after its allotment (provided that it is fully paid) based on terms and conditions agreed. The salient terms and conditions are as follows:

(i) no preference shares shall be redeemed except out of distributable profits or the proceeds of a fresh issue of shares made for the purpose of the redemption or out of capital to the extent permitted by Section 61 of the Companies Act, 1965;

(ii) the preference shares shall be redeemed at a premium of RM1,000 per preference share or such other premium as the Board of Directors ("Board") of Kesturi may decide; and

(iii) the redeemable preference shares holders have the right to dividends at a rate to be determined by the Board of Kesturi

The redeemable preference shares rank in priority to the ordinary shares with regard to dividends and return on capital but do not confer upon the holders any right to vote at the Kesturi's General Meeting other than as conferred by Section 148(2) of the Companies Act, 1965.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

28. CAPITAL COMMITMENTS

	Group 2012 RM	Group 2011 RM
(a) Capital commitments		
Approved and contracted for:		
Concession intangible assets	-	336,000
(b) Operating lease commitments		
Future minimum rental payments:		
Not later than 1 year	245,700	249,480
Later than 1 year and not later than 5 years	470,925	-
	716,625	249,480

29. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year:

	2012 RM	2011 RM
Group		
Amount paid and payable to ECSB for the concession intangible assets	8,000,000	-
Miscellaneous expenses paid/payable to Ekovest Berhad	18,161	158,156

Outstanding balances in respect of the above transactions are disclosed in Note 17 to the financial statements

There are no key management personnel other than the directors whose remuneration is disclosed in Note 9.

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

30. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative shall be undertaken.

(b) Liquidity risk

The Group relies on the continuing financial support from its shareholders to ensure that refinancing, repayment and fundiog needs are met.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations:

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
31 December 2012				
Group				
Trade and other payables	11,788,576	-	-	11,788,576
Amounts due to holdings and related parties	15,952,169	-	-	15,952,169
Hire purchase and finance lease liabilities	251,547	91,218	-	342,765
IMTNs		-	820,000,000	820,000,000
Redeemable Secured Junior Bonds		-	50,000,000	50,000,000
Series A RPS	-	100,000,000	1,500,151,985	1,600,151,985
Total undiscounted financial liabilities	27,992,292	100,091,218	2,370,151,985	2,498,235,495
Company				
Trade and other payables	8,936	-	-	8,936
Amounts due to holding company	162,227	-	-	162,227
Amounts due to a subsidiary company	60,500	-	-	60,500
Total undiscounted finanacial liabilities	231,663	-	-	231,663

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

30. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations (continued):

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
31 December 2011				
Group				
Trade and other payables	12,060,878	-	-	12,060,878
Amounts due to holding and related parties	203,643	23,670,521	-	23,874,164
Hire purchase and finance lease liabilities	278,597	342,765	-	621,362
IMTNs		-	820,000,000	820,000,000
Redeemable Secured Junior Bonds		-	50,000,000	50,000,000
Series A RPS	-	60,000,000	1,540,151,985	1,600,151,985
	12,543,118	84,013,286	2,410,151,985	2,506,708,389
Company				
Trade and other payables	14,252	-	-	14,252
Amounts due to holding company	171,627	-	-	171,627
Amounts due to a subsidiary company	49500	-	-	49,500
Total undiscounted finanacial liabilities	235,379	-	-	235,379

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

30. FINANCIAL INSTRUMENTS (continued)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and sundry receivables.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by:

- The carrying amounts of trade and sundry receivables.
- A nominal amount of RM3,000,000 (2011: RM3,000,000) relating to a corporate guarantee given to a bank for issuance of maintenance bonds to the Government as security for the maintenance of the completed sections of the Duta-Ulu Kelang Expressway ("DUKE").
- A nominal amount of RM1,000,000 (2011: RM1,000,000) relating to a corporate guarantee given to a bank for issuance of Performance Guarantee or Security Deposit favouring Tenaga Nasional Berhad for DUKE project.

(d) Interest rate risk

The Group obtains its external financing through IMTNs, Junior Bonds and Series A RPS. The Group's profit element for IMTNs is based on agreed fixed rates, while the dividend rate for Series A RPS is fixed at 8% per annum.

Information relating to the Group's profit element on IMTNs, Junior Bonds and dividend rate on Series A RPS are disclosed in Notes 7, 11, 20, 22 and 23.

Surplus funds where available are mainly placed with approved licensed banks. The Group is exposed to changes in interest rates that affect profit elements and interest income from fixed deposits.

The interest/profit profile of the financial liabilities of the Group is as follows:

	2012 RM	2011 RM
Fixed rate financial liabilities	1,200,875,169	1,160,014,997

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

30. FINANCIAL INSTRUMENTS (continued)

(d) Interest rate risk (continued)

The weighted average effective interest rate on fixed rate financial liabilities of the Group are as follows:

	2012	2011
Weighted average dividend rate (%)	8.00	8.00
Weighted average profit rate (%)	7.07	6.80
Average period for which rate is fixed (years)	12	13

The interest/profit profile of the financial assets of the Group is as follows:

	2012 RM	2011 RM
Fixed rate financial assets (Note i)	90,828,688	78,486,822
Financial assets on which no interest is earned (Note ii)	5,496,311	6,245,720
	96,324,999	84,732,542

Note i

Fixed rate financial assets mainly comprise islamic short term deposits placed with licensed banks. The islamic short term deposits attracted interest/profit element during the year at a rate of 2.80% to 3.35% (2011: 2.80% to 3.35%) per annum. The maturity dates for fixed rate financial assets during the period ranged between 1 to 365 days (2011: 1 to 365 days).

Note ii

Financial assets on which no interest is earned comprise cash and bank balances, trade and other receivables, amounts due from related parties and immediate holding company.

Company No. 132493-D

APPENDIX VI - ACCOUNTANTS' REPORT ON NUZEN GROUP (CONT'D)

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

30. FINANCIAL INSTRUMENTS (continued)

(e) Fair values

The carrying amounts of financial liabilities of the Group at the reporting date approximated their fair values except for the following:

	Fair value hierarchy	Carrying amount RM	Fair value RM
2012			
Financial liabilities			
IMTNs (Note 20)	Level 2	829,620,273 *	980,631,500
Junior Bonds (Note 22)	Level 2	50,992,466 #	50,000,000
2011			
Financial liabilities			
IMTNs (Note 20)	Level 2	829,772,975 *	973,845,500
Junior Bonds (Note 22)	Level 2	51,008,219 #	52,340,000

* inclusive of profit element of approximately RM9.6 million (2010: RM9.8 million) in other payables.

inclusive of profit element approximately RM1 million in other payables.

The Group has classified the fair value measurements using a fair value hierarchy based on the following levels:

Level 1: The fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: The fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: The fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Company No.: 486730 P

NUZEN CORPORATION SDN BHD
(Incorporated in Malaysia)

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business activities and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition, whilst ensuring full compliance with its relevant financing covenants. To maintain or adjust its capital structure, the Group may issue new shares or refinancing of existing borrowings. No changes were made to the objective, policies or processes during the year ended 31 December 2012.

Kesturi shall maintain the required minimum FSCR of 1.75 times and 1.25 times throughout the IMTNs and Junior Bonds tenures respectively.

EKOVEST BERHAD [132493-D]
GROUND FLOOR, WISMA EKOVEST, NO. 118, JALAN GOMBAK, 53000 KUALA LUMPUR.
TEL : 603-4021 5948 (16 LINES) FAX: 603-4021 5943 & 4021 8772
WEBSITE: www.ekovest.com.my

Date: 27 MAY 2014

The Shareholders of

EKOVEST BERHAD
("EKOVEST" OR THE "COMPANY")

Dear Sir / Madam,

On behalf of the Board of Directors of Ekovest ("**Board**"), I wish to report that after due enquiry by us in relation to the interval between the period from 30 June 2013 (being the date to which the last audited consolidated financial statements of the Company and its subsidiaries ("**Group**") have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the date of issuance of this Abridged Prospectus), that:-

(a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(b) in the opinion of the Board, since the last audited consolidated financial statements of the Group, no circumstances that has adversely affected the trading or the value of the assets of the Group has arisen;

(c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in this Abridged Prospectus, there are no contingent liabilities that has arisen by reason of any guarantees or indemnities given by the Group;

(e) there has not been, since the last audited consolidated financial statements of the Group, any default or known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Group;

(f) save as disclosed in the unaudited consolidated financial statements of the Group for the nine (9)-month financial period ended 31 March 2014 as set out in Appendix V of this Abridged Prospectus, there has not been, since the last audited consolidated financial statements of the Group, any material changes in the published reserves or unusual factors affecting the profits of the Group; and

(g) as disclosed above and up to the date of this letter, no other reports are required in relation to items (a) to (f) above.

Yours faithfully,
For and on behalf of the Board of
EKOVEST BERHAD

DATUK LIM KENG CHENG
Managing Director

1. SHARE CAPITAL

(i) No securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.

(ii) As at the LPD, there is only one (1) class of shares in our Company, namely ordinary shares of RM1.00 each (which will be reduced to RM0.50 each after the Share Split) in our Company, all of which rank *pari passu* with one another.

(iii) Save as disclosed in Section 2 of Appendix II, no securities of our Company have been issued or are proposed or intended to be issued as fully or partly paid-up in cash or otherwise than in cash within the two (2) years preceding the date of this Abridged Prospectus.

(iv) Save as discussed below, no person has been or is entitled to be granted an option to subscribe for any securities of our Company and no capital of our Company is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Abridged Prospectus:-

(a) The Rights Shares with Warrants to be issued pursuant to the Rights Issue With Warrants, which are the subject of this Abridged Prospectus; and

(b) The ESOS which involves the granting of ESOS Options of up to fifteen (15%) of the issued and paid-up share capital of our Company (excluding treasury shares) at any point in time during the duration of the ESOS to the Eligible Persons. The ESOS shall be in force for a period of five (5) years, commencing from the effective date on which the last of the approvals and/or conditions stipulated in the By-Laws have been obtained and/or complied with. However, our Board shall have the discretion upon the recommendation of the ESOS Committee to extend the tenure of the ESOS for another five (5) years or such shorter period as it deems fit immediately from the expiry of the first five (5) years.

The exercise price at which the Eligible Persons are entitled to subscribe for new Ekovest Shares shall be based on the higher of the following:-

(i) at a discount of not more than ten percent (10%) from the five (5)-day VWAP of Ekovest Shares at the time of the offer; or

(ii) the par value of Ekovest Shares,

and shall be subject to adjustments in accordance with the by-laws governing the ESOS.

As at the date of this Abridged Prospectus, the ESOS has yet to be implemented / effected.

2. REMUNERATION OF DIRECTORS

An extract of the provisions of our Articles of Association relating to the remuneration of our Directors are as follows:-

<u>Article 116</u>

"The remuneration of a Director holding an executive office pursuant to these Articles shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover and such remuneration need not be determined by the Company in the general meeting."

3. MATERIAL CONTRACTS

Saved as disclosed below, as at the LPD, there are no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group during the two (2) years preceding the date of this Abridged Prospectus.

(a) On 16 May 2014, we executed the Deed Poll;

(b) On 16 May 2014, we entered into an underwriting agreement with AmInvestment Bank for the underwriting of up to 103,349,197 Rights Shares;

(c) On 29 January 2014, we entered into the SSA with MRCB for the Acquisition; and

(d) On 25 January 2013, we entered into a restated share exchange agreement with the Previous Wira Kristal Shareholders for the Share Exchange.

4. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, neither Ekovest nor any of our subsidiary companies are engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which has a material and adverse effect on the financial position of our Group and, to the best of our Board's knowledge and belief, it is not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of our Group.

A dispute arose between our Company ("**Plaintiff**") and Shapadu Construction Sdn Bhd ("**Shapadu**") or ("**Defendant**") in respect of five (5) packages of sub-contract work under the New North Klang Straits Bypass Highway Project ("**Project**"). The holding company of the Defendant, Lebuhraya Shapadu Sdn Bhd ("**Lebuhraya Shapadu**"), is the employer of the Project.

Our Company's claims against the Defendant are, *inter alia*, the following:-

(i) the sum of RM29,558,720.93 on quantum meruit for its loss and damage under the sub-contract; and/or alternatively; and

(ii) the sum of RM7,459,356.15 being the uncertified value of work done and the sum of RM8,217,960.68 being retention monies in respect of work executed and the value of goods and material delivered under the sub-contract.

The Defendant's counter claims against our Company are, *inter alia*, the following:-

(i) the sum of RM33,010,000.00 allegedly being the liquidated ascertained damages ("**LAD**") due to the Defendant;

(ii) the sum of RM30,700,000.00 being the LAD due to Lebuhraya Shapadu;

(iii) the sum of RM2,008,868.93 as an indemnity for failure to carry-out and maintain the work;

(iv) the sum of RM22,189,859.75 as an indemnity for the cost of completion;

(v) the sum of RM8,298,455.65 as indemnity for damages suffered by Lebuhraya Shapadu in completing the work; and

(vi) the sum of RM2,006,101.39 as an indemnity for the loss and expense suffered by Lebuhraya Shapadu.

On 1 August 2000, our Company issued a notice to arbitrate and the hearing of the arbitration commenced on 14 August 2006. Both the Plaintiff and Defendant have subsequently closed their cases and the hearing for the arbitration was adjourned to a date to be fixed. The arbitration proceeding is kept in abeyance pending settlement of the dispute. As at the LPD, the parties have yet to finalise a settlement proposal.

Our Directors are of the opinion that the financial impact on our Group is minimal since we had sub-contracted all the relevant work to a third party on a "back-to-back" basis, and the third party sub-contractor has agreed to indemnify and keep Ekovest indemnified against any losses or damages that our Company may suffer in the event Shapadu's counter claim is allowed by the court.

Further, our Company had sought legal advice in respect of the counter claim made by Shapadu and our Company's solicitors are of the opinion that our Company has a reasonable prospect of defending the claim particularly when the employer has not taken action against the Defendant since most of the claims are on indemnity basis. On that premises, this dispute with Shapadu is not envisaged to have any material adverse impact on the financial position of our Group.

5. GENERAL

(i) There are no service contracts or proposed service contracts between our Directors and our Company or any of our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus;

(ii) Save as disclosed in this Abridged Prospectus, there are no other material information, including any special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits; and

(iii) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial condition and operations of our Group are not affected by any of the following:-

(a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease our Group's liquidity;

(b) any material commitment for capital expenditure of our Group;

(c) unusual, infrequent events or transactions or any significant economic changes which materially affect the amount of reported income from our operations; and

(d) known trends or uncertainties which have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our revenues or operating income.

6. CONSENTS

(i) The written consents of the Principal Adviser, Managing Underwriter and Underwriter, Company Secretary, Share Registrar, Solicitors for the Rights Issue With Warrants, Principal Bankers and Ernst & Young for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

(ii) The written consent of our Auditors and Reporting Accountants for the inclusion in this Abridged Prospectus of their names, letters and/or reports thereon and our audited consolidated financial statements for the FYE 30 June 2013, and all reference thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

(iii) The written consent of Bloomberg (Malaysia) Sdn Bhd to the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at Ground Floor, Wisma Ekovest, No. 118, Jalan Gombak, 53000 Kuala Lumpur, during normal business hours from Mondays to Fridays (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:-

(i) our Company's Memorandum and Articles of Association;

(ii) our proforma consolidated statement of financial position as at 30 June 2013 together with the Reporting Accountants' letter thereon as set out in Appendix III of this Abridged Prospectus;

(iii) our audited consolidated financial statements for the past two (2) FYEs 30 June 2012 and 2013;

(iv) our unaudited consolidated financial statements for FPE 31 March 2014;

(v) the Accountants' Report on Nuzen Group as set out in Appendix VI of this Abridged Prospectus;

(vi) the Undertakings referred to in Section 6 of this Abridged Prospectus;

(vii) the Directors' Report as set out in Appendix VII of this Abridged Prospectus;

(viii) the material contracts referred to in Section 3 above;

(ix) the writ and relevant cause papers in relation to the material litigation matters as set out in Section 4 above;

(x) the letters of consent as referred to in Section 6 above;

(xi) the certified true extract of the ordinary resolution pertaining to the Rights Issue With Warrants passed at our EGM convened on 8 May 2014 as set out in Appendix I of this Abridged Prospectus; and

(xii) the SSA.

8. RESPONSIBILITY STATEMENT

(i) Our Board has seen and approved this Abridged Prospectus, together with the NPA and RSF and our Directors, collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

(ii) AmInvestment Bank, being the Principal Adviser for the Rights Issue With Warrants, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue With Warrants.