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ATTACHED IS AN ELECTRONIC COPY OF THE INFORMATION MEMORANDUM DATED 22 JANUARY 2016 ("INFORMATION MEMORANDUM"), IN RELATION TO THE PROPOSED ISSUE OF, OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF THE MEDIUM TERM NOTES ("MTNS") PURSUANT TO A MEDIUM TERM NOTES PROGRAMME OF UP TO RM500.0 MILLION IN NOMINAL VALUE ("MTN PROGRAMME") BY ORIX LEASING MALAYSIA BERHAD (COMPANY NO. 15741-D) ("ISSUER").

BY OPENING AND ACCEPTING THIS ELECTRONIC TRANSMISSION CONTAINING THE INFORMATION MEMORANDUM, THE RECIPIENT AGREES TO BE BOUND BY ALL THE TERMS AND CONDITIONS BELOW. IF YOU DO NOT AGREE TO ANY OF THE TERMS AND CONDITIONS, PLEASE DELETE THIS ELECTRONIC TRANSMISSION IMMEDIATELY.

THE INFORMATION MEMORANDUM IS STRICTLY CONFIDENTIAL AND ANY DISTRIBUTION OF THE INFORMATION MEMORANDUM WITHOUT THE PRIOR CONSENT OF THE ISSUER, RHB INVESTMENT BANK BERHAD (COMPANY NO. 19663-P) AS THE PRINCIPAL ADVISER, AMINVESTMENT BANK BERHAD (COMPANY NO. 23742-V) AND RHB INVESTMENT BANK BERHAD AS THE JOINT LEAD ARRANGERS AND JOINT LEAD MANAGERS OF THE MTN PROGRAMME IS UNAUTHORISED. THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM THE ISSUER, THE PRINCIPAL ADVISER, THE JOINT LEAD ARRANGERS AND THE JOINT LEAD MANAGERS AND ITS/THEIR RESPECTIVE AGENTS IS PROHIBITED FROM DISCLOSING THE INFORMATION MEMORANDUM, ALTERING THE CONTENTS OF THE INFORMATION MEMORANDUM OR FORWARDING A COPY OF THE INFORMATION MEMORANDUM OR ANY PORTION THEREOF BY ELECTRONIC MAIL OR OTHERWISE TO ANY PERSON.

THE INFORMATION MEMORANDUM IS NOT A PROSPECTUS AND HAS NOT BEEN REGISTERED NOR WILL IT BE REGISTERED AS A PROSPECTUS UNDER THE CAPITAL MARKETS AND SERVICES ACT, 2007, AS AMENDED FROM TIME TO TIME ("CMSA"). AT ISSUANCE, THE MTNS MAY ONLY BE OFFERED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED DIRECTLY OR INDIRECTLY TO A PERSON TO WHOM AN OFFER OR INVITATION TO SUBSCRIBE THE MTNS MAY BE MADE AND TO WHOM THE MTNS ARE ISSUED WOULD FALL WITHIN SCHEDULE 6 (OR SECTION 229(1)(b)) AND SCHEDULE 7 (OR SECTION 230(1)(b)), READ TOGETHER WITH SCHEDULE 9 (OR SECTION 257(3)), OF THE CMSA, AS AMENDED FROM TIME TO TIME. THEREAFTER, THE MTNS MAY ONLY BE OFFERED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED DIRECTLY OR INDIRECTLY TO A PERSON TO WHOM AN OFFER OR INVITATION TO PURCHASE THE MTNS WOULD FALL WITHIN SCHEDULE 6 (OR SECTION 229(1)(b)), READ TOGETHER WITH SCHEDULE 9 (OR SECTION 257(3)), OF THE CMSA AS AMENDED FROM TIME TO TIME.

THIS TRANSMISSION SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE MTNS IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL UNDER THE LAWS OF SUCH JURISDICTIONS.

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THE FOREGOING IS IN ADDITION TO AND WITHOUT PREJUDICE TO ALL OTHER DISCLAIMERS AND AGREEMENTS WHICH A RECIPIENT OF THE INFORMATION MEMORANDUM SHALL BE DEEMED TO HAVE AGREED TO OR BE BOUND BY AS PROVIDED IN THE INFORMATION MEMORANDUM.

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ORIX LEASING MALAYSIA BERHAD

(COMPANY NO. 15741-D)

INFORMATION MEMORANDUM

in relation to the proposed issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of the Medium Term Notes ("MTNs") pursuant to a Medium Term Notes Programme of up to RM500.0 million in nominal value ("MTN Programme")

Principal Adviser

RHB INVESTMENT BANK BERHAD
(Company No. 19663-P)

Joint Lead Arrangers and Joint Lead Managers

AmINVESTMENT BANK BERHAD
(Company No. 23742-V)

RHB INVESTMENT BANK BERHAD
(Company No. 19663-P)

THIS INFORMATION MEMORANDUM IS DATED 22 JANUARY 2016

IMPORTANT NOTICE

Responsibility Statements

This information memorandum ("**Information Memorandum**") has been approved by the directors of ORIX Leasing Malaysia Berhad (Company No. 15741-D) ("**Issuer**"). The Issuer accepts full responsibility for the accuracy of the information contained in this Information Memorandum. The Issuer, after having made all reasonable enquiries, confirms that to the best of its knowledge all information contained in this Information Memorandum is true and correct in all material respects, that there is no omission of a material fact necessary to make the information contained in this Information Memorandum, in the light of the circumstances under which it is provided, misleading, and that the opinions and intentions expressed in this Information Memorandum are honestly held. Enquiries have been made by the Issuer to ascertain all material facts have been disclosed and to verify the accuracy of all such information and statements. In this context, the Issuer accepts full responsibility for such information contained in this Information Memorandum. No representation or warranty, expressed or implied, is made such that the information remains unchanged in any respect as of any date or dates after those stated herein, with respect to any matter concerning the Issuer or any statement made in this Information Memorandum.

Important Notice and General Statement of Disclaimer

This Information Memorandum is being furnished on a private and confidential basis solely to prospective investors to assist them in deciding whether or not to subscribe to and purchase the MTNs to be issued under the MTN Programme, such investors shall fall within any one or more of the categories of persons specified in Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b), read together with Schedule 9 or Section 257(3), of the Capital Markets and Services Act 2007, as amended from time to time ("**CMSA**"), at the point of issuance of the MTNs; and Schedule 6 or Section 229(1)(b), read together with Schedule 9 or Section 257(3), of the CMSA thereafter.

The MTN Programme has been accorded a final rating of AA_3 by RAM Rating Services Berhad ("**RAM Ratings**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by RAM Ratings.

RHB Investment Bank Berhad as the principal adviser ("**Principal Adviser**") of the MTN Programme, and AmInvestment Bank Berhad and RHB Investment Bank as the joint lead arrangers ("**Joint Lead Arrangers**") and joint lead managers ("**Joint Lead Managers**") of the MTN Programme state that none of the information or data contained in this Information Memorandum has been independently verified by them. Accordingly, no representation, warranty or undertaking, express or implied, is given or assumed by the Principal Adviser, the Joint Lead Arrangers and the Joint Lead Managers as to the authenticity, origin, validity, accuracy or completeness of the information or data contained in this Information Memorandum or that such information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum. The Principal Adviser, the Joint Lead Arrangers and the Joint Lead Managers have not accepted and will not accept any responsibility for the information and data contained in this Information Memorandum or otherwise in relation to the MTNs or the MTN Programme and shall not be liable for any consequences of reliance on any of the information or data in this Information Memorandum, except as provided by Malaysian laws.

The information in this Information Memorandum supersedes all other information and material previously supplied (if any) to the recipients. By taking possession of this Information Memorandum, the recipients are acknowledging and agreeing and are deemed to have acknowledged and agreed that they will not rely on any previous information supplied. No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, the Principal Adviser, the Joint Lead Arrangers and Joint Lead Managers or any other person.

This Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia ("**Foreign Jurisdiction**"), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction and it does not constitute an issue, offer or sale of, or an invitation to subscribe or purchase the MTNs or any other securities of any kind by any party in any Foreign Jurisdiction.

This Information Memorandum is not and is not intended to be a prospectus and has not been registered or lodged under the laws of Malaysia or any Foreign Jurisdiction as a prospectus. Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof.

The distribution or possession of this Information Memorandum in or from any Foreign Jurisdictions may be restricted or prohibited by law. Each recipient is required to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Issuer, the Principal Adviser, the Joint Lead Arrangers nor the Joint Lead Managers accept any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in or from any such Foreign Jurisdiction.

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum, and further agrees and confirms that (a) it will keep confidential all of such information and data, (b) it is lawful for the recipient to subscribe for or purchase the MTNs under all jurisdictions to which the recipient is subject, (c) the recipient has complied with all applicable laws in connection with such subscription or purchase of the MTNs, (d) the Issuer, the Principal Adviser, the Joint Lead Arrangers and the Joint Lead Managers and their respective directors, officers, employees and professional advisers are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject as a result of such subscription or purchase of the MTNs, and they shall not have any responsibility or liability in the event that such subscription or purchase of the MTNs is or shall become unlawful, unenforceable, voidable or void, (e) it is aware that the MTNs can only be offered, sold, transferred or otherwise disposed of directly or indirectly in Malaysia and in accordance with the relevant selling restrictions and all applicable Malaysian laws, (f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the MTNs, and is able and is prepared to bear the economic and financial risks of investing in or holding the MTNs, (g) it is subscribing or accepting the MTNs for its own account, and (h) it is a person falling within any one or more of the categories of persons specified in Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA at the point of issuance of the MTNs and Schedule 6 or Section 229(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA thereafter. Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of Malaysia and the laws of all jurisdictions to which it is subject. For the avoidance of doubt, this Information Memorandum shall not constitute an offer or invitation to subscribe or purchase the MTNs in relation to any recipient who does not fall within item (h) above.

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of the MTNs is not and should not be construed as a recommendation by the Issuer, the Principal Adviser, the Joint Lead Arrangers and/or the Joint Lead Managers to subscribe or purchase the MTNs. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all-inclusive. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer and its subsidiaries and associated companies, the MTNs, including its terms and all merits and risks involved and all other relevant matters, and each recipient should consult its own professional advisers. All information and statements herein are subject to the detailed provisions of the respective agreements referred to herein and are qualified in their entirety by reference to such documents.

Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof. Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any MTNs shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the MTNs is correct as of any time subsequent to the date indicated in the document containing the same. None of the Principal Adviser, the Joint Lead Arrangers, the Joint Lead Managers or any other advisers to the MTN Programme undertake to review the financial condition or affairs of the Issuer or to advise any investor of the

MTNs of any information coming to their attention.

Certain statements, information, estimates and reports in this Information Memorandum are based on historical data, which may not be reflective of the future, and others are forward-looking in nature and are subject to risks and uncertainties, including, among others, the Issuer's business strategy and expectation concerning each of its respective positions in the Malaysian economy, future operations, growth prospects and industry prospects. While the board of directors of the Issuer believes that these forward-looking statements are reasonable, these statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such statements and no assurance can be given that any such statements will be realised. In light of all this, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer that the plans and objectives of the Issuer will be achieved.

This Information Memorandum includes certain historical information, estimates, or reports thereon derived from sources mentioned in this Information Memorandum and other parties with respect to the Malaysian economy, the material businesses which the Issuer operates and certain other matters. Such information, estimates, or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimates and/or reports thereon derived from such sources or from other third party sources.

FORWARD-LOOKING STATEMENTS

The Issuer has included statements in this Information Memorandum which may contain words or phrases such as "will", "would", "aimed", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will achieve", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "seeking to", "target", "propose to", "future", "objective", "goal", "project", "should", "can", "could", "may" and similar expressions or variations of such expressions, that are "forward-looking statements". Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the expectations of the Issuer with respect to, but not limited to, their ability to successfully implement their strategy, their ability to integrate future mergers or acquisitions into their operations, future levels of non-performing assets and restructured assets, their growth and expansion, the adequacy of their allowance for credit and investment losses, technological changes, investment income, their ability to market new products, cash flow projections, the outcome of any legal or regulatory proceedings they are or becomes a party to, the future impact of new accounting standards, their ability to implements their dividend policy, their ability to roll over their short-term funding sources, their exposure to market risks and the market acceptance of and demand for property.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this Information Memorandum include, but are not limited to general economic and political conditions in Malaysia and the other countries which have an impact on the Issuer's business activities or investments, political or financial instability in Malaysia or elsewhere or any other acts of terrorism worldwide, any anti-terrorist or other attacks by any country, inflation, deflation, unanticipated turbulence in interest rates, changes in foreign exchange rate, equity prices or other rates or prices, the performance of the financial markets in Malaysia and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and pricing environment in Malaysia and regional or general changes in asset valuations. For a further discussion on the factors that could cause actual results to differ, see the discussion under "***Investment Considerations***" contained in Section 5.0 of this Information Memorandum.

All discrepancies (if any) in the tables included in this Information Memorandum between the listed amounts and totals thereof are due to, and certain numbers appearing in this Information Memorandum are shown after rounding.

Unless otherwise specified or the context requires, references to "Ringgit", "Ringgit Malaysia", "RM" and "sen" are the lawful currency of Malaysia.

Acknowledgement

The Issuer hereby acknowledges that it has authorised the Principal Adviser, the Joint Lead Arrangers and the Joint Lead Managers to circulate or distribute this Information Memorandum on its behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of, the MTNs to prospective investors to whom an issue, offer or invitation to subscribe or purchase the MTNs would constitute persons falling within any one or more of the categories of persons specified under Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA at the point of issuance of the MTNs and under Schedule 6 or Section 229(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA thereafter, and that no further evidence of authorisation is required.

Statements of Disclaimer by the Securities Commission Malaysia

In accordance with the CMSA, a copy of this Information Memorandum will be deposited with the Securities Commission Malaysia ("**SC**"), which takes no responsibility for its contents.

The issue, offer or invitation in relation to the MTNs in this Information Memorandum or otherwise is subject to the fulfilment of various conditions precedent including without limitation the lodgement of the required information and relevant documents in relation to the MTN Programme with the SC.

All required information and relevant documents relating to the MTN Programme have been lodged with the SC on 18 January 2016 pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework revised and effective on 15 June 2015, as amended from time to time ("**LOLA Guidelines**"). Under the CMSA, the establishment of the MTN Programme will not require the SC's approval, authorisation or recognition under Section 212 of the CMSA, provided that the making available of, offering for subscription or purchase of, or issuance of an invitation to subscribe for or purchase the MTNs complies with the LOLA Guidelines as may be specified by the SC. Please note that the lodgement with the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the MTNs issued under the MTN Programme.

The SC shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Information Memorandum.

EACH ISSUE OF THE MTNS WILL CARRY DIFFERENT RISKS AND ALL INVESTORS SHOULD EVALUATE EACH ISSUE ON THEIR RESPECTIVE MERITS AND RISKS OF THE INVESTMENTS.

INVESTORS SHOULD READ THIS ENTIRE INFORMATION MEMORANDUM CAREFULLY AND AS A WHOLE, INCLUDING THE APPENDICES.

IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR SUBSCRIBING FOR THE MTNS.

Documents Incorporated by Reference

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

(i) the most recently published audited annual financial statements; and

(ii) all supplements or amendments to this Information Memorandum circulated by the Issuer, if any, save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

The Issuer will provide, without charge, to each person, falling within the selling restrictions, to whom a copy of this Information Memorandum has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer through any of the Joint Lead Managers at their offices set out at the end of this Information Memorandum.

CONFIDENTIALITY

To the recipient of this Information Memorandum:

This Information Memorandum and its contents are strictly confidential and are made strictly on the basis that they will remain confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available in connection with any further enquiries, must be held in complete confidence.

This Information Memorandum is submitted to prospective investors specifically in reference to the MTNs and may not be reproduced or used, in whole or in part, for any purpose, nor furnished to any person other than those to whom copies have been sent by the Principal Adviser, the Joint Lead Arrangers and/or the Joint Lead Managers. Failure to comply with this directive may result in a violation of applicable laws. If you have received this information memorandum contrary to any of the foregoing restrictions, you are not authorised and will not be able to purchase any of the securities described therein.

In the event that there is any contravention of this confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer, the Principal Adviser, the Joint Lead Arrangers and/or the Joint Lead Managers may, at its discretion, apply for any remedy available to the Issuer, the Principal Adviser, the Joint Lead Arrangers and/or the Joint Lead Managers whether at law or equity, including without limitation, injunctions. Each of the Issuer, the Principal Adviser, the Joint Lead Arrangers and/or the Joint Lead Managers is entitled to fully recover from the contravening party all costs, expenses and losses incurred and/or suffered, in this regard. For the avoidance of doubt, it is hereby deemed that this confidentiality undertaking shall be imposed upon the recipient, the recipient's professional advisers, directors, employees and any other persons who may receive this Information Memorandum (or any part of it) from the recipient.

PRIVACY NOTICE

Pursuant to the Personal Data Protection Act, 2010 which came into force on 15 November 2013, the Principal Adviser, the Joint Lead Arrangers, the Joint Lead Managers and their respective affiliates are required to issue privacy notice to any person for the use and processing of personal information of such person. The privacy notices of the Principal Adviser, the Joint Lead Arrangers and the Joint Lead Managers are available on their respective websites.

In respect of a person which is a body corporate, the consent and authority of their directors, shareholders, authorised signatories and officers are deemed to have duly obtained to provide the personal data (as defined under the Personal Data Protection Act, 2010) as required by the Principal Adviser, the Joint Lead Arrangers, the Joint Lead Managers and their respective affiliates.

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T A B L E O F C O N T E N T S

D E F I N I T I O N S

In this Information Memorandum, the following words or expressions shall have the following meanings except where the context otherwise requires:

AIBB	:	AmInvestment Bank Berhad (Company No. 23742-V)
BNM	:	Bank Negara Malaysia
Bursa Malaysia	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
CMSA	:	Capital Markets and Services Act 2007, as amended from time to time
Facility Agent	:	RHB Investment Bank
FYE	:	financial year ended
Government	:	the government of Malaysia
Issuer	:	ORIX Leasing Malaysia Berhad (Company No. 15741-D)
Joint Lead Arrangers	:	collectively, AIBB and RHB Investment Bank (each a "**Lead Arranger**")
Joint Lead Managers	:	collectively, AIBB and RHB Investment Bank (each a "**Lead Manager**")
LOLA Guidelines	:	the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework revised and effective on 15 June 2015, as amended from time to time
MTNs	:	the medium term notes to be issued pursuant to the MTN Programme of which the aggregate outstanding nominal value of such MTNs shall not exceed RM500.0 million at any one time
MTN Programme	:	the medium term notes programme of up to RM500.0 million in nominal value
Noteholders	:	the holders of the MTNs
OLM Group	:	the Issuer and its subsidiaries
Principal Adviser	:	RHB Investment Bank
RAM Ratings	:	RAM Rating Services Berhad (Company No. 763588-T)
RHB Investment Bank	:	RHB Investment Bank Berhad (Company No. 19663-P)
Ringgit or RM and sen	:	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
SC	:	Securities Commission Malaysia
Trust Deed	:	the trust deed (including the schedules thereto) entered or to be entered into between the Issuer and the Trustee in relation to the MTN Programme, as from time to time modified in accordance with the provisions therein contained, and includes any deed or other document supplemental thereto
Trustee	:	Malaysian Trustees Berhad (Company No. 21666-V)
USD	:	United States Dollars, being the lawful currency of the United States of America

SECTION 1.0 EXECUTIVE SUMMARY

This summary is qualified by and must be read in conjunction with the more detailed information and financial statements appearing elsewhere in this Information Memorandum. Each investor should read this entire Information Memorandum carefully, including the appendices, before deciding on whether or not to subscribe to or purchase any of the MTNs.

1.1 Brief background of the Issuer

The Issuer was incorporated on 17 September 1973 under the name of United Orient Leasing Company Sdn Bhd as a private limited company in Malaysia under the Companies Act, 1965. It was established as a leasing joint-venture to provide equipment leasing services in Malaysia by ORIX Corporation of Japan ("**ORIX Corporation**") with several Malaysian partners.

The Issuer was converted into a public limited company on 11 September 1981 and was known as United Orient Leasing Company Berhad. The Issuer subsequently changed its name to United ORIX Leasing Berhad on 30 March 1989 and thereafter, to its current name on 7 April 2000.

The Issuer is principally engaged in the leasing of equipment and machinery. As the Issuer grew progressively, it expanded the range of its offerings to meet the growing and changing needs of its customers. From its core business of financing leases, it has diversified, through its subsidiaries and associated companies, into industrial and consumer hire purchase, factoring, trade finance, structured finance, installment payment, general insurance agency, distressed asset investment and management, energy efficiency and renewable energy solutions, operating lease and rental schemes for automobile, ICT, test & measuring, office automation, medical and material handling equipment, fleet management, and real estate investment.

The Issuer is currently conducting its business through its head office in Kuala Lumpur and 14 branches across Malaysia. The Issuer's registered office is at 12th Floor, Menara KH (formerly known as Menara Promet), Jalan Sultan Ismail, 50250 Kuala Lumpur.

As at 31 December 2015, the Issuer's authorised share capital and paid-up capital are as follows:

Share Capital	No. of Shares	Par Value (RM)	Total (RM)
Authorised:			
Ordinary shares	85,000,000	1.00	85,000,000
Redeemable cumulative preference shares	150,000,000	0.10	15,000,000
Total			**100,000,000**
Issued and fully paid:			
Ordinary shares	50,532,129	1.00	50,532,129

As at 31 December 2015, the Issuer is wholly-owned by ORIX Corporation, as follows:

Shareholder	No. of ordinary shares	% shareholding
ORIX Corporation	50,532,129	100%

1.2 Historical financial highlights

A summary of the financial performance and position of OLM Group based on its audited financial statements for the past three (3) financial years and unaudited financial statements for the six (6) months period ended 30 September 2015 are as follows:-

Income Statement (RM'000)	FYE Mar 2013 (Audited)	FYE Mar 2014 (Audited)	FYE Mar 2015 (Audited)	6 months ended Sept 2015 (Unaudited)
Revenue	338,277	415,175	478,510	254,098
Gross Profit	153,333	180,211	196,054	106,398
Profit Before Tax	115,388	129,303	147,110	78,084
Profit After Tax	86,845	98,815	114,974	60,892
Other comprehensive income for the year, net of tax	(1,102)	14,928	750	3,541
Total comprehensive income for the year attributable to the owner of the Company	85,743	113,743	115,724	64,433

Financial Position (RM'000)	FYE Mar 2013 (Audited)	FYE Mar 2014 (Audited)	FYE Mar 2015 (Audited)	6 months ended Sept 2015 (Unaudited)
Total Assets	2,821,964	3,315,801	3,669,938	3,546,111
Total Liabilities	2,072,634	2,444,347	2,682,760	2,494,175
Shareholders' Funds	749,330	871,454	987,178	1,051,936
Borrowings	1,851,558	2,207,991	2,397,347	2,201,781
Gross Gearing Ratio (times)	2.47	2.53	2.43	2.09
Net Gearing Ratio (times)	2.41	2.45	2.34	1.99

1.3 Description of the MTN Programme

Brief description of the MTN Programme

The Issuer proposes to establish the MTN Programme which shall provide flexibility for the Issuer to issue, from time to time, MTNs during the tenure of the MTN Programme, provided that the aggregate outstanding amount of the MTNs issued under the MTN Programme shall not at any time exceed RM500.0 million in nominal value ("**Programme Limit**"). The Issuer shall have the option to upsize the Programme Limit provided that such upsizing will not result in any adverse impact on the rating of the MTN Programme, subject to the lodgement of the required information and documents relating to the upsizing of the Programme Limit with the SC and compliance with all relevant requirements under Section B, Part 3, Chapter 4 and Chapter 6 of the LOLA Guidelines. Pursuant to the Trust Deed, no further consent is required to be obtained from the Trustee, the Noteholders or any other party under the MTN Programme for the Issuer to exercise the option to upsize the Programme Limit.

The tenure of the MTN Programme shall be for a period of fifteen (15) years from the first issuance date. The MTNs may be issued at any time during the tenure of the MTN Programme, provided that the first issuance under the MTN Programme shall be within sixty (60) business days from the date of the lodgement of the required information with the SC and subject to completion of all documentation and, unless waived by the Joint Lead Arrangers, compliance of all conditions precedent therein and all other applicable conditions to the satisfaction of the Joint Lead Arrangers.

The MTNs may be issued via book building on a best efforts basis, bought deal or private placement on a best efforts basis.

Unless previously redeemed or purchased and cancelled, the MTNs shall be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates or upon declaration that an event of default has occurred in respect of the MTNs, whichever is earlier. The Issuer may redeem the MTNs prior to their maturity by giving the requisite notice period set out in the Transaction Documents at a redemption price to be mutually agreed between the Issuer and the Noteholder(s). The MTNs which are redeemed by the Issuer are to be cancelled.

Coupon

The MTNs may be issued with or without coupon. In relation to the MTNs issued with coupon, the coupon rate(s) shall be determined prior to the issuance of such MTNs and calculated on the basis of the actual number of days elapsed and 365-day basis (actual/365 days) and shall be payable semi-annually or such other period as the Issuer and the Joint Lead Managers may agree.

Status of the MTNs

The MTNs shall constitute direct, unsecured, unsubordinated and unconditional obligations of the Issuer and will rank equally and rateably (*pari passu*) in point of priority and security amongst themselves and *pari passu* with all its other unsecured liabilities (both actual and contingent) except the liabilities which are preferred solely by the laws of Malaysia.

1.4 Utilisation of proceeds of the MTN Programme

The proceeds of the MTNs shall be utilised for the following purposes:

(a) to finance the Issuer's working capital requirements, future investments, capital expenditure and other general corporate purposes;

(b) to refinance the Issuer's future borrowings; and

(c) to defray expenses relating to the MTN Programme.

1.5 Rating of the MTN Programme

The MTN Programme has been assigned a final rating of AA_3 by RAM Ratings.

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SECTION 2.0 PRINCIPAL TERMS AND CONDITIONS OF THE MTN PROGRAMME

Words and expressions used and defined in this Section 2.0 shall, in the event of any inconsistency with the definition section of this Information Memorandum, only be applicable to this Section 2.0.

Details of Facility/Programme		
(1)	Name of facility	Medium Term Notes Programme of up to RM500.0 million in nominal value ("**MTN Programme**").
(2)	One-time issue or programme	Programme.
(3)	Shariah principles (for sukuk)*	Not applicable as the facility is not for sukuk issuance.
(4)	Facility description (for ringgit-denominated sukuk, to provide description as cleared by SC)	A MTN Programme pursuant to which the Issuer may from time to time issue medium term notes ("**MTNs**") of which the aggregate outstanding nominal value of such MTNs shall not exceed RM500.0 million at any one time. The MTN Programme shall be subject to the option to upsize.
(5)	Currency	Ringgit Malaysia ("**RM**").
(6)	Expected facility/programme size (for programme, to state the option to upsize)	The aggregate outstanding nominal value of the MTNs issued under the MTN Programme shall not exceed RM500.0 million ("**Programme Limit**") at any point in time. <u>Option to Upsize</u> Yes.
(7)	Tenure of facility/programme	15 years.
(8)	Availability period for debt or sukuk programme	The MTNs may be issued at any time during the tenure of the MTN Programme, provided that the first issuance under the MTN Programme shall be within sixty (60) business days from the date of the Lodgement with the SC and subject to completion of all documentation and, unless waived by the Joint Lead Arrangers, compliance of all conditions precedent therein and all other applicable conditions to the satisfaction of the Joint Lead Arrangers.
(9)	Clearing and settlement platform	MyClear.
(10)	Mode of issue	(i) Book building (ii) Bought deal (iii) Private placement
(11)	Selling restrictions	(i) Part 1 of Schedule 6 of the Capital Markets & Services Act, 2007 (CMSA). (ii) Part 1 of Schedule 7 of the CMSA.

(iii) Read together with Schedule 9 of CMSA.

Others:

The MTNs are tradable but shall not be offered or sold, directly or indirectly in Malaysia other than to persons falling within any of the categories of persons or in the circumstances specified under:

(a) at the point of issuance of the MTNs, Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) read together with Schedule 9 or Section 257(3) of the Capital Markets and Services Act, 2007 as amended from time to time (the "**CMSA**");
(b) after the issuance of the MTNs, Schedule 6 or Section 229(1)(b) read together with Schedule 9 or Section 257(3) of the CMSA.

(12)	Tradability and transferability	Tradable & transferable.
(13)	Details of security/collateral pledged, if applicable	Unsecured.
(14)	Details of guarantee, if applicable	Not guaranteed.
(15)	Convertibility of issuance and details of the convertibility	Non-convertible.
(16)	Exchangeability of issuance and details of the exchangeability	Non-exchangeable.
(17)	Call option and details, if applicable	No call option.
(18)	Put option and details, if applicable	No put option.
(19)	Details of covenants	**Financial covenants**

To include but not limited to, the following:

(a) Consolidated Debt to Equity Ratio ("**Consolidated D:E Ratio**")
The Issuer shall maintain an annual Consolidated D:E Ratio which does not exceed 8:1 throughout the tenure of the MTN Programme.

The Consolidated D:E Ratio is represented by:

Debt
(a) All amounts outstanding under the MTN Programme; and

(b) All other indebtedness for borrowed monies (be it actual or contingent) (including other indebtedness raised from the capital markets), hire purchase obligations, finance lease obligations, net exposure determined on a mark to market basis under any derivative instrument and obligations / contingent liabilities under guarantees/call or put options of the Issuer and its subsidiaries ("**Issuer Group**").

Equity

The aggregate shareholders' funds of the Issuer including, if any, preference equity, subordinated shareholders' advances, minority interests of the Issuer (if any) and retained earnings/losses.

The Consolidated D:E Ratio calculations shall be duly confirmed by two (2) authorised signatories of the Issuer on an annual basis and will be based on the latest audited consolidated accounts of the Issuer and if the same is not available, then the Consolidated D:E Ratio calculations shall be based on the latest quarterly unaudited consolidated accounts of the Issuer. The Issuer shall arrange for such confirmations of Consolidated D:E Ratio to be forwarded to the Trustee. For the avoidance of doubt, any double counting shall be disregarded.

Information Covenants

To include but not limited to, the following:

(a) The Issuer shall provide to the Trustee at least on an annual basis, a certificate signed by any one (1) of the authorised signatories of the Issuer confirming that it has complied with all of its obligations under the Transaction Documents (as defined herein) and the terms and conditions of the MTNs and that there does not exist or had not existed, from the date the MTNs were first issued or the date of the previous certificate (as the case may be), any Event of Default (as defined herein) and, if such is not the case, to specify the same and the steps being taken to remedy the same;

(b) The Issuer shall deliver to the Trustee the following:

i) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each of its financial years) copies of its consolidated financial statements for that year, which shall contain the income statements, cash flow statements and balance sheets of the Issuer and which are audited and certified without qualification by a firm of independent certified public accountants acceptable to the Trustee;

ii) as soon as they become available and upon request (and in any event within ninety (90) days after the end of the first half of its financial year) copies of its unaudited halfyearly consolidated financial statements for that period, which shall contain the income statements and balance sheets of the Issuer which are duly certified by any one (1) of its authorised signatories;

iii) promptly, such additional financial or other information relating to the Issuer's business and its operations as the Trustee may from time to time reasonably request to discharge its duties and obligations as a trustee to the extent permitted by law; and

iv) subject to the Trustee providing to the Issuer such confidentiality, undertaking or indemnity for breach thereof as the Issuer may reasonably required, deliver to the Trustee upon request in writing by the Trustee a copy of any notice, circular or other documents which the Issuer is required by law to issue to its shareholder;

(c) The Issuer shall promptly notify the Trustee of any change in its condition (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being threatened or initiated against the Issuer before any court or tribunal or administrative agency which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents. All such notification shall be given by the Issuer no later than fourteen (14) days after the person in charge has knowledge of the change or of the litigation or other proceedings or threat or initiation thereof and shall include the amount of any actual liability or contingent liability if such amount is ascertainable;

(d) The Issuer shall promptly give notice to the Trustee of the occurrence of any Event of Default or any event which, upon the giving of notice and/or lapse of time and/or the issue of a certificate and/or the fulfilment of the relevant requirement as contemplated under the relevant Transaction Documents would constitute an Event of Default ("**Potential Event of Default**") forthwith upon becoming aware thereof, and it shall take all reasonable steps and endeavour within thirty (30) days to agree with such steps as may reasonably be requested by the Trustee and to remedy and/or mitigate the effect of the Event of Default or the Potential Event of Default. For the avoidance of doubt, this clause shall not be applicable to Nonpayment EOD (as defined herein); and

(e) any information covenants as may be advised by the Solicitors and to be mutually agreed between the Issuer and the Joint Lead Arrangers including but not limited to the requirements under the SC's Trust Deeds Guidelines (revised on 12 July 2011 and effective on 12 August 2011) issued by the SC as may be amended, replaced, substituted or revised from time to time (the "**Trust Deeds Guidelines**").

<u>Positive Covenants</u>

To include but not limited to, the following:

(a) The Issuer shall obtain and maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) and will promptly obtain any further authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) which is or may become necessary to enable it to own its assets, to carry on its business or for the Issuer to enter into or perform its obligations under the Transaction Documents or to ensure the validity, enforceability, admissibility in evidence of the obligations of the Issuer or the priority or rights of the Noteholders under the Transaction Documents;

(b) the Issuer shall comply at all times with all the provisions in the Transaction Documents and the terms and conditions of the MTNs;

(c) The Issuer shall at all times on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give effect to the terms and conditions of the Transaction Documents;

(d) The Issuer shall exercise and shall cause and procure all its subsidiaries to exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;

(e) The Issuer shall promptly perform and carry out all of its obligations under all the Transaction Documents (including but not limited to redeeming the MTNs on the relevant maturity date(s) or any other date on which the MTNs are due and payable) and ensure that it shall immediately notify the Trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the Transaction Documents;

(f) The Issuer shall prepare its financial statements on a basis consistently applied in accordance with approved accounting principles and standards in Malaysia and those financial statements shall give a true and fair view of the results of the operations of the Issuer in all material respects for the period to which the financial statements are made up and shall disclose or provide against all liabilities (actual or contingent) of the Issuer;

(g) Subject to item (f) under "Negative Covenants", the Issuer shall promptly notify the Trustee on any change on its board of directors and/or shareholders;

(h) The Issuer shall promptly comply with all applicable laws and regulations including the provisions of the CMSA and/or the notes, circulars, conditions or guidelines issued by SC from time to time;

(i) The Issuer shall give to the Trustee such information as the Trustee may reasonably require in order to discharge its duties and obligations as trustee under the trust deed relating to the Issuer's affairs to the extent permitted by law;

(j) The Issuer shall keep proper books and accounts at all times and provide the Trustee and any person appointed by the Trustee (for example the auditors) access to such books and accounts to the extent permitted by law, with fourteen (14) days prior written notice and consent from the Issuer, which consent shall not be unreasonably withheld and such access by the Trustee or the person appointed by the Trustee shall not interfere with the normal operation of the Issuer;

(k) Immediately notify the Trustee in the event that the Issuer becomes aware of any event or circumstance that has occurred that would materially prejudice the ability of the Issuer to perform its obligations under the MTNs or the ability of the Issuer to perform its obligations under the Transaction Documents;

(l) Immediately notify the Trustee in the event that the Issuer becomes aware of any substantial change in the nature of the business of the Issuer;

(m) Immediately notify the Trustee in the event that the Issuer becomes aware of any cessation in liability of the Issuer for the payment of the whole or any part of the moneys for which it is liable under the Transaction Documents;

(n) The Issuer will maintain a paying agent in Malaysia and procure it to inform the Trustee, through the Facility Agent, if it does not receive payment when due from the Issuer as required under the Transaction Documents and the MTNs;

(o) The Issuer shall ensure that the terms in the Transaction Documents do not contain any matter which is inconsistent with the provisions of the Information Memorandum relating to the MTN Programme;

(p) The Issuer shall file all relevant tax returns and pay all taxes promptly upon the same becoming due and payable except to the extent that taxes are being contested in good faith or an adequate reserve has been set aside with respect thereto; and

(q) Any other covenants as may be advised by the Solicitors and to be mutually agreed between the Issuer and the Joint Lead Arrangers including but not limited to the requirements under the SC's Trust Deeds Guidelines.

Negative Covenants

To include but not limited to, the following:

(a) The Issuer shall at all times not obtain or permit to exist any further borrowings which would cause the Financial Covenants stated herein to be breached;

(b) The Issuer shall not create or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind including, without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing, but excluding liens (1) imposed by law, (2) existing on the date of Lodgement, (3) existing on property or asset prior to the acquisition, (4) on assets to be acquired which are created to secure obligations which is raised for the purpose of acquiring those assets, (5) on fixed assets acquired, constructed and such security interests are incurred prior to or within 90 days after such acquisition, (6) on goods or documents securing obligations under trade letters of credit, (7) on assets of any person which merges with the Issuer, (8) arising pursuant to securitisation, derivative transactions or similar transactions entered into in the ordinary course of business, (9) not otherwise permitted by this section, and the aggregate book amount of liens on all outstanding debt shall not exceed 5% of the net tangible assets of the Issuer, or (10) any extension, renewal or replacement of the foregoing;

(c) The Issuer shall not provide or permit to exist any guarantee to any party save and except for any guarantee issued in the course of its business, including corporate guarantees issued to secure banking facilities obtained by its subsidiaries, if allowed by the Issuer's Memorandum and Articles of Association;

(d) The Issuer shall not add, delete, amend, vary or substitute its Memorandum and Articles of Association in a manner inconsistent with the provisions of the Transaction Documents or in a manner which may be materially prejudicial to the interests of Noteholders;

(e) The Issuer shall not reduce its authorised or paid-up share capital;

(f) The issuer shall not cause or permit the ultimate shareholding of ORIX Corporation in the Issuer to fall below 51%;

(g) Save and except for such transactions between the Issuer and Interested Persons (including a director of the Issuer, a major shareholder of the Issuer and chief executive) which have been entered into and disclosed to the Trustee prior to the date of the Trust Deed, the Issuer shall not enter into any agreement or transaction, directly or indirectly, with Interested Persons, unless:-

(I) such transaction is on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not Interested Persons; and

(II) with respect to transactions

a) related to any advances and loans to be granted to the Issuer by its major shareholderinvolving an aggregate payment or value equal to or greater than United States Dollars Four Hundred Million (USD400,000,000.00) (or its equivalent in other currencies) per transaction; or

b) other than the transactions of the types referred to in (a) above, involving an aggregate payment or value equal to or greater than Ringgit Malaysia Sixty Million (RM60,000,000.00)

it obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms;

PROVIDED that it certifies to the Trustee that the transaction complies with paragraph (I) above and that it has received the certification referred to in paragraph (II) above (where applicable) and that the transaction has been approved by the Board of Directors of the Issuer or shareholders in a general meeting as the case may require;

(h) The Issuer shall not declare or pay any dividends or make any distribution, whether income or capital in nature to its shareholders or make any payments (whether in relation to principal, interest or otherwise) to its shareholders in connection with any loans or advances from its shareholders unless all of the following criteria are met:

(a) all obligations in relation to the MTN Programme under the Transaction Documents have been complied with by the Issuer at such time of declaration and will be complied with at the time of payment or distribution, as the case may be;
(b) no Event of Default has occurred (or if this is not the case, such event is no longer continuing or has been waived) and no Event of Default would occur if such declaration, payment or distribution is made; and
(c) no breach of Financial Covenant has occurred (or if this is not the case, such breach is no longer continuing or has been waived) and no breach of Financial Covenant would occur if such declaration, payment or distribution is made;

(i) Save and except in the ordinary course of business, the Issuer shall not lend any money or advance to any person other than: (a) to the Issuer's directors, officers or employees as part of their terms of employment, and (b) to its subsidiaries;

(j) The Issuer shall not change the utilisation of proceeds from the MTNs except for the purposes set out in the Transaction Documents; and

(k) Other covenants as may be mutually agreed by the Issuer and the Joint Lead Arrangers and/or required under the SC's Trust Deeds Guidelines.

(20)	Details of designated account(s), if applicable, including: (a) names of account (b) parties responsible for opening the account (c) parties responsible for maintaining /operating the account (d) signatories to the account (e) sources and utilisation of funds; and (f) diagram illustrating the flow of monies and conditions for disbursements	No designated account.
(21)	Name of credit rating agency, credit rating (state	(i) Credit Rating Agency: RAM Rating Services Berhad ("**RAM**").

	whether final or indicative) and amount rated, if applicable	(ii) Credit rating: AA_3. (iii) Final / Indicative: Final (iv) Amount Rated: MYR500,000,000.00.
(22)	Conditions precedent	The availability of the MTN Programme shall be subject to conditions precedent, including but not limited to: <u>Main Documentation</u> The Transaction Documents have been duly executed and, where applicable, stamped or endorsed as exempted from stamp duty and presented for registration. <u>The Issuer</u> (i) Certified true copies of the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer. (ii) Certified true copies of the latest Forms 24, 44 and 49 of the Issuer. (iii) An extract of the board resolution of the Issuer authorising, among others, the establishment of the MTN Programme, the issuance of the MTNs and the execution of all the Transaction Documents. (iv) A list of the Issuer's authorised signatories and their respective specimen signatures. (v) A report of the relevant company search of the Issuer. (vi) A report of the relevant winding up search or the relevant statutory declaration of the Issuer. <u>General</u> (i) The MTN Programme shall be subject to the Lodgement with the SC. (ii) The Issuer shall have obtained a rating of AA_3 for the MTN Programme from RAM at the point of first issuance of MTNs. (iii) All necessary approvals and consents required (including but not limited to the existing lenders/financiers of the Issuer) for the implementation of the MTN Programme (if required) and the execution of the Transaction Documents have been obtained and compliance with all conditions of such approvals and consents. (iv) Arrangement (acceptable to the Joint Lead Arrangers) for the payment of all relevant transaction fees, costs and expenses in relation to the MTN Programme. (v) The Joint Lead Arrangers have received from the Solicitors a favourable legal opinion addressed to them advising with respect to, among others, the legality, validity and enforceability of the Transaction Documents and a confirmation addressed to the Joint Lead Arrangers that all the conditions precedent have been fulfilled. (vi) All due diligence exercise deemed necessary

have been undertaken/conducted to the satisfaction of the Joint Lead Arrangers.

(vii) Documentary evidence that the Trustees' Reimbursement Account for Debenture holders' Actions has been established and the deposit of RM30,000.00 has been made.

(viii) Confirmation from the Issuer that, as at the time when such confirmation is made, apart from the disclosed existing indebtedness there are no other bank borrowings.

(ix) Confirmation that the Consolidated D:E Ratio does not exceed 8:1 by any two (2) authorised signatories of the Issuer based on the latest quarterly unaudited consolidated accounts of the Issuer.

(x) Such other conditions precedent as may be advised by the Solicitors and to be mutually agreed between the Issuer and the Joint Lead Arrangers.

Each issuance of the MTNs shall be subject to certain conditions as may be advised by the Solicitors and mutually agreed by the Issuer and the Joint Lead Managers, including a condition that no Event of Default having occurred or which would occur if the relevant issuance is made.

(23)	Representations and warranties	The MTN Programme shall be subject to such representations and warranties as may be deemed standard for a facility of this nature or as may be advised by the Solicitors. This shall include, but not be limited to: (i) the Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has full power to carry on its business and to own its property and assets, and has full beneficial ownership of all its assets; (ii) the Memorandum and Articles of the Issuer incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant requisite consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect to authorise the Issuer to execute and deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms; (iii) neither the execution and delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated by the Transaction Documents did or does as at the date this representation and warranty are made or repeated (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, licence, permit or consent by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of its assets; (b) cause any limitation on the Issuer or the powers of its

directors, whether imposed by or contained in its memorandum and articles of association or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded; or (c) cause the creation or imposition of any security interest or restriction of any nature on any of the Issuer's assets;

(iv) each of the Transaction Documents is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes valid and legally binding obligations of the Issuer, enforceable in accordance with its terms;

(v) Issuer's audited accounts are prepared in accordance with generally accepted accounting principles and standards in Malaysia and they fairly represent the Issuer's financial position as at that date;

(vi) to the best of the knowledge, information and belief of the Issuer, no tax liabilities of any kind are outstanding in payments and all computations and payments should be made to the taxation authority or other relevant authorities have been duly made within the requisite timeframe and are up-to-date, correct and made on a proper basis;

(vii) the written information furnished by the Issuer in all material respects in connection with the Transaction Documents does not contain any untrue statement or omit to state any fact the omission of which makes the statements therein, in the light of the circumstances under which they were made, misleading, and all expressions of expectation, intention, belief and opinion contained therein were honestly made on reasonable grounds after due and careful enquiry by the Issuer;

(viii) to the best of the knowledge, information and belief of the Issuer, there is no litigation, arbitration or administrative proceeding or claim which might by itself or together with any other such proceedings or claims either have a Material Adverse Effect on the financial condition of the Issuer or materially and adversely affect the Issuer's ability to perform its obligations under the Transaction Documents in accordance with their terms that is presently in progress or pending or threatened against the Issuer or any of its or their assets;

(ix) to the best of the knowledge, information and belief of the Issuer, the Issuer is unaware and has no reason to believe that an event has occurred which constitutes, or which with the giving of notice and/or the lapse of time and/or a relevant determination would constitute, a contravention of, or default under, any agreement or instrument by which the Issuer or any of its assets are bound or affected, being a contravention or default which might have a Material Adverse Effect;

		(x) the Issuer is in compliance and will comply with any applicable laws and regulations; and (xi) such other representations and warranties which may be advised by the Solicitors and to be mutually agreed between the Issuer and the Joint Lead Arrangers. **"Material Adverse Effect"** means the occurrence of any event which has any material adverse effect on the business or condition (financial or otherwise) or results of the operations of the Issuer or which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents.
(24)	Events of defaults or enforcement events, where applicable, including recourse available to investors	Events of Default ("**EOD**") shall include, but not limited to the following: (i) **Nonpayment**: where the Issuer fails to pay any amount that is due and payable from it under any of the MTNs issued under the MTN Programme on the due date or, if so payable, on demand ("**Nonpayment EOD**"); (ii) **Breach of obligations under the Transaction Documents**: default is made in the performance or observance of any other obligations of the Issuer under or in respect of the MTNs and the Transaction Documents other than Nonpayment EOD, and such default which in the opinion of the Trustee is capable of being remedied, remains unremedied within a period of thirty (30) business days after the Issuer has been notified by the Trustee of the breach; (iii) **Breach of Other Obligation**: there has been a breach by the Issuer of any obligation under any of the Issuer's existing contractual obligations which may have Material Adverse Effect and, if in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of thirty (30) business days after the Issuer has become aware or has been notified by the Trustee of the breach; (iv) **Cross-default**: any financial indebtedness of the Issuer in excess of Ringgit Malaysia Forty Million (RM40,000,000.00) becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of the Issuer is not discharged at maturity or when called and such indebtedness being due or payable or such call on the guarantee or similar obligations is not discharged or disputed in good faith by the Issuer in a court of competent jurisdiction within thirty (30) business days from the date of such declaration or call, or the Issuer goes into default under, or commits a material breach of, any agreement or instrument relating to any such indebtedness, guarantee or other obligations, or any security created to secure such indebtedness becomes enforceable, and such situation remain unremedied for thirty

(30) business days after the Issuer has been notified by the Trustee of the event;

(v) **Material Adverse Effect**: any event or events has or have occurred or a situation exists which in the reasonable opinion of the Trustee may have a Material Adverse Effect on the Issuer, and in the case of the occurrence of such event or situation which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy it within a period of thirty (30) business days after becoming aware or having been notified by the Trustee of the event or situation;

(vi) **Enforcement proceedings**: a distress, attachment, execution, seizure before judgment, sequestration, legal process or any form of execution is levied, enforced or sued upon or against the whole or a material part of the assets or revenues of the Issuer and such action is not discharged or stayed within thirty (30) days after the Issuer has the effective notice thereof;

(vii) **Judgement**: the Issuer fails to satisfy any judgement passed against it by any court of competent jurisdiction and no appeal against such judgement or no application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law or such appeal or application for a stay of execution has been dismissed;

(viii) **Security enforced**: a secured party takes possession of, or a receiver, manager, trustee or other similar officer is appointed in respect of the whole or a substantial part of the business or assets of the Issuer and such action is not discharged or stayed within thirty (30) business days thereof;

(ix) **Insolvency, etc.**: (1) the Issuer becomes insolvent or is unable to pay its debts as they fall due, (2) any step is taken for the winding up, dissolution or liquidation of the Issuer or a resolution is passed for the winding up of the Issuer or a petition for winding up is presented against the Issuer and the Issuer has not taken any action in good faith to set aside such petition within thirty (30) business days from the date of service of such winding up petition or a winding up order has been made against it, or (3) the Issuer ceases or threatens to cease to carry on all or any material part of its business;

(x) **Winding-up, etc.**: The Issuer convenes the meeting of its creditors or proposes or makes any arrangement including any scheme of arrangement or composition with, or begins negotiations with its creditors, or takes any proceedings or other steps, with a view to a rescheduling or deferral of all or any part of its indebtedness or a moratorium is agreed or declared by a court of competent jurisdiction in respect of or affecting all or any part of its indebtedness or any assignment for the benefit of its creditors (other than for the purposes of and followed by a reconstruction previously approved in writing by the Trustee, unless during or following such reconstruction the Issuer becomes or is declared to be insolvent) and such action or circumstance has continued or subsisted for a period of not less than thirty (30) business days;

(xi) **Section 176 of the Companies Act 1965**: Where a scheme of arrangement under section 176 of the Companies Act 1965 has been instituted in respect of the Issuer's debts and such action or circumstance has continued or subsisted for a period of not less than thirty (30) business days;

(xii) **Misrepresentation**: any representation or warranty made or given by the Issuer under the Transaction Documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the financing facilities and/or any of the Transaction Documents proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or given, and in the case of a failure, which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of thirty (30) business days after the Issuer has become aware or has been notified by the Trustee of the failure;

(xiii) **Change of business**: the Issuer changes or threatens to change the nature or scope of a substantial part of its business, or suspends or threatens to suspend or cease or threatens to cease the operation of a substantial part of its business which it now conducts directly or indirectly and such change or suspension or cessation in the opinion of the Trustee may have a Material Adverse Effect;

(xiv) **Failure to take action, etc.**: any action, condition or thing at any time required to be taken, fulfilled or done in order (1) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the MTN Programme and the Transaction Documents, (2) to ensure that those obligations are legal, valid, binding and enforceable and (3) to make the MTNs and the Transaction Documents admissible in evidence in the courts of Malaysia is not taken, fulfilled or done and such situation remains unremedied for thirty (30) days after the Issuer has been notified by the Trustee of such occurrence;

(xv) **License, permit, authorisation, approval and consent**: where there is a revocation, withholding, invalidation or modification of any licence, permit, authorisation, approval or consent which, in the reasonable opinion of the Trustee, may materially and adversely impair or prejudice the ability of the Issuer to comply with the terms and conditions of the MTNs or the provisions of the Transaction Documents and such conditions continue unremedied for a period of ninety (90)

		business days; (xvi) **Repudiation**: the Issuer repudiates any of the Transaction Documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents; (xvii) **Government intervention**: (1) all or any material part of the undertakings, assets, rights or revenues of the Issuer is nationalised, expropriated, condemned, seized or compulsorily acquired by any person acting or purporting to act under the authority of any national, regional or local government agency of Malaysia or (2) the Issuer is prevented by any such person from exercising normal control over all or any material part of its undertakings, assets, rights or revenues, which in the opinion of the Trustee may have a Material Adverse Effect on the Issuer and such event mentioned in (1) and (2) above continues for more than a period of ninety (90) days; and (xviii) such other conditions as may be advised by the Solicitors and to be agreed by the Issuer which shall include those required to comply with the SC's Trust Deeds Guidelines. Upon occurrence of an Event of Default, the Trustee may, at its discretion or shall (if directed to do so by a special resolution of the Noteholders) declare that an Event of Default has occurred and may take such proceedings against the Issuer as it may think fit to enforce the Transaction Documents.
(25)	Governing laws	Laws of Malaysia. The Issuer shall unconditionally and irrevocably submit to the exclusive jurisdiction of the courts of Malaysia.
(26)	Provisions on buy-back, if applicable	**Repurchase and cancellation** The Issuer or its subsidiaries or its agent(s) may at any time purchase the MTNs at any price in the open market or by private treaty, but these purchased MTNs shall be cancelled and may not be resold. For the avoidance of doubt, the MTNs held by any Interested Person shall not be counted for purposes of voting subject to exceptions set out in the SC's Trust Deeds Guidelines.
(27)	Provisions on early redemption, if applicable	Unless previously redeemed or purchased and cancelled, the MTNs shall be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates or upon declaration that an Event of Default has occurred in respect of the MTNs, whichever is earlier. The Issuer may redeem the MTNs prior to their maturity by giving the requisite notice period set out in the Transaction Documents at a redemption price to be mutually agreed between the Issuer and the Noteholder(s). The MTNs which are redeemed by the Issuer are to be cancelled.

(28)	Voting	Voting by the Noteholders under the MTN Programme shall be carried out as follows: **<u>Prior to upsizing of the MTN Programme</u>**: All matters (save in relation to the upsizing of the MTN Programme) which require the Noteholders' consent under the MTN Programme shall be carried out on a collective basis; and **<u>Post upsizing of the MTN Programme</u>**: All matters which require the Noteholders' consent under the MTN Programme shall be carried out on a per series basis. Noteholders holding a requisite amount under each series (to be determined under the Trust Deed) shall provide their consent for the relevant matters to be passed under the MTN Programme and the consent from Noteholders of all outstanding series shall have been obtained for any such resolution to be carried. "**series**" shall mean, in relation to any MTNs, such MTNs with the same issue date and maturity date.
(29)	Permitted investments, if applicable; and	No permitted investments.
(30)	Other terms and conditions	
	i) Interest/coupon rate	The MTNs may be issued with or without a coupon. The coupon rate(s) for the MTNs (if applicable) shall be determined prior to issuance of the respective MTNs.
	ii) Interest/coupon payment frequency	(a) MTNs issued with coupons: To be paid semi - annually or such other period as the Issuer and Joint Lead Managers may agree. (b) MTNs issued without coupons: Not applicable.
	iii) Interest/coupon payment basis	Coupon shall be calculated on the basis of the actual number of days elapsed and 365 day basis (actual/365).
	iv) Interest on Late Payment	In the event of any overdue payment of any sums due under the MTNs, the Issuer shall pay interest at the rate of 1% per annum above the coupon rate of the relevant MTNs.

v)	**Incidental Expenses and Legal Fees**	All legal and professional fees, the cost of due diligence exercises, stamp duties (where applicable), taxes (including any goods and services tax) and any other out-of-pocket expenses, reasonably incurred pursuant to the Issuer's acceptance of the MTN Programme and for purposes of preparation and lodgement of this lodgement form/information memorandum (as the case may be) shall be borne by the Issuer.
vi)	**Listing status and types of listing**	The MTNs may be listed on Bursa Malaysia Securities Berhad under an Exempt Regime pursuant to Chapter 4B of Main Market Listing Requirement. The SC will be notified accordingly in the event of such listing.
vii)	**Status**	The MTNs shall constitute direct, unsecured and unconditional obligations of the Issuer and will rank equally and rateably (pari passu) in point of priority and security amongst themselves and pari passu with all its other unsecured liabilities (both actual and contingent), except liabilities which are preferred solely by the laws of Malaysia.
viii)	**Trustees' Reimbursement Account for Debenture holders' Actions**	A "Trustees' Reimbursement Account for Debenture holders' Actions" shall be set up, with a sum of RM30,000.00 (which shall be maintained at all times throughout the tenure of the MTN Programme). The said account shall be operated by the Trustee and the money shall only be used strictly by the Trustee in carrying out its duties in relation to the occurrence of an Event of Default which are to be provided in the relevant Transaction Documents. Any balance in the Trustees' Reimbursement Account for Debenture holders' Actions shall be returned to the Issuer upon expiry of the MTN Programme.
ix)	**Transaction Documents**	The MTN Programme shall be evidenced, inter alia, by the following: (a) Programme Agreement; (b) Trust Deed; (c) Securities Lodgement Form pursuant to the Central Securities Depository and Paying Agency Rules issued by BNM; and (d) Any other relevant documentation which may be advised by the Solicitors and mutually agreed by the Issuer and the Joint Lead Arrangers.
x)	**Withholding Tax**	All payments by the Issuer in respect of the MTN Programme shall be made without any withholding or deduction for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia or Malaysian law unless such withholding or deduction is required by law, in which event, the Issuer shall be required to make such additional payments (or gross up) so that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made.

xi) Others	Other terms and conditions customary for this type of financing as advised by the Solicitors.
xii) Details on utilisation of proceeds by the Issuer	The proceeds of the MTNs shall be utilised for the following purposes: (a) To finance working capital requirements, future investments, capital expenditure and other general corporate purposes; (b) To refinance future borrowings; and (c) To defray expenses relating to the MTN Programme.
xiii) Option to upsize	The Issuer shall have the option to upsize the Programme Limit and for the avoidance of doubt, the Noteholders shall, via the Trust Deed, provide their upfront consent for any upsizing of the MTN Programme provided that there is no adverse impact on the rating of the MTN Programme. Any upsizing of the programme limit shall be subject to the approval of all regulatory authorities having been obtained.

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SECTION 3.0 THE ISSUER

3.1 Corporate history and principal activities of the Issuer

The Issuer was incorporated on 17 September 1973 under the name of United Orient Leasing Company Sdn Bhd as a private limited company in Malaysia under the Companies Act, 1965. It was established as a leasing joint-venture to provide equipment leasing services in Malaysia by ORIX Corporation with several Malaysian partners.

The Issuer was converted into a public limited company on 11 September 1981 and was known as United Orient Leasing Company Berhad. The Issuer subsequently changed its name to United ORIX Leasing Berhad on 30 March 1989 and thereafter, to its current name on 7 April 2000.

The OLM Group has an established position in the financing of equipment and machinery acquisition via finance lease and hire purchase for a wide range of equipment including but not limited to heavy equipment, office automation equipment, computers, manufacturing plant and machinery, transportation, and medical equipment.

As OLM Group grew progressively, it expanded the range of its offerings to meet the growing and changing needs of its customers. Today, its offering includes finance lease, hire purchase, factoring, trade finance, structured finance, installment payment, general insurance agency, distressed asset investment and management, energy efficiency and renewable energy solutions, operating lease and rental schemes for automobile, ICT, test & measuring, office automation, medical and material handling equipment, fleet management, and real estate investment.

As at 31 December 2015, OLM Group operates a nationwide network in Malaysia with fourteen (14) branches strategically located in Penang, Alor Setar, Ipoh, Kuantan, Seremban, Melaka, Johor Bahru, Batu Pahat, Kuching, Miri, Sibu, Bintulu, Kota Kinabalu and Sandakan in addition to its head office in Kuala Lumpur. It employs a total of about 650 professionals and customer-centric staff, led by an experienced management team. The customers of OLM Group range from sole proprietorship and partnerships to multi-national corporations in industries and trades spanning a broad spectrum of the Malaysian economy. One particular group of customers that OLM Group has traditionally been and still is supporting and continuing to place special emphasis on are the small and medium sized enterprises ("**SMEs**").

The Issuer's registered office is at 12th Floor, Menara KH (formerly known as Menara Promet), Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia, and it is not listed on any of the Malaysian exchanges.

The branches of the Issuer are located at the following addresses:

(i) Lot 2, 2nd Floor, No 55, Bangunan EMUM 55, Jalan Gangsa, Kawasan Perusahaan Mergong 2, 05150 Alor Setar, Kedah Darul Aman;

(ii) 8th Floor, Menara Penang Garden, 42, Jalan Sultan Ahmad Shah, 10050 Penang;

(iii) No. 6A & 8A, 1st Floor, Persiaran Greenhill, 30450 Ipoh, Perak;

(iv) 165-2, Jalan Toman 8, Kemayan Square, 70200 Seremban, Negeri Sembilan;

(v) No. 113-B, Jalan TMR 24, Taman Melaka Raya, 75000 Melaka;

(vi) Suite 5, 5th Floor, Wisma Sing Long, No. 9 Jalan Zabedah, 83000 Batu Pahat, Johor;

(vii) Unit 1901, Level 19, City Plaza, 21 Jalan Tebrau, 80300 Johor Bahru;

(viii) A137-2, 2nd Floor, Sri Dagangan Kuantan, Jalan Tun Ismail, 25000 Kuantan, Pahang;

(ix) 8th Floor, Bangunan Binamas, Jalan Padungan, 93100 Kuching, Sarawak;

(x) 6A, 2nd Floor, Jalan Bako, 96000 Sibu, Sarawak;

(xi) Lot 1270, 2nd Floor, Centre Point Commercial Centre, Phase 1, Jalan Melayu, 98000 Miri, Sarawak;

(xii) 1st Floor, No. 247, Parkcity Commerce Square, Jalan Tun Ahmad Zaidi, 97000 Bintulu, Sarawak;

(xiii) E11-E12, 7th Floor, CPS Tower, Centre Point Sabah, No. 1, Jalan Centre Point, 88000 Kota Kinabalu, Sabah; and

(xiv) 1st Floor, Lot 68, Block 7, Phase 1, Prima Square, Mile 4, North Road, 90000 Sandakan, Sabah.

3.2 Share capital and shareholders of the Issuer, directors' shareholdings

The Issuer

As at 31 December 2015, the authorised, issued and paid-up share capital of the Issuer are as follows:

(a) Authorised share capital

Type of Shares	No. of shares	Par Value (RM)	Total (RM)
Ordinary shares	85,000,000	1.00	85,000,000.00
Redeemable cumulative preference shares	150,000,000	0.10	15,000,000.00
Total			**100,000,000.00**

(b) Issued and paid-up share capital

Type of Shares	No. of shares	Par Value (RM)	Total (RM)
Ordinary	50,532,129	1.00	50,532,129.00

As at 31 December 2015, the shareholder of the Issuer and its shareholding are as follows:

Shareholder	No. of Ordinary Shares Held	Percentage Owned (%)
ORIX Corporation	50,532,129	100

Directors' shareholdings in the Issuer

As at 31 December 2015, the directors of the Issuer do not hold shares in the Issuer.

Directorship in other Malaysian public companies

Name of Director	Particulars of other directorship in Malaysian public companies (for the past 3 years)
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	1. Syarikat Pendidikan Staffield Berhad 2. Kian Joo Can Factory Berhad 3. Sino Hua-An International Berhad 4. Ann Joo Resources Berhad 5. Olympia Industries Berhad
Lim Beng Chor	ORIX (Malaysia) Berhad
Hiroshi Nishio	Nil
Hiroshi Inui	ORIX (Malaysia) Berhad

3.3 Corporate structure of the Issuer

Please refer to Appendix 1 for further details.

3.4 Subsidiaries and associated companies

As at 31 December 2015, the details of the subsidiaries and associate companies of the Issuer are as follows (please refer to Appendix 1 for further details):

Name of subsidiary or associate company	Jurisdiction in which such entity operates and date of incorporation	Effective equity held by the Issuer (%)	Principal business of the entity
Direct subsidiaries			
ORIX Credit Malaysia Sdn Bhd	Malaysia 30 January 1981	100	Hire purchase financing
ORIX Factoring Malaysia Sdn Bhd	Malaysia 11 September 1990	100	Factoring
ORIX Insurance Agencies Sdn Bhd	Malaysia 27 May 1994	100	Insurance agent
ORIX Capital Malaysia Sdn Bhd	Malaysia 9 May 1995	100	Investment holding
ORIX Risk Management Sdn Bhd	Malaysia 8 July 1995	100	Insurance agent
ORIX Energy Malaysia Sdn Bhd	Malaysia 25 February 1981	100	Dormant
ORIX Auto Leasing Malaysia Sdn Bhd	Malaysia 5 August 1975	100	Leasing of motor vehicles
Ambos Sdn Bhd	Malaysia 26 November 1982	100	Letting of office premises
Fornax Sdn Bhd	Malaysia 26 November 1982	100	Letting of office premises

ORIX Rentec (Malaysia) Sdn Bhd	Malaysia 12 November 1996	100	Equipment rental
ORIX Protect Sdn Bhd	Malaysia 19 March 2002	100	Insurance agent
Baguio Sdn Bhd	Malaysia 1 March 1983	100	Acquiring, resale or letting of properties
ORIX Asset Management Malaysia Sdn Bhd	Malaysia 18 January 2008	100	Acquiring and managing assets or loans
Raphael Sdn Bhd	Malaysia 31 December 1982	100	Hotel management
ORIX Equipment Rental Sdn Bhd	Malaysia 3 April 1990	100	Equipment rental
Terra Optimus Pearl Sdn. Bhd.	Malaysia 30 July 2014	100	Dormant
ORIX Rentec (Singapore) Pte. Ltd.	Singapore 18 October 1995	100	Rental and leasing of test & measurement equipment, computers, office automation equipment and trading of test & measurement equipment
ORIX H & D Holdings Sdn Bhd*	Malaysia 15 April 1995	34.78	Investment holding
Eucalypt Mortgages Sdn Bhd*	Malaysia 6 February 2007	49	Purchase of loans, receivables and debt obligations
Resolution Alliance Sdn Bhd**	Malaysia 24 July 2006	9	Acquiring of non-performing loans
Subsidiary of ORIX H & D Holdings Sdn Bhd			
ORIX Car Rentals Sdn Bhd***	Malaysia 28 February 1989	34.78	Hiring motor vehicles
Subsidiary of ORIX Credit Malaysia Sdn Bhd			
ORIX Nominees (Tempatan) Sdn Bhd	Malaysia 20 September 1994	100	Nominee company

* These entities are classified as subsidiaries of the Issuer as the composition of the board of directors are controlled by the Issuer.

** Resolution Alliance Sdn Bhd is classified as a subsidiary of the Issuer, as the Issuer holds the entire economic benefit in Resolution Alliance Sdn Bhd through the holding of 100% of the irredeemable preference shares therein.

*** ORIX H & D Holdings Sdn Bhd holds 100% equity interest in ORIX Car Rental Sdn Bhd. By virtue of the Issuer’s 34.78% shareholding in ORIX H & D Holdings Sdn Bhd, the Issuer owns an effective equity interest of 34.78% in ORIX Car Rental Sdn Bhd.

3.5 Board of Directors of the Issuer

The Board of Directors of the Issuer as at 31 December 2015 are as follows:

(i) Y.A.M Tunku Naquiyuddin Ibni Tuanku Ja'afar;

(ii) Lim Beng Chor;

(iii) Hiroshi Nishio; and

(iv) Hiroshi Inui.

3.6 Profile of directors of the Issuer

The directors of the Issuer and their respective profiles as at 31 December 2015 are as follows:

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar
(DK, DKYR, SPNS, SPMP, PPT, BSc (Econ) (Hons), LLD (Honorary))
Chairman

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Malaysian, received his education at the King's School in Canterbury and read International Politics at the University College of Wales, Aberystwyth, United Kingdom. He initially served the Malaysian Diplomatic Corps in 1970 and was posted to Paris between 1972 and 1975 as the Second Secretary.

Tunku Naquiyuddin was appointed as a Director of the Issuer in August 1975 and was the Chairman of the Issuer from January 1988 to April 1994. He then resigned and became the Regent of Negeri Sembilan. He rejoined the Issuer in October 1999 as a Director, Chairman and EXCO Member.

Tunku Naquiyuddin is also the Chairman of Sino Hua-An International Berhad and Olympia Industries Berhad and a Director of Ann Joo Resources Berhad. He has held various positions in trade associations and professional bodies including the Federation of Public Listed Companies, Malaysia-France Economic and Trade Association, Alliance Française de Kuala Lumpur as well as a Committee Member of Kuala Lumpur Stock Exchange (now known as Bursa Malaysia) from 1989-1994. The French President bestowed on him France's top award the Legion d'Honneur.

Lim Beng Chor
Managing Director & Chief Executive Officer

Mr Lim Beng Chor, Malaysian, holds a Diploma in Commerce from Kolej Tunku Abdul Rahman. He joined the Issuer in September 1979 and has extensive experience in the financial services industry.

Mr Lim was appointed as an Executive Director of the Issuer in July 1999 and was subsequently promoted to the Deputy Managing Director position in 2000. He was then appointed as the Chief Operating Officer of the Issuer in August 2003.

Mr Lim was promoted to the Managing Director position of the Issuer in 2005, appointed Co-Chief Executive Officer in 2007 and became the Chief Executive Officer in 2009.

Hiroshi Nishio
Director

Mr. Hiroshi Nishio holds a Bachelor of Economics Degree from Seikei University. He joined ORIX Corporation in 1991 in the International Real Estate Department.

Over the years, he served management positions in ORIX Real Estate Capital, Inc. and ORIX Real Estate Corporation.

Mr. Nishio became a Director & Executive Officer of ORIX Asset Management Corporation in January 2012 and was made the President & CEO of ORIX Asset Management Corporation in January 2013. He is now the Executive Officer and Deputy Head of Global Business and Alternative Investment Headquarters of ORIX Corporation.

Mr. Hiroshi Nishio has been a Director of the Issuer since March 2014.

Hiroshi Inui
Executive Director & Chief Financial Officer

Mr. Hiroshi Inui graduated from the Kwansei Gakuin University with a Bachelor of Business Administration in 1990 and joined ORIX in the same year.

While in the International Department, Mr Inui participated in the International Corporate Scholars Program by Graduate School of Business, University of Washington, focusing in Finance.

In the past 18 years, Mr. Inui has assumed various roles and responsibilities in ORIX Corporation and its overseas subsidiaries. His overseas postings include Singapore (1997 to 2003) and Philippines (2008 to 2013). From 2003 to 2008, he has been with the ABS team, Securitisation and Capital Markets Office and International Business Department in Tokyo. After returning from Philippines, Mr. Inui was with the Corporate Finance Group, Global Business and Alternative Investment Headquarters in Tokyo before assuming his present role as Executive Director and Chief Financial Officer of the Issuer since May 2015.

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SECTION 4.0 INFORMATION ON THE BUSINESS OF THE ISSUER

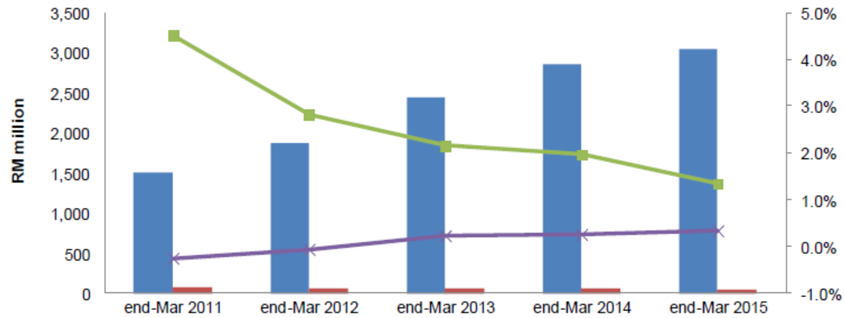
4.1 Core Business Description

OLM Group has a diversified business portfolio including finance lease, hire purchase, factoring, trade finance, structured finance, instalment payment, general insurance agency, distressed asset investment and management, energy efficiency and renewable energy solutions, operating lease and rental schemes for automobile, ICT, test & measuring, office automation, medical and material handling equipment, fleet management, and real estate investment. Nonetheless, hire purchase and finance lease make up the bulk of its business operations. The hire purchase and finance lease activities carried on by OLM Group are its main revenue generating activities, and will continue to be so for the foreseeable future. Having said that, its operating lease and rental schemes are expected to experience healthy growth going forward as more organisations are able to appreciate the benefits of such off-balance sheet financing which enables them to outsource some administrative work.

OLM Group's main target for its hire purchase and finance lease business are customers from the SME segment. Being the pioneer in this industry, OLM Group has benefited from its extensive experience and knowledge in the local hire purchase and leasing market. It has also been able to capitalise on its close business relationships with its customers as well as equipment suppliers.

The gross financing receivables as at FYE March 2015 is RM3,055 million which grew at a compounded annual growth rate ("**CAGR**") of 12% from FYE March 2013. The top ten largest clients account for only 7.1% of its total gross financing. The average contract size is below RM100,000. The average gross impaired financing ratio for the period from FYE March 2013 to FYE March 2015 remained low at 1.8% as set out below:

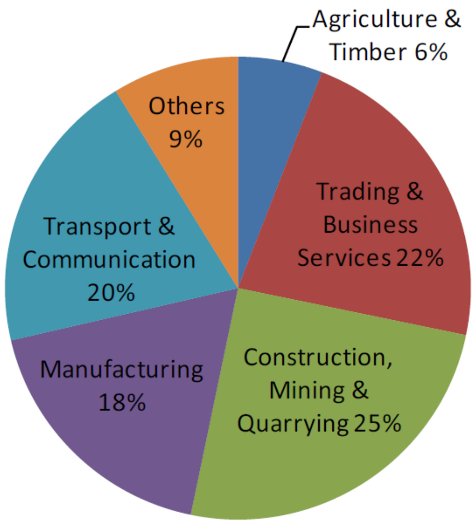
Gross Impaired Financing as at end-March 2015



	end-Mar 2011	end-Mar 2012	end-Mar 2013	end-Mar 2014	end-Mar 2015
Gross financing (RM million)	1,511	1,866	2,451	2,866	3,055
Gross impaired financing (RM million)	68.2	52.6	52.9	56.4	41.1
Gross impaired financing ratio	4.5%	2.8%	2.2%	2.0%	1.3%
Credit cost ratio	(0.3%)	(0.1%)	0.2%	0.3%	0.3%

As at FYE March 2015, the financing receivables are well-diversified across various industries with five (5) core industries as laid out below:

OLM Group's industry sectoral exposure as at end-March 2015



4.1.1 Underwriting/Credit Policy

The Issuer has a comprehensive set of credit evaluation and acceptance policies and procedures. All credit facilities are granted based on the Issuer's credit guidelines comprising of the assessment of the credit profile of the applicant, guarantor, source of repayment, debt servicing ability and collateral pledged. In addition, thorough checks are made with credit reference organisations such as the Central Credit Reference Information System ("**CCRIS**") database (maintained by BNM) and CTOS Data Systems Sdn Bhd ("**CTOS**"). The CCRIS database enables the Issuer to verify total credit exposure and the conduct of the applicants' accounts vis-à-vis all their credit facilities with financial institutions. Meanwhile, CTOS provides specific information on credit facility defaulters with other financial service providers. Verifications are also carried out on the applicant's identity and their business track in the industry through document verification, confirmation with the applicant's business associates and other processes. After the relevant enquiries and verification have been made, the Issuer's credit processing officers will then evaluate the applicants based on the Issuer's credit guidelines, to gauge their eligibility for the financing schemes including the margin of finance. The total credit facilities extended by the Issuer to any single customer or group is then guided by the approving policy set by the Issuer's management. This approving policy clearly defines the approval limit of each level of approving authorities and any credit line or group exposure limit exceeding the approving limit of the individual approving authorities has to be approved by the credit committees or even higher authorities from the holding company of the Issuer.

4.1.2 Collection Policy

The Issuer has put in place a comprehensive set of collection guidelines and policies which sets out the standard practices and procedures to be taken when dealing with overdue accounts as an essential basis of sound credit administration. Credit administration is implemented in stages, starting with a reminder letter, follow-up calls and field visits if the customer still fails to regularise the account. Letters of demand may be issued by the Issuer's solicitors and selected accounts may be assigned to external debt collection agencies for recovery efforts. Repossession efforts on assets financed will be made for accounts where the customer is unable to continue payments and disposal proceeds of the repossessed assets will be used to reduce or settle the outstanding balance due from the customer. Legal proceedings will also be initiated against a defaulting customer for the remaining outstanding amount, subject to the recovery action being worthy of pursuing.

4.1.3 Impairment Provisioning Policy

The Issuer has a stringent policy for the classification of impaired loans. The Issuer classifies a hire purchase or leasing account as an impaired loan when it has been in arrears for 3 months or more, which is similar to the guidelines imposed by BNM on banks and financial institutions falling within the purview of the Financial Services Act 2013. On top of that, the Issuer classifies impaired loans by borrower and makes full provisions, with zero value ascribed to the collateral when setting aside provisioning.

The Issuer adopts Malaysian Financial Reporting Standard 139 ("**MFRS 139**") where individual impairment allowances are made when the present value of future recoverable cash flow for impaired loans and receivables is lower than its carrying value and collective impairment allowances are determined based on the Issuer's historical loss experience. The Issuer makes a collective provision of 1.0% on credit outstanding in addition to specific individual impairment allowances even though its historical loan-loss experience is much lower. Further, under MFRS 139, any account which shows signs of impairment would immediately be classified as impaired loan, notwithstanding the 3-month classification guideline.

Notwithstanding the provision policy, OLM Group's allowances for impaired loans (individual and collective) for the last three financial years from FYE 2013 to FYE 2015 remain low, ranging from 2.0% to 2.7% and averaging at 2.4%.

4.2 Key Financial Highlights of the Issuer and OLM Group

4.2.1 Key Financial Highlights of the Issuer

The Issuer's key financial highlights from FYE March 2013 to FYE March 2015 and the 6-month financial period ended September 2015 are laid out as follows:-

Income Statement (RM'000)	FYE Mar 2013 (Audited)	FYE Mar 2014 (Audited)	FYE Mar 2015 (Audited)	6 months ended Sept 2015
Revenue	34,208	39,714	40,196	16,686
Cost of Sale	(5,898)	(2,913)	(2,858)	3,351
Gross Profit	28,310	36,801	37,338	20,037
Selling & Administrative and Other Operating Expenses	(36,417)	(34,975)	(28,868)	(15,084)
Other Income	53,061	34,055	34,237	5,767
Profit Before Tax	44,954	35,881	42,707	10,720
Taxation	(4,001)	(4,158)	(5,441)	(2,387)
Profit After Tax	40,953	31,723	37,266	8,333
EBITDA	109,034	116,272	126,459	50,081

Financial Position (RM'000)	FYE Mar 2013 (Audited)	FYE Mar 2014 (Audited)	FYE Mar 2015 (Audited)	6 months ended Sept 2015
Non-Current Assets	2,044,658	2,352,439	2,270,687	1,962,724
Current Assets	286,138	328,217	420,911	412,299
Cash & Bank Balance	19,824	24,269	26,271	29,473
Total Assets	2,350,620	2,704,925	2,717,869	2,404,496
Non-Current Liabilities	45,354	50,080	52,060	52,410
Current Liabilities	75,927	93,895	100,413	98,236
Borrowings	1,809,507	2,099,459	2,066,480	1,746,842
Total Liabilities	1,930,788	2,243,434	2,218,953	1,897,488
Share Capital	50,000	50,532	50,532	50,532
Reserves	369,832	410,959	448,384	456,721
Shareholders' Funds	419,832	461,491	498,916	507,253
Gross Gearing Ratio (times)	4.31	4.55	4.14	3.44
Net Gearing Ratio (times)	4.26	4.50	4.09	3.39

4.2.2 Key Financial Highlights of OLM Group

OLM Group's key financial highlights from FYE March 2013 to FYE March 2015 and the 6-month financial period ended September 2015 are laid out as follows:-

Income Statement (RM'000)	FYE Mar 2013 (Audited)	FYE Mar 2014 (Audited)	FYE Mar 2015 (Audited)	6 months ended Sept 2015
Revenue	338,277	415,175	478,510	254,098
Cost of Sale	(184,944)	(234,964)	(282,456)	(147,700)
Gross Profit	**153,333**	**180,211**	**196,054**	**106,398**
Selling & Administrative and Other Operating Expenses	(84,594)	(91,287)	(87,500)	(41,628)
Other Income	46,649	40,379	38,556	13,314
Profit Before Tax	**115,388**	**129,303**	**147,110**	**78,084**
Taxation	(28,543)	(30,488)	(32,136)	(17,192)
Profit After Tax	**86,845**	**98,815**	**114,974**	**60,892**
EBITDA	**279,956**	**349,462**	**410,139**	**216,744**
Interest Expense	(60,510)	(81,546)	(92,466)	(47,822)
Depreciation & Amortisation	(104,058)	(138,613)	(170,563)	(90,838)

Financial Position (RM'000)	FYE Mar 2013 (Audited)	FYE Mar 2014 (Audited)	FYE Mar 2015 (Audited)	6 months ended Sept 2015
Non-Current Assets	1,661,249	1,895,753	2,080,485	1,908,922
Current Assets	1,114,941	1,351,107	1,504,888	1,523,868
Cash & Bank Balance	45,774	68,941	84,565	113,321
Total Assets	**2,821,964**	**3,315,801**	**3,669,938**	**3,546,111**
Non-Current Liabilities	82,693	90,873	94,166	95,747
Current Liabilities	138,383	145,483	191,247	196,647
Borrowings	1,851,558	2,207,991	2,397,347	2,201,781
Total Liabilities	**2,072,634**	**2,444,347**	**2,682,760**	**2,494,175**
Share Capital	50,000	50,532	50,532	50,532
Reserves	699,330	820,922	936,646	1,001,404
Shareholders' Funds	**749,330**	**871,454**	**987,178**	**1,051,936**
Gross Gearing Ratio (times)	2.47	2.53	2.43	2.09
Net Gearing Ratio (times)	2.41	2.45	2.34	1.99

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SECTION 5.0 INVESTMENT CONSIDERATIONS

Each issuance of the MTNs will carry different risks and all prospective investors of the MTNs should consider carefully all information set out in this Information Memorandum and, in particular, the following risks involved. The following sections do not purport to be complete or exhaustive. Prospective investors should undertake their own investigations and analysis on the Issuer, its business and risks associated with the MTNs.

The information contained in this Information Memorandum includes forward-looking statements, which implies risks and uncertainties. The Issuer's actual results could differ from those anticipated in these forward-looking statements and/or otherwise projected as a result of certain factors, including but not limited to those set forth in this section.

5.1 Considerations relating to the MTNs

(a) The Issuer's ability to meet the payment obligations under the MTNs

The MTNs represent the direct, unconditional and unsecured obligations of the Issuer, and shall be payable out of the Issuer's income and revenue. In this regard, the principal redemption and coupon payment obligations under the MTNs shall depend on the consolidated cash flow availability. The MTNs will not be the obligations or responsibilities of any person other than the Issuer and shall not be the obligations or responsibilities of, or guaranteed by any of the Principal Adviser, the Joint Lead Arrangers, the Joint Lead Managers, the Facility Agent, the Trustee or any subsidiary or affiliate thereof, and any other person involved or interested in the MTNs. None of such persons will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amount due under the MTNs.

(b) Liquidity of the MTNs

The MTNs comprise a new issue of securities for which there is currently no established secondary market. There can therefore be no assurance that a secondary market will develop or, if a secondary market does develop, as to the liquidity of that market for the MTNs or that it will continue for the entire tenure of the MTN Programme. Furthermore, there can be no assurance as to the ability of investors to sell their securities or the prices at which investors would be able to sell their MTNs.

(c) An investment in the MTNs is subject to interest rate risk and the market value of the MTNs may be subjected to fluctuation of interest rates

Trading prices of the MTNs may be influenced by numerous factors, including the operating results and/or financial condition of the Issuer, political, economic and any other factors that can affect the capital markets. Any adverse economic and financial developments could have an effect on the market value of the MTNs.

The MTNs are fixed income securities and may therefore see their price fluctuate due to movements in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the MTNs. The MTNs may be similarly affected, resulting in a capital loss for the Noteholders. Conversely, when interest rates fall, the prices of the MTNs and the prices at which the MTNs are traded may rise. As a result thereof, the Noteholders may enjoy a capital gain.

(d) An investment in the MTNs is subject to inflation risk

The Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the MTNs. An unexpected increase in inflation could reduce the real rate of return to the Noteholders.

(e) Rating of the MTN Programme

The MTN Programme has been assigned a final rating of AA_3 by RAM Ratings. It is a condition for the issuance of the MTNs that the MTN Programme be rated. The MTN Programme is subject to rating reviews by RAM Ratings annually. The rating addresses the likelihood of full and timely payment of coupon and principal to the Noteholders. A rating is not a recommendation to purchase, hold or sell the MTNs as such ratings do not comment on the market price or suitability for a particular investor. There is no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by RAM Ratings in the future, if, in its judgement, circumstances in the future so warrant.

Further, such a rating is not a guarantee of repayment or that there will be no default by the Issuer under the MTN Programme. In the event that the rating initially assigned to the MTNs is subsequently downgraded or withdrawn for any reason, no person or entity will be obligated to provide any additional credit enhancement with respect to the MTNs. Any downgrade or withdrawal of a rating may have an effect on the liquidity and the market price of the MTNs. Any downgrade or withdrawal of a rating will not constitute an event of default or an event obliging the Issuer to repay the MTNs.

(f) No Security

The MTNs are unsecured and accordingly the Noteholders will not have recourse to the assets of the Issuer to satisfy payment obligations of the Issuer under the MTNs.

(g) Each issue carries different risk

The purchase of the MTNs may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the mitigating factors of an investment in the MTNs. Each issue of MTNs will carry different risks and all potential investors are strongly encouraged to evaluate each MTNs issuance on its own merit before making an investment decision.

5.2 Considerations relating to the business operations of the Issuer

In the conduct of its business activities, OLM Group is exposed to a variety of risks, including operational, credit, interest rate, market share and competition, liquidity risks and risks arising from any unforeseen events.

The Group Risk Management Department ("**GRM**") identifies, reviews, evaluates, analyses, and monitors the group wide risk exposure, reporting to the management of the Issuer and formulating strategy and approach to address such risks.

The nature of the risks that OLM Group is exposed to and the guidelines and policies adopted to manage these risks are as follows:

(a) Operational risks

Operational risk arises from potential losses due to inadequacy or failure of internal controls, processes, human resources and information systems. Such inadequacy or failure may result in errors, omissions and incompleteness in work, confusion and dissatisfaction to the staff, and financial loss or loss of reputation of the company.

The operational risk of the group is managed through an internal control system under the framework for internal control based on the Committee of Sponsoring Organizations of the Treadway Commission and following the requirement of Section 404 of the Sarbanes-Oxley Act (US Corporate Reform Law).

These internal control procedures are supported by OLM Group's internal audit function and an established self-assessment system, monitoring and reporting of business activities, contingency planning, and disaster recovery and back-up procedures.

(b) Credit risks

Credit risk is the potential loss of revenue as a result of default by the clients and borrowers through the group's various principal activities, where clients have repayment and other obligations to the group. It is materialised when clients fail to honour their financial or contractual obligation to the company.

To manage its credit risks, the Issuer has emplaced a group wide credit evaluation and monitoring system under the GRM. Credit guidelines and policies have been established with the aim of generating profitable returns and to ensure that the credit risk of the business portfolio is well diversified. The credit guidelines and policies document the credit approval structure, the appropriate credit limits and the internal credit grading system.

A strong Credit Control Department closely monitors the performance of the clients after the commencement of the contracts, and prompt follow-up actions are taken on overdue accounts to prevent them from becoming non-performing accounts. Should there be any non-performing loan arises, the Credit Control Department will carry out a swift and effective process for the recovery of the loan.

(c) Market share and competition

Competition is an inherent trait in the business of equipment financing due to low entry and exit barriers in the industry. Further, the competitors are majority backed by local financial institutions, with ample liquidity and lower cost of funds. Hence, the competitors may be in a better position to offer financing packages to purchasers by dictating the movement of the financing rate, tenure of the loan, and margin of financing. No assurance can be given that the Issuer's profit margin will not be affected by such competition.

However, as the pioneer equipment financier in Malaysia and having been in the business for over forty (40) years, the Issuer has proven expertise in equipment financing. The Issuer has found a niche in catering to the financing needs of the small and medium scale enterprises and has been able to maintain its leadership position in the market. The flexible approach adopted by the Issuer and the innovative financing schemes designed to meet the needs of its clients have enabled it to establish a steadfast circle of customer network.

The Issuer has also developed strong relationships with various well-known and reputable equipment vendors and established strategic tie-ups with such equipment vendors to provide its financial services.

(d) Inherent business risk and concentration risk

Inherent business risk in hire purchase financing and leasing is a large exposure to the SME segment, even though the Issuer's SMEs portfolio has been well diversified across various industries such as construction, transport and communication, and manufacturing. SMEs are more vulnerable to a broad and sustained economic downturn, as SMEs typically have weaker financial flexibility. Therefore, changes in the general economy, changes in government policies on money lending activities and borrowing on SME segment will have an impact on the Issuer's business. There can be no assurances that the country's economic growth will be sustainable nor assurance can be given that any changes to those factors will not have any material adverse effect on the Issuer's business.

(e) Interest rate risk

Interest rate risk is defined as the risk of loss due to changes in the level, slope, curvature of the yield curve and volatility of interest rates. Interest rate exposure may arise when the interest profile of the company's borrowing does not match the interest profile of its receivables.

To mitigate its interest rate risk exposure, the Issuer has set up asset liability management guidelines, under the purview of the Treasury Committee, who closely monitors the interest rate gap between its assets and liabilities.

The average tenure of leasing and hire purchase contracts is 36 months, as such the interest rate risk arising therefrom, if any, is well within manageable levels. To further mitigate its risk of interest rate exposure, the Issuer has secured sufficient amount of medium to long term fixed rate funding to match its leasing and hire purchase portfolio.

Where appropriate, derivative financial instruments are used to generate the desired interest rate profile.

(f) Liquidity risk

Liquidity risk is the risk that the company is unable to meet its financial obligation, such as the repayment of borrowings, interest payments, lending and investment commitment or payment due under a derivative contract, in a timely manner and at reasonable cost.

Being a non-deposit taking institution, a large part of the Issuer's funding comes in the form of borrowings from banks, capital market or shareholder. The Issuer is aware of the risk of depending on a few sources for funding requirement and has diversified sources of funds by borrowing from at least fifteen (15) financial institutions as at 31 December 2015. In addition, the Issuer has utilised borrowings amounting to RM550 million from the debt capital markets. The total facility limit from all funding sources as at 31 December 2015 was RM3.006 billion, with RM974 million remained unutilised.

Effective liquidity risk management is essential to maintain the confidence of lenders, vendors and counterparties and to enable its core business to continue to generate revenue, even under adverse circumstances. Daily liquidity and cash management is undertaken on a group basis by the Treasury Department and reporting to the Treasury Committee who ensures adequate asset liability management is in place. The Treasury Committee periodically reviews and monitors any cash flow mismatches between its assets and liabilities across time buckets.

OLM Group adopts a prudent approach to liquidity risk management, which involves maintaining sufficient cash and funding lines to meet the requirements of its financial obligation and business activities. Adequate long-term credit lines are secured for certainty and short-term credit lines are maintained for the flexibilities of funding.

(g) Foreign exchange risks

OLM Group does not have a significant exposure to foreign exchange risk as OLM Group's transactions and balances are substantially denominated in RM, other than certain borrowings denominated in USD. Changes in the foreign exchange rate between the RM and USD may have an effect on OLM Group's financial results, should there be any unhedged foreign exchange exposure.

To mitigate OLM Group's exposure to foreign exchange risks arising from the borrowings denominated in USD, OLM Group has fully hedged its exposure to foreign exchange fluctuations by entering into cross currency swap contracts upon the initial drawdown of its foreign currency borrowings.

Despite taking steps to mitigate the risk, there can be no assurance that fluctuations in the foreign exchange rate between RM and USD will not have a material adverse effect on the financial results and operations of OLM Group.

(h) Dependence on Directors and Key Management

It should be noted that OLM Group's continuing success will depend to a large extent upon the abilities and continuing efforts of its existing Board and its key management which comprises foreign and local employees. OLM Group's key management team oversees all the day-to-day operations of OLM Group. The loss of any of these members may affect OLM Group's ability to maintain its business performance.

While the loss of any of these members may affect OLM Group's ability to maintain its business performance, OLM Group's continued success does not depend solely upon the continued employment and performance of its key management personnel. OLM Group has taken steps to reduce its loss of key management personnel by the continuous effort to develop succession plans for OLM Group's key management personnel as well as by putting a structured organisation structure and operations management systems in place.

(i) Risk from Information Technology

OLM Group, being in the financial services sector, is highly dependent on information technology ("**IT**") to operate its business in terms of maintenance of customer transaction and other data (including storing the voluminous confidential information of OLM Group's customers), processing of applications, payments, inquiries etc. across OLM Group.

OLM Group including its branches, all of which are networked to the mainframe servers in Kuala Lumpur head office/data centre. Most of OLM Group's employees involved in operations utilise the computer daily for information processing, retrieval, inquiry and other purposes.

OLM Group's operations utilise proprietary credit processing and management software and other major software modules which include the customer relations management, financial accounting and human resource systems.

Among the risks arising from storing confidential information of its customers in such database are as follows:

(i) unauthorised access to database by staff;
(ii) loss of information resulting from deletions, and software and system failures; and
(iii) external security breach which includes hackers.

While OLM Group has in place what it believes to be comprehensive IT/information security and management policies and procedures, including back up procedures for business data, there is no assurance that any loss of information or unauthorised access to its database will not have a material adverse effect on OLM Group's operations and financial results.

(j) Non-Resident Controlled Company Status

The Issuer is a Non-Resident Controlled Company ("**NRCC**") and with effect from 1 April 2005, restrictions on domestic borrowings by NRCC have been abolished by BNM. There is no guarantee that no new domestic borrowings restrictions will be introduced by BNM in the future or that the abolished restrictions will not be reintroduced. Such matters are beyond the control of the Issuer or any other person involved or interested in the MTN Programme.

(k) Considerations Relating to the Holding Company

OLM is 100% owned by ORIX Corporation. As a result, ORIX Corporation will be able to control the business direction of the Issuer and lend support to the Issuer's financial flexibility and capital strength. As at 31 December 2015, about 69% of OLM Group's total borrowings were supported by corporate guarantee granted by ORIX Corporation. A substantial credit line has also been set up for the Issuer, which remains unutilised as at 31 December 2015. Besides this, ORIX Corporation has set up a global syndicated standby facility that participating subsidiaries, including the Issuer, may draw upon in case of a liquidity crunch. Having said this, no assurances can be made that the support which the Issuer currently receives from ORIX Corporation will continue in the future.

(l) Exposure to lawsuits

OLM Group is exposed to lawsuits by customers due to reasons ranging from accusation of unethical practices, breach of customer confidentiality requirement, identity theft, debt recovery and breach of financing terms to fraudulent transactions. Such lawsuits may result in additional financial liabilities to OLM Group in terms of financial compensation to customers, if the lawsuit is in the customer's favour and the legal costs incurred by the Issuer to defend the lawsuit. In addition, the Issuer and the OLM Group brand name may lose credibility and the reputation of the Issuer may be affected if legal actions were brought against the Issuer by its customers.

While OLM Group has in place controls in operating policies and procedures, there can be no assurance that the customers will not take legal actions against the Issuer or that any lawsuits would not have an adverse effect on the operations and financial performance of OLM Group.

(m) Insurance coverage

OLM Group has purchased insurance policies over the assets of the OLM Group, which include insurance coverage on IT infrastructure, assets and other equipment at the head office, IT centre and all other business locations.

OLM Group has also purchased insurance policies to cover potential losses arising from, amongst others, incidents of fire and theft. Despite that, there is no assurance that the insurance cover is sufficient to offset the potential financial losses which may be suffered by OLM Group arising from such events.

(n) Unforeseen events

Every organisation, including the Issuer, is at risk from potential disaster that may arise from natural causes such as floods, fire, earthquakes and environmental disasters, technical causes like hardware/software failures, communication services breakdown, power failure and energy disruption, safety and services section failure, cyber-attacks and hacker activity, human causes including riots, strikes, theft, arson, act of sabotage, terrorism or war.

The occurrence of such unforeseen events or disaster may severely affect and disrupt the business operation of the Issuer, render it impossible for the Issuer to fulfil its obligation whether financial or contractual.

To manage the risk arising from such unforeseen circumstances, the Issuer has implemented a backup data system and set up alternative disaster recovery centre and alternative operation centre in the event its current office premise becomes inaccessible. Comprehensive business continuity plan has also been drawn up to ensure quick recovery and continuation of business even after a disaster.

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5.3 General considerations

(a) Regulatory

Changes in laws and regulations are unpredictable and beyond a company's control. Such changes may affect the way a company conducts its business and the products it offers.

Such changes in relation to the Issuer may be more restrictive or result in higher costs than current requirements or otherwise impact the Issuer's businesses, results of operations or financial condition.

(b) Political and economic considerations

The development and performance of the Issuer's future businesses and the ability to successfully conclude any potential future agreements, may be affected by the economic and political situation in the country, as well as exchange rates and exchange controls, interest rates, inflation, rates of taxes, trade and employment practices (including industrial action), foreign investment restrictions, the risk of war, nationalisation, expropriation, changes in government policy and other political, economic, social or other developments in or affecting the relevant jurisdiction in which they operate their business. Any adverse developments in the political and economic conditions in Malaysia may affect the prospects and future performance of the OLM Group and the market value of the MTNs.

There is no assurance that such adverse political and economic factors will not materialise and there can be no assurance that political and economic policies adopted by a relevant government at the time of the initial negotiations or development of any project will be continued or that a future government will not adopt substantially different policies.

The OLM Group will continue to review their business development strategies in response to the ever-changing political and economic conditions.

(c) Interest rate fluctuation risk

The Issuer may secure credit facilities on a floating rate basis. The interest rate of such floating rate credit facilities may be pegged to the respective financiers' base lending rates or cost of funds. There can be no assurance that the base lending rates or costs of funds of such financiers would maintain at a certain level at all times. If there is any revision in the interest rate regime, the financial performance of the Issuer may consequently be affected.

(d) Change of law

The issuance of the MTNs are based on Malaysian law, tax rulings and regulations, and administrative practices in effect at the date hereof and having due regard to the expected tax treatment of all relevant statutes under such law and practice. No assurance can be given that Malaysian law, tax rulings and regulations or administrative practice will not change after the closing or that such changes will not impact the structure of the transaction and the treatment of the MTNs.

(e) Force Majeure

An event of force majeure is an event which is not within the control of the party affected, which that party is unable to prevent, avoid or remove and shall include acts of God, national disorder, armed conflict or serious threat of the same, hostilities, embargo, detention, revolution, riot, looting or other labour or industrial disputes, earthquake, typhoon, outbreak of war, outbreak of disease, the declaration of a state of national emergency, blackout or change in law. Force majeure events do not include economic downturn, non-availability or insufficient or lack of financing on the part of the Issuer. The occurrence of a force majeure event may have a material impact on OLM Group's business.

5.4 Forward-looking statements

Certain statements in this Information Memorandum are historical in nature and are not necessarily reflective of future results, which are subject to uncertainties.

Similarly, other statements are forward-looking and based on assumptions and estimates of the Issuer. Although the Issuer believes that these statements and assumptions are reasonable, they are nevertheless subject to risks known and unknown, uncertainties and uncontrollable factors that may cause the actual performance and results to differ significantly from what is forecasted in this Information Memorandum.

No assurance can be given that any of these forward-looking statements can be realised. As a result, such forward-looking statements should not be interpreted as a warranty or representation by the Issuer or its advisors or Principal Adviser, the Joint Lead Arrangers or the Joint Lead Managers that the objectives of the Issuer will be accomplished.

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SECTION 6.0 INDUSTRY OVERVIEW

6.1 Prospects for 2016

The Malaysian economy is expected to remain steady in 2016, with real GDP growth between 4% - 5% led by domestic demand. Private sector expenditure will remain the main driver of growth with private consumption and investment expected to grow by 6.4% and 6.7%, respectively. Meanwhile, Government expenditure is forecast to expand, albeit at a moderate pace, in line with efforts to strengthen the fiscal position. On the supply side, growth is expected to be broad-based, with all the sectors registering positive growth. Malaysia's external position is forecast to remain positive supported by better prospects for global growth and trade. Against this backdrop, the nominal Gross National Income ("**GNI**") per capita is expected to increase by 5.6% from RM36,397 in 2015 to RM38.438 in 2016. With total investment surpassing savings, the savings-investment gap is expected to narrow between 0.5% - 1.5% of GNI. The economy will continue to operate under conditions of full employment with the unemployment rate remaining below 4%. Despite a weak ringgit, inflation is expected to remain benign attributed to low oil prices and the waning impact of Goods and Services Tax ("**GST**"). For 2016, inflation is expected to range between 2% - 3%. The Government remains committed to fiscal consolidation. The fiscal deficit is expected to further decline to 3.1% of gross domestic product ("**GDP**") in 2016 (2015: 3.2%) while the Federal Government debt level will remain manageable within the prudent limit of 55% of GDP.[1]

6.2 Overview of the SME Segment in Malaysia

Though its origin may be traced back long into history, leasing was introduced into Malaysia only in 1973, with the setting up of the first leasing company, United Orient Leasing Company Sdn Bhd (now known as ORIX Leasing Malaysia Berhad.) Initially the concept of 'non-ownership' under leasing was not well received. The situation changed in the early 1980s, when the surge in economic growth fuelled fixed assets acquisition, and sparked a parallel growth in the leasing industry.

Then came the recession of 1985 and 1986, which saw the shakeout of the inadequately capitalised and ill-managed leasing companies whilst the survivors acquired the quality of resilience and continued to provide a funding lifeline to small and medium sized businesses. Into the 1990s, the economic expansion and transactions in the manufacturing, construction and timber industries provided the mainstay for the leasing industry.

In recent years there has been a strong and steady resurgence in the popularity of hire purchase as a form of equipment financing. This may be attributable to a number of factors such as the relative flexibility of hire purchase documentation *vis à vis* leasing, nominal stamp duty of RM10 on hire purchase agreement against ad valorem stamp duty on lease agreement and the government's extension of the Reinvestment Allowance/Investment Tax Allowance to manufacturers acquiring equipment through hire purchase but not leasing.

Leasing and hire purchase financing are the two main alternative solutions for equipment and machinery financing, catered mainly towards SMEs which play a very important role in the Malaysian economy.

Financial institutions which comprise banking institutions and development financial institutions continue to be the main providers of SME financing. In addition to financial institutions, SMEs have access to other sources of financing such as venture capital and private equity, factoring and leasing,

[1] Ministry of Finance Economic Report 2015/2016.

Government funds, as well as microfinancing and pawn broking. The diverse sources are further reinforced by a comprehensive framework covering guarantee schemes to enhance credit standing of SMEs without collateral and a debt restructuring avenue for firms facing difficulties in repaying their debt. Given that the bulk of outstanding SME financing constituting 90-95% have been traditionally extended by financial institutions, efforts in recent years have been focused on developing more avenues for risk capital. This is in line with the growing needs of the economy where traditional forms of financing offered by financial institutions may not be able to meet the needs of the more risky segment of SMEs, such as start-ups and SMEs in new activities which have high growth potential and are innovative in nature.[2]

Latest statistics indicated that the long-term growth trend of SMEs in Malaysia since 2004 has remained, with SME GDP growth continuously outpacing that of the overall economic growth of the country. Between 2010 and 2014, based on the newly rebased 2010 prices, the average CAGR of SMEs was 8.3%, which was higher than the CAGR of the overall economy of 5.4%. As a result, the contribution of SMEs to GDP increased from 32.2% in 2010 to 35.9% in 2014.[3]

Total gross financing raised by the private sector through the banking system and the capital market amounted to RM290.1 billion in the second quarter of 2015 (1Q 2015: RM282.6 billion). The amount of loans disbursed to businesses increased during the quarter with a higher level of credit being extended mainly to the wholesale and retail trade, and restaurants and hotels; manufacturing; agriculture and transport, storage and communication sectors. In particular, financing for SMEs continued to be strong, with outstanding SME loans growing at a steady growth rate of 17.2% (1Q 2015: 17.2%). Demand for new financing by businesses remained strong, with higher loan applications compared to the previous quarter by both large corporates and SMEs. This was matched by higher loan approvals to both segments.[4]

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[2] Source: Chapter 6, SME Annual Report 2014/2015.
[3] Source: Chapter 2, SME Annual Report 2014/2015.
[4] Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2015, BNM.

SECTION 7.0 OTHER MATERIAL INFORMATION

7.1 Material litigation

As at the date of this Information Memorandum, neither the Issuer nor any of its subsidiaries is involved in any legal or arbitration proceedings (including proceedings which, as far as the Issuer is aware, are pending or threatened) outside the ordinary course of business which the management of the Issuer believes would, individually or taken as a whole, have a material adverse impact on its business, financial condition, results of operations or prospects.

7.2 Material contracts

As at the date of this Information Memorandum, the Issuer has confirmed that there are no material contracts (contracts which are entered into outside the ordinary course of business) which have been entered into by the Issuer within the preceding two (2) years to the date of this Information Memorandum which imposes unusual or onerous obligations on the Issuer.

In the ordinary course of its business, the Issuer has entered into contracts for equipment leasing, hire purchase, rental, loans, asset management and in connection with its insurance businesses. Besides this, it has also entered into banking facilities agreements with various banks for financing, other banking services and hedging requirement.

7.3 Potential conflict of interest situations

(a) AmInvestment Bank Berhad

After making enquiries as were reasonable in the circumstances, AIBB is not aware of any conflict of interest situation arising from its role as a Joint Lead Arranger and Joint Lead Manager in relation to the MTN Programme.

(b) RHB Investment Bank Berhad

After making enquiries as were reasonable in the circumstances, RHB Investment Bank is not aware of any conflict of interest situation arising from its role as the Principal Adviser, Joint Lead Arranger and Joint Lead Manager in relation to the MTN Programme.

(c) Messrs. Zaid Ibrahim & Co.

After making enquiries as were reasonable in the circumstances, Messrs. Zaid Ibrahim & Co. is not aware of any conflict of interest situation arising from its role as the solicitors to the Principal Adviser and Joint Lead Arrangers in relation to the MTN Programme.

(d) Malaysian Trustees Berhad

After making enquiries as were reasonable in the circumstances, Malaysian Trustees Berhad is not aware of any conflict of interest situation arising from its role as a trustee in relation to the MTN Programme.

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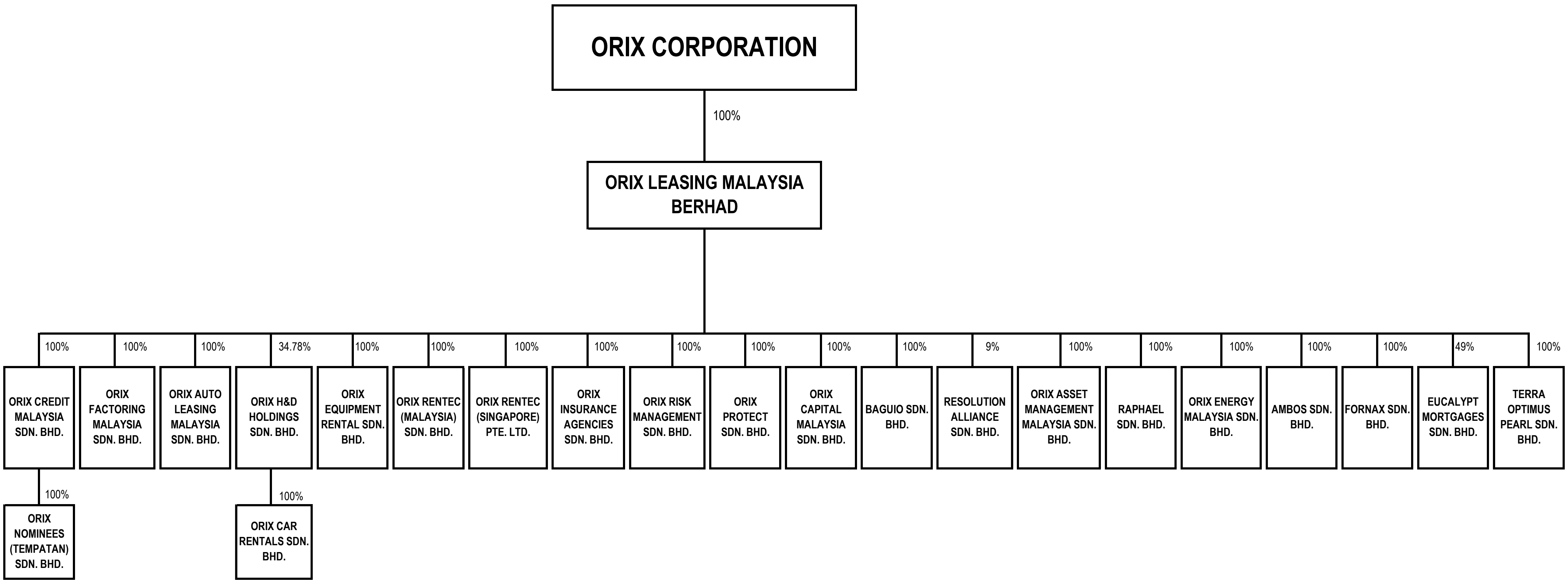
APPENDIX 1

CORPORATE STRUCTURE OF THE ISSUER AS AT 31 DECEMBER 2015

CORPORATE STRUCTURE OF ORIX LEASING MALAYSIA BERHAD GROUP OF COMPANIES AS AT 31 DECEMBER 2015



APPENDIX 2

AUDITED FINANCIAL STATEMENTS OF THE ISSUER
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

ORIX Leasing Malaysia Berhad
(Company No. 15741-D)
(Incorporated in Malaysia)
and its subsidiaries

Financial statements for the year ended 31 March 2015

ORIX Leasing Malaysia Berhad

(Company No. 15741-D)
(Incorporated in Malaysia)

and its subsidiaries

Directors' report for the year ended 31 March 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2015.

Principal activities

The Company is principally engaged in the leasing of equipment and machinery, whilst the principal activities of the subsidiaries are set out in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year	114,974	37,266

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

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

Directors of the Company

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

YAM Tunku Naquiyuddin Ibni Tuanku Ja'afar
Lim Beng Chor
Hiroshi Nishio
Hiroshi Inui (Appointed on 11 May 2015)
Takashi Kitamura (Alternate to Hiroshi Nishio) (Resigned on 11 May 2015)
Hayato Karigane (Resigned on 11 May 2015)

Company No. 15741-D

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each			
	At 1.4.2014	**Bought**	**Sold**	**At 31.3.2015**
Shareholdings in which Directors have direct interest				
Interest of Lim Beng Chor in a subsidiary:				
ORIX H&D Holdings Sdn. Bhd. ("OHDH")	63,765	-	-	63,765
Shareholdings in which Directors have deemed interests				
Interest of Lim Beng Chor in a subsidiary of OHDH:				
ORIX Car Rentals Sdn. Bhd.	2,000,000	-	-	2,000,000

	Number of ordinary shares			
Shareholdings in which Directors have direct interest	**At 1.4.2014**	**Bought**	**Sold**	**At 31.3.2015**
ORIX Corporation – Holding company				
Hayato Karigane	1,996	86	-	2,082
Takashi Kitamura	1,040	-	-	1,040

None of the other Directors holding office at 31 March 2015 had any interest in the ordinary shares and options over shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by certain Directors as shown in the financial statements of the Company and related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

Issue of shares and debentures

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

Options granted over unissued shares

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

Other statutory information

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

Other statutory information (continued)

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

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

Lim Beng Chor

Hiroshi Inui

Kuala Lumpur,

Date: 7 July 2015

ORIX Leasing Malaysia Berhad
(Company No. 15741-D)
(Incorporated in Malaysia)
and its subsidiaries

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

In the opinion of the Directors, the financial statements set out on pages 10 to 99 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015 and of their financial performance and cash flows for the financial year then ended.

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

Lim Beng Chor

Hiroshi Inui

Kuala Lumpur,

Date: 7 July 2015

ORIX Leasing Malaysia Berhad

(Company No. 15741-D)
(Incorporated in Malaysia)

and its subsidiaries

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

I, **Lim Beng Chor**, the Director primarily responsible for the financial management of ORIX Leasing Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 10 to 99 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 7 July 2015.

Lim Beng Chor

Before me:

PESURUHJAYA SUMPAH
No. W292
Mohd Zainal
Abiddin Bin
Mohd Zainuddin
MALAYSIA

Lot 1.68, 1st Floor,
Wisma Cosway, Jalan Raja Chulan
50200 Kuala Lumpur.
Tel: 03-91725900
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KPMG

KPMG (Firm No. AF 0758)
Chartered Accountants
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Selangor Darul Ehsan, Malaysia

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Independent auditors' report to the member of ORIX Leasing Malaysia Berhad

(Company No. 15741-D)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of ORIX Leasing Malaysia Berhad, which comprise the statements of financial position as at 31 March 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 99.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Company No. 15741-D

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report 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 subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' report of the subsidiaries of which we have not acted as auditors.

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

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

KPMG

KPMG
Firm Number: AF 0758
Chartered Accountants

Khaw Hock Hoe
Approval Number: 2229/04/16(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 7 July 2015

ORIX Leasing Malaysia Berhad

(Company No. 15741-D)
(Incorporated in Malaysia)

and its subsidiaries

Statements of financial position as at 31 March 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	481,421	369,228	8,481	8,852
Investment property	4	28,442	28,807	-	-
Intangible assets	5	1,494	1,161	343	593
Investment in subsidiaries	6	-	-	75,301	75,295
Investment in associate	7	4,425	8,349	-	-
Other investments	8	725	725	725	725
Deferred tax assets	9	6,793	6,306	-	-
Trade and other receivables, including derivatives	10	1,557,185	1,481,177	2,185,837	2,266,974
Total non-current assets		2,080,485	1,895,753	2,270,687	2,352,439
Inventories	11	129	159	-	-
Current tax assets		309	1,572	-	1,408
Trade and other receivables, including derivatives	10	1,504,450	1,349,376	420,911	326,809
Cash and cash equivalents	12	84,565	68,941	26,271	24,269
Total current assets		1,589,453	1,420,048	447,182	352,486
Total assets		3,669,938	3,315,801	2,717,869	2,704,925
Equity					
Share capital	13	50,532	50,532	50,532	50,532
Reserves	13	936,646	820,922	448,384	410,959
Total equity attributable to owner of the Company		987,178	871,454	498,916	461,491
Liabilities					
Loans and borrowings	14	744,033	1,107,281	594,033	1,057,281
Provisions	15	11,809	11,700	11,809	11,700
Deferred tax liabilities	9	82,357	79,173	40,251	38,380
Total non-current liabilities		838,199	1,198,154	646,093	1,107,361
Liabilities					
Loans and borrowings	14	1,653,314	1,100,710	1,472,447	1,042,178
Provisions	15	1,854	207	-	-
Current tax liabilities		6,310	6,562	1,287	-
Trade and other payables, including derivatives	16	183,083	138,714	99,126	93,895
Total current liabilities		1,844,561	1,246,193	1,572,860	1,136,073
Total liabilities		2,682,760	2,444,347	2,218,953	2,243,434
Total equity and liabilities		3,669,938	3,315,801	2,717,869	2,704,925

The notes on pages 18 to 99 are an integral part of these financial statements.

ORIX Leasing Malaysia Berhad

(Company No. 15741-D)
(Incorporated in Malaysia)

and its subsidiaries

Statements of profit or loss and other comprehensive income for the year ended 31 March 2015

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	17	478,510	415,175	40,196	39,714
Cost of sales		(282,456)	(234,964)	(2,858)	(2,913)
Gross profit		196,054	180,211	37,338	36,801
Other operating income		34,080	33,690	34,237	34,055
Selling expenses		(30,019)	(30,444)	(7,154)	(7,610)
Administrative expenses		(46,762)	(51,224)	(20,857)	(25,608)
Other operating expenses		(10,719)	(9,619)	(857)	(1,757)
Results from operating activities		142,634	122,614	42,707	35,881
Share of profit of an equity-accounted investee, net of tax		4,476	6,689	-	-
Profit before tax	18	147,110	129,303	42,707	35,881
Tax expense	22	(32,136)	(30,488)	(5,441)	(4,158)
Profit for the year		114,974	98,815	37,266	31,723
Other comprehensive income, net of tax					
Cash flow hedge		(5)	1,555	159	1,555
Foreign currency translation differences for foreign operations		755	111	-	-
Acquisition of a subsidiary		-	13,262	-	-
Other comprehensive income for the year, net of tax		750	14,928	159	1,555
Total comprehensive income for the year attributable to the owner of the Company		115,724	113,743	37,425	33,278

The notes on pages 18 to 99 are an integral part of these financial statements.

ORIX Leasing Malaysia Berhad

(Company No. 15741-D)
(Incorporated in Malaysia)

and its subsidiaries

Statements of changes in equity for the year ended 31 March 2015

Group	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Capital reserve RM'000	Merger reserve RM'000	Translation reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000
	/---- **Attributable to owner of the Company** ----								
	/---- ***Non-distributable*** ----							***Distributable***	
At 1 April 2013	50,000	-	10,000	500	-	-	241	688,589	749,330
Cash flow hedge	-	-	-	-	-	-	1,555	-	1,555
Acquisition of a subsidiary	-	-	-	-	13,262	-	-	-	13,262
Foreign currency translation differences for foreign operations	-	-	-	-	-	111	-	-	111
Profit for the year	-	-	-	-	-	-	-	98,815	98,815
Total comprehensive income for the year	-	-	-	-	13,262	111	1,555	98,815	113,743
Contributions by and distributions to owner of the company									
Issue of ordinary shares	532	7,849	-	-	-	-	-	-	8,381
At 31 March 2014	50,532	7,849	10,000	500	13,262	111	1,796	787,404	871,454

Company No. 15741-D

Statements of changes in equity for the year ended 31 March 2015 (continued)

Group	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Capital reserve RM'000	Merger reserve RM'000	Translation reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000
	/---- Attributable to owner of the Company								----/
	/---- *Non-distributable*						----/	*Distributable*	
At 1 April 2014	50,532	7,849	10,000	500	13,262	111	1,796	787,404	871,454
Cash flow hedge	-	-	-	-	-	-	(5)	-	(5)
Foreign currency translation differences for foreign operations	-	-	-	-	-	755	-	-	755
Profit for the year	-	-	-	-	-	-	-	114,974	114,974
Total comprehensive income for the year	-	-	-	-	-	755	(5)	114,974	115,724
At 31 March 2015	50,532	7,849	10,000	500	13,262	866	1,791	902,378	987,178

Company No. 15741-D

Statements of changes in equity for the year ended 31 March 2015 (continued)

	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000
Company						
At 1 April 2013	50,000	-	10,000	241	359,591	419,832
Cash flow hedge	-	-	-	1,555	-	1,555
Profit for the year	-	-	-	-	31,723	31,723
Total comprehensive income for the year	-	-	-	1,555	31,723	33,278
Contributions by and distributions to owner of the company						
Issue of ordinary shares	532	7,849	-	-	-	8,381
At 31 March 2014/ 1 April 2014	50,532	7,849	10,000	1,796	391,314	461,491
Cash flow hedge	-	-	-	159	-	159
Profit for the year	-	-	-	-	37,266	37,266
Total comprehensive income for the year	-	-	-	159	37,266	37,425
At 31 March 2015	50,532	7,849	10,000	1,955	428,580	498,916

The notes on pages 18 to 99 are an integral part of these financial statements.

ORIX Leasing Malaysia Berhad
(Company No. 15741-D)
(Incorporated in Malaysia)
and its subsidiaries

Statements of cash flows for the year ended 31 March 2015

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities				
Profit before tax	147,110	129,303	42,707	35,881
Adjustments for:				
Amortisation of intangible assets	675	1,026	352	527
Dividend income	-	-	(16,700)	(20,200)
Depreciation of investment property	365	365	-	-
Finance costs	92,466	81,546	82,927	79,369
Finance income	(5,662)	(5,192)	(86,531)	(81,790)
Property, plant and equipment:				
- depreciation	170,673	138,442	473	492
- gain on disposal	(15,970)	(14,728)	(202)	(101)
Share of profit of an equity-accounted investee, net of tax	(4,476)	(6,689)	-	-
Operating profit before changes in working capital	385,181	324,073	23,026	14,178
Change in inventories	30	(20)	-	-
Change in trade and other receivables	(230,988)	(429,791)	(12,965)	(342,181)
Change in trade and other payables	41,184	809	5,231	17,968
Change in provisions	1,571	3,197	109	3,201
Cash generated from/(used in) operations	196,978	(101,732)	15,401	(306,834)
Interest received	5,662	5,192	86,531	81,790
Interest paid	(92,466)	(81,546)	(82,927)	(79,369)
Income tax paid	(28,428)	(21,045)	(875)	(2,629)
Net cash generated from/ (used in) operating activities	81,746	(199,131)	18,130	(307,042)

Company No. 15741-D

Statements of cash flows for the year ended 31 March 2015 (continued)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Dividend received	8,400	9,000	16,700	20,200
Property, plant and equipment:				
- Purchases	(299,427)	(191,871)	(104)	(235)
- Proceeds from disposals	32,791	31,875	204	101
Acquisition of intangible assets	(118)	(242)	(102)	(86)
Increase in investments in subsidiaries	-	-	(6)	(8,381)
Acquisition of subsidiary, net of cash acquired	6,382	15,431	-	-
Net cash (used in)/generated from investing activities	(251,972)	(135,807)	16,692	11,599
Cash flows from financing activities				
Proceeds from/(Repayment of) term loans and revolving credits	176,151	338,731	(39,689)	288,731
Proceeds from issue of share capital	-	-	-	8,381
Net cash generated from/ (used in) financing activities	176,151	338,731	(39,689)	297,112
Net increase/(decrease) in cash and cash equivalents	5,925	3,793	(4,867)	1,669
Effect of exchange rate fluctuation on cash held	495	117	-	-
Cash and cash equivalents at 1 April 2014/2013	35,131	31,221	13,091	11,422
Cash and cash equivalents at 31 March	41,551	35,131	8,224	13,091

Company No. 15741-D

Statements of cash flows for the year ended 31 March 2015 (continued)

Cash and cash equivalents

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

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	12	29,706	22,622	3,570	2,103
Deposits placed with licensed banks	12	54,859	46,319	22,701	22,166
		84,565	68,941	26,271	24,269
Bank overdraft	14	(43,014)	(33,810)	(18,047)	(11,178)
		41,551	35,131	8,224	13,091

ORIX Leasing Malaysia Berhad
(Company No. 15741-D)
(Incorporated in Malaysia)
and its subsidiaries

Notes to the financial statements

ORIX Leasing Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia. The address of its registered office and principal place of business is as follows:

12th Floor, Menara KH
Jalan Sultan Ismail
50250 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate. The financial statements of the Company as at and for the financial year ended 31 March 2015 do not include other entities.

The Company is principally engaged in the leasing of equipment and machinery while the other Group entities are primarily involved in activities set out in Note 6 to the financial statements.

The ultimate holding company is ORIX Corporation, a company incorporated in Japan which is listed on the Tokyo and New York Stock Exchanges respectively, as well as the Osaka Securities Exchange.

The financial statements were authorised for issue by the Board of Directors on 7 July 2015.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

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

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements and* MFRS 128*, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements,* MFRS 12*, Disclosure of Interests in Other Entities and* MFRS 128*, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

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

- MFRS 9, *Financial Instruments* (2014)

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

- from the annual period beginning on 1 April 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014;

- from the annual period beginning on 1 April 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016;

- from the annual period beginning on 1 April 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017; and,

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

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*. The Company is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting. The Company is currently assessing the financial impact that may arise from the adoption of MFRS 9.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed otherwise in the notes to the financial statements.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than that disclosed in Note 2 (i)(i) - Impairment of financial assets.

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Acquisitions from entities under common control

Business combination involving entities under common control are accounted for by applying the merger method of accounting. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital and capital reserves of the "acquire" entity is reflected within equity.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a cash flow hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments

(i) Initial recognition and measurement

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

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

Financial assets (continued)

(b) Loans and receivables

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

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

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(i)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

Financial liabilities (continued)

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Hedge accounting

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period is recognised in profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Hedge accounting (continued)

Fair value hedge (continued)

The gain or loss on the hedged item, except for hedge item categorised as available-for-sale, attributable to the hedged risk is adjusted to the carrying amount of the hedged item and recognised in profit or loss. For a hedge item categorised as available-for-sale, the fair value gain or loss attributable to the hedge risk is recognised in profit or loss.

Fair value hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Hedge accounting (continued)

Hedge of a net investment

A hedge of a net investment is a hedge in the interest of the net assets of a foreign operation. In a net investment hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on disposal of the foreign operation.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• freehold properties	50 years
• leasehold land	80 years
• motor vehicles for rental	5 years
• motor vehicles for lease	5 years
• motor vehicles	5 years
• office equipment	3 - 7 years
• furniture and fittings	5 - 7 years

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

• leasehold improvements, office cabins and renovations	5 years
• tools and equipment	7 years
• computers for rental	2 - 5 years
• workstation for rental	2 - 5 years
• testing and measurement equipment for rental	2 - 5 years
• leased equipment for rental	2 - 5 years
• medical equipment for rental	2 - 5 years
• other equipment for rental	2 - 5 years

Motor vehicles for rental are depreciated after allowing for the estimated residual value at the end of their useful lives. The depreciable amount is determined after deducting the residual value.

Rental testing and measuring equipment for research and development purposes are depreciated using the sum-of-digits method over 3 years. Rental computers on general short-term rental contracts are depreciated using the sum-of-digits method over the estimated useful life of 4 years.

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

(e) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 33 1/3 years for buildings. Freehold land is not depreciated.

2. Significant accounting policies (continued)

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses. In respect of equity accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates.

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

Computer software that is not integral to the functionality of the related equipment is recognised as an intangible asset.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Goodwill and intangible assets with indefinite useful lives, if any, are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives are as follows:

- computer software 3 - 4 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

2. Significant accounting policies (continued)

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion cost and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investment in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

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

The Group and the Company assess whether objective evidence of impairment exists for financial assets either individually or collectively.

2. Significant accounting policies (continued)

(i) Impairment (continued)

(i) Financial assets (continued)

Objective evidence that a loan or receivable is impaired includes observable data that could include the following loss events:

- significant financial difficulty of the borrower or customer;
- a breach of contract, such as an extended period of default or delinquency in interest or principal payments;
- it becomes probable that the borrower or customer will enter bankruptcy or other financial reorganisation;
- observable data relating to a portfolio of financial assets such as :
  - i) adverse changes in the payment status of borrowers or customers in the portfolio; and
  - ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.
- the disappearance of an active market for a security

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a separate collective assessment of impairment.

For the purposes of the collective evaluation of impairment, the credit risk of financial assets is analysed based on past-due status and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the likelihood of receiving all amounts due under a facility according to the contractual terms of the assets being evaluated.

In assessing the collective impairment, the Group uses historical loan loss analysis to estimate the percentage loss of trade receivables. The percentage is also adjusted for management's judgement as to whether the current economic and credit conditions are such that the actual losses incurred are likely to be greater or less than suggested historical loan loss analysis.

Losses are recognised in the profit or loss and reflected in an allowance account against the receivables.

2. Significant accounting policies (continued)

(i) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

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

2. Significant accounting policies (continued)

(i) Impairment (continued)

(ii) Other assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

The Group's and the Company's contribution to the Employee's Provident Fund are charged to the profit or loss in the financial year to which they relate.

2. Significant accounting policies (continued)

(k) Employee benefits (continued)

(ii) Retirement gratuities

The Group's and the Company's provide retirement gratuities for certain employees of the Group and the Company. Upon official retirement, the eligible employees shall receive a lump sum payment as recognition of their contribution to the Group and the Company. The provision is based on a fixed sum for staff eligible for this scheme. The obligation for contributions and provisions for this benefit plan are recognised as an expense in profit or loss as incurred.

(l) Provisions

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

(i) Provision for equipment loss and damages

Provision for equipment loss and damages is specifically made to cover possible losses resulting from lost and damaged equipment in a subsidiary, which the Group could not recover from any means.

(m) Leased assets

(i) Finance leases

The present value of lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental or for capital appreciation or for both.

(ii) Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position and are depreciated over their expected useful lives (refer to Note 2 (d) (iii)).

2. Significant accounting policies (continued)

(m) Leased assets (continued)

(ii) Operating leases (continued)

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(n) Revenue recognition

(i) Lease income

The lease income is recognised as income over the term of the lease commencing from the month that the lease is executed on the sum-of-digits method.

(ii) Hire purchase income

Hire purchase income is recognised on an accrual basis based on the sum-of-digits method.

(iii) Operating lease rental income, hire charges and rental income from investment property

Rental income (less of any incentive given to lessees) is recognised on a straight line basis over the lease term.

(iv) Factoring, confirming and loan interest

Loan interest income, factoring, confirming and hire charges are recognised on accrual basis.

(v) Insurance agency commission

Commission income is recognised upon the issuance of the insurance contracts.

(vi) Servicer income - collection fee

Collection fee is recognised based on services rendered and on a fixed per centum on the actual gross collection in relation to the specific asset or loan portfolio or residential loan receivables being managed.

2. Significant accounting policies (continued)

(n) Revenue recognition (continued)

(vii) Performance fee

Performance fee is recognised based on service rendered and on a fixed per centum on the net recoveries in relation to achievement of internal rate of return.

(viii) Base fee

Base fee is recognised based on service rendered on the recoveries in relation to the residential loan receivables being managed.

(ix) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(x) Portfolio recovery-residential loan receivables

Portfolio recovery is recognised based on the net recoveries amount in relation to collection from residential loan receivables.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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 capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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.

2. Significant accounting policies (continued)

(p) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(q) Income tax

Income tax comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

2. Significant accounting policies (continued)

(q) Income tax (continued)

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

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

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

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

Company No. 15741-D

3. Property, plant and equipment

Group	At 1.4.2013 RM'000	Acquisition through business combinations RM'000	Other Additions RM'000	Disposals RM'000	Written off RM'000	Transfer RM'000	Effect of movements in exchange rates RM'000	At 31.3.2014 RM'000
Cost								
Freehold properties	29,977	-	24	-	-	-	-	30,001
Leasehold land								
- unexpired lease period of more than 50 years	1,637	-	-	-	-	-	-	1,637
Motor vehicles for rental	118,554	-	29,743	(25,467)	-	-	-	122,830
Motor vehicles for lease	92,446	-	31,178	(16,985)	-	-	-	106,639
Motor vehicles	1,622	-	-	(503)	-	-	-	1,119
Office equipment	8,604	695	329	(133)	(39)	44	4	9,504
Furniture and fittings	3,371	166	117	-	(1)	-	1	3,654
Leasehold improvements, office cabins and renovations	388	215	18	-	-	-	1	622
Tools and equipment	197	373	-	-	-	-	2	572
Computers for rental	233,857	1,683	111,256	(51,463)	-	(44)	20	295,309
Workstation for rental	7,802	-	4,929	(659)	-	-	-	12,072
Testing and measurement equipment for rental	3,413	25,386	1,411	(584)	-	-	120	29,746
Leased equipment for rental	42,543	-	2,019	(5,812)	-	-	-	38,750
Medical equipment for rental	130	-	737	-	-	-	-	867
Other equipment for rental	22,962	-	10,110	(1,948)	-	-	-	31,124
	567,503	28,518	191,871	(103,554)	(40)	-	148	684,446

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3. Property, plant and equipment (continued)

Group	At 1.4.2014 RM'000	Acquisition through business combinations RM'000	Other Additions RM'000	Disposals RM'000	Written off RM'000	Transfer RM'000	Effect of movements in exchange rates RM'000	At 31.3.2015 RM'000
Cost								
Freehold properties	30,001	-	74	-	-	-	-	30,075
Leasehold land - unexpired lease period of more than 50 years	1,637	-	-	-	-	-	-	1,637
Motor vehicles for rental	122,830	-	34,715	(29,174)	-	-	-	128,371
Motor vehicles for lease	106,639	-	30,440	(13,697)	-	-	-	123,382
Motor vehicles	1,119	-	-	(670)	-	-	-	449
Office equipment	9,504	-	189	(619)	(164)	67	26	9,003
Furniture and fittings	3,654	-	34	(1)	-	-	5	3,692
Leasehold improvements, office cabins and renovations	622	-	272	-	-	-	7	901
Tools and equipment	572	-	5	-	-	-	13	590
Computers for rental	295,309	-	117,726	(63,793)	-	-	403	349,645
Workstation for rental	12,072	-	10,200	(2,871)	-	-	-	19,401
Testing and measurement equipment for rental	29,746	-	664	(3,096)	-	-	824	28,138
Leased equipment for rental	38,750	-	6,463	(7,555)	-	86	-	37,744
Medical equipment for rental	867	-	61	-	-	(86)	-	842
Other equipment for rental	31,124	-	98,584	(3,834)	-	-	-	125,874
	684,446	-	299,427	(125,310)	(164)	67	1,278	859,744

3. Property, plant and equipment (continued)

Group	At 1.4.2013 RM'000	Acquisition through business combinations RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Transfer RM'000	Effect of movements in exchange rates RM'000	At 31.3.2014 RM'000
Accumulated depreciation								
Freehold properties	11,088	-	545	-	-	-	-	11,633
Leasehold land								
- unexpired lease period of more than 50 years	510	-	16	-	-	-	-	526
Motor vehicles for rental	34,710	-	18,704	(16,031)	-	-	-	37,383
Motor vehicles for lease	26,777	-	16,025	(10,145)	-	-	-	32,657
Motor vehicles	1,466	-	73	(482)	-	-	-	1,057
Office equipment	7,691	656	287	(132)	(39)	43	4	8,510
Furniture and fittings	3,007	166	120	-	(1)	-	1	3,293
Leasehold improvements, office cabins and renovations	300	215	31	-	-	-	1	547
Tools and equipment	121	373	21	-	-	-	2	517
Computers for rental	122,659	856	78,205	(50,623)	-	(43)	41	151,095
Workstation for rental	3,862	-	2,606	(657)	-	-	-	5,811
Testing and measurement equipment for rental	1,197	19,922	2,726	(580)	-	-	105	23,370
Leased equipment for rental	16,887	-	11,032	(5,809)	-	-	-	22,110
Medical equipment for rental	18	-	136	-	-	-	-	154
Other equipment for rental	8,117	-	7,915	(1,948)	-	-	-	14,084
	238,410	22,188	138,442	(86,407)	(40)	-	154	312,747
Accumulated impairment losses								
Freehold properties	2,471	-	-	-	-	-	-	2,471

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3. Property, plant and equipment (continued)

Group	At 1.4.2014 RM'000	Acquisition through business combinations RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Transfer RM'000	Effect of movements in exchange rates RM'000	At 31.3.2015 RM'000
Accumulated depreciation								
Freehold properties	11,633	-	566	-	-	-	-	12,199
Leasehold land - unexpired lease period of more than 50 years	526	-	15	-	-	-	-	541
Motor vehicles for rental	37,383	-	20,430	(18,613)	-	-	-	39,200
Motor vehicles for lease	32,657	-	18,564	(8,271)	-	-	-	42,950
Motor vehicles	1,057	-	31	(668)	-	-	-	420
Office equipment	8,510	-	332	(618)	(164)	67	23	8,150
Furniture and fittings	3,293	-	115	(1)	-	-	5	3,412
Leasehold improvements, office cabins and renovations	547	-	63	-	-	-	9	619
Tools and equipment	517	-	20	-	-	-	13	550
Computers for rental	151,095	-	92,314	(63,138)	-	-	298	180,569
Workstation for rental	5,811	-	3,960	(2,859)	-	-	-	6,912
Testing and measurement equipment for rental	23,370	-	3,312	(2,939)	-	-	670	24,413
Leased equipment for rental	22,110	-	11,414	(7,555)	-	-	-	25,969
Medical equipment for rental	154	-	177	-	-	-	-	331
Other equipment for rental	14,084	-	19,360	(3,827)	-	-	-	29,617
	312,747	-	170,673	(108,489)	(164)	67	1,018	375,852
Accumulated impairment losses								
Freehold properties	2,471	-	-	-	-	-	-	2,471

3. Property, plant and equipment (continued)

	Group 2015 RM'000	Group 2014 RM'000
Carrying amounts		
Freehold properties	15,405	15,897
Leasehold land		
- unexpired lease period of more than 50 years	1,096	1,111
Motor vehicles for rental	89,171	85,447
Motor vehicles for lease	80,432	73,982
Motor vehicles	29	62
Office equipment	853	994
Furniture and fittings	280	361
Leasehold improvements, office cabins and renovations	282	75
Tools and equipment	40	55
Computers for rental	169,076	144,214
Workstation for rental	12,489	6,261
Testing and measurement equipment for rental	3,725	6,376
Leased equipment for rental	11,775	16,640
Medical equipment for rental	511	713
Other equipment for rental	96,257	17,040
	481,421	369,228

Company	**At 1.4.2013 RM'000**	**Additions RM'000**	**Disposals RM'000**	**Written off RM'000**	**At 31.3.2014 RM'000**
Cost					
Freehold properties	12,886	-	-	-	12,886
Motor vehicles	997	-	(397)	-	600
Office equipment	4,786	122	(78)	(39)	4,791
Furniture and fittings	2,351	113	-	(1)	2,463
	21,020	235	(475)	(40)	20,740
Accumulated depreciation					
Freehold properties	3,890	239	-	-	4,129
Motor vehicles	975	20	(397)	-	598
Office equipment	4,163	166	(78)	(39)	4,212
Furniture and fittings	2,193	67	-	(1)	2,259
	11,221	492	(475)	(40)	11,198
Accumulated impairment losses					
Freehold properties	690	-	-	-	690

3. Property, plant and equipment (continued)

Company	At 1.4.2014 RM'000	Additions RM'000	Disposals RM'000	Transfer RM'000	At 31.3.2015 RM'000
Cost					
Freehold properties	12,886	-	-	-	12,886
Motor vehicles	600	-	(600)	-	-
Office equipment	4,791	79	(576)	67	4,361
Furniture and fittings	2,463	25	(1)	-	2,487
	20,740	104	(1,177)	67	19,734
Accumulated depreciation					
Freehold properties	4,129	238	-	-	4,367
Motor vehicles	598	-	(598)	-	-
Office equipment	4,212	172	(576)	67	3,875
Furniture and fittings	2,259	63	(1)	-	2,321
	11,198	473	(1,175)	67	10,563
Accumulated impairment losses					
Freehold properties	690	-	-	-	690

	Company 2015 RM'000	Company 2014 RM'000
Carrying amounts		
Freehold properties	7,829	8,067
Motor vehicles	-	2
Office equipment	486	579
Furniture and fittings	166	204
	8,481	8,852

The strata titles to certain freehold properties of the Group and the Company costing RM21,286,448 (2014: RM21,286,448) and RM4,407,485 (2014: RM4,407,485) respectively, have not been issued by the relevant authorities.

4. Investment property

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 April 2013/31 March 2014/ 1 April 2014/31 March 2015	18,800	12,166	30,966
Accumulated depreciation			
At 1 April 2013	-	1,794	1,794
Charge for the year	-	365	365
At 31 March 2014/1 April 2014	-	2,159	2,159
Charge for the year	-	365	365
At 31 March 2015	-	2,524	2,524
Carrying amounts			
At 1 April 2013	18,800	10,372	29,172
At 31 March 2014/1 April 2014	18,800	10,007	28,807
At 31 March 2015	18,800	9,642	28,442
Fair value			
At 1 April 2013	24,700	12,200	36,900
At 31 March 2014/1 April 2014	24,700	12,200	36,900
At 31 March 2015	24,700	12,200	36,900

The freehold property is currently held to earn rental income, accordingly the property has been classified as investment property. The freehold property was acquired from the lessee in prior years and was then leased back to the lessee in a sale and leaseback transaction.

The lease contains an initial non-cancellable period of 10 years expiring in May 2018. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

The fair value of the investment properties is determined based on an independent valuer report dated 5 November 2012 and the valuation is based on market value.

4. Investment property (continued)

The following are recognised in profit or loss in respect of investment properties:

	Group 2015 RM'000	Group 2014 RM'000
Rental income	2,563	2,527
Direct operating expenses	457	457

4.1 Fair value information

Fair value of investment properties are categorised as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2015				
Freehold land	-	-	24,700	24,700
Buildings	-	-	12,200	12,200
	-	-	36,900	36,900
2014				
Freehold land	-	-	24,700	24,700
Buildings	-	-	12,200	12,200
	-	-	36,900	36,900

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Transfer between Level 1 and 2 fair value
There is no transfer between Level 1 and 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Level 3 fair values of land and buildings have been determined by valuer's valuation using the sales comparison approach. The significant unobservable input into the valuer's valuation is primarily the price per square foot of comparable properties.

5. Intangible assets

Group	Goodwill RM'000	Computer software RM'000	Total RM'000
Cost			
At 1 April 2013	-	6,846	6,846
Additions	-	242	242
At 31 March 2014/1 April 2014	-	7,088	7,088
Additions	-	118	118
Transfer	-	(67)	(67)
Acquisition through business combination	890	-	890
At 31 March 2015	890	7,139	8,029
Accumulated amortisation			
At 1 April 2013	-	4,901	4,901
Amortisation for the year	-	1,026	1,026
At 31 March 2014/1 April 2014	-	5,927	5,927
Amortisation for the year	-	675	675
Transfer	-	(67)	(67)
At 31 March 2015	-	6,535	6,535
Carrying amounts			
At 1 April 2013	-	1,945	1,945
At 31 March 2014/1 April 2014	-	1,161	1,161
At 31 March 2015	890	604	1,494

5. Intangible assets (continued)

	Computer software RM'000
Company	
Cost	
At 1 April 2013	3,864
Additions	86
At 31 March 2014/1 April 2014	3,950
Additions	102
Transfer	(67)
At 31 March 2015	3,985
Accumulated amortisation	
At 1 April 2013	2,830
Amortisation for the year	527
At 31 March 2014/1 April 2014	3,357
Amortisation for the year	352
Transfer	(67)
At 31 March 2015	3,642
Carrying amount	
At 1 April 2013	1,034
At 31 March 2014/1 April 2014	593
At 31 March 2015	343

6. Investment in subsidiaries

	Company 2015 RM'000	Company 2014 RM'000
At cost:		
Unquoted shares	75,301	75,295

The principal activities of the subsidiaries, all of which are incorporated in Malaysia (except for ORIX Rentec (Singapore) Pte. Ltd., which is incorporated in Singapore), and the effective interest of ORIX Leasing Malaysia Berhad are as follows:

6. Investment in subsidiaries (continued)

Name of subsidiary	Principal activities	Effective ownership interest and voting interest 2015 %	2014 %
ORIX Credit Malaysia Sdn. Bhd. and its subsidiary:-	Provision of hire purchase facilities	100	100
ORIX Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100
ORIX Factoring Malaysia Sdn. Bhd.	Provision of factoring and confirming facilities	100	100
ORIX Asset Management Malaysia Sdn. Bhd.	Non-performing loans management	100	100
ORIX Insurance Agencies Sdn. Bhd.	Insurance agent	100	100
ORIX Risk Management Sdn. Bhd.	Insurance agent	100	100
ORIX Protect Sdn. Bhd.	Insurance agent	100	100
ORIX H&D Holdings Sdn. Bhd. and its subsidiary :-	Investment holding	34.78*	34.78*
ORIX Car Rentals Sdn. Bhd.	Hiring of motor vehicles	34.78*	34.78*
ORIX Auto Leasing Malaysia Sdn. Bhd.	Leasing of motor vehicles	100	100
ORIX Equipment Rental Sdn. Bhd.	Leasing of equipment	100	100
ORIX Rentec (Malaysia) Sdn. Bhd.	Rental of personal computers and workstations	100	100
ORIX Rentec (Singapore) Pte. Ltd.#	Rental of personal computers and workstations	100	100
Ambos Sdn. Bhd.	Letting of office premises	100	100
Fornax Sdn. Bhd.	Letting of office premises	100	100

6. Investments in subsidiaries (continued)

Name of subsidiary	Principal activities	Effective ownership interest and voting interest 2015 %	2014 %
ORIX Capital Malaysia Sdn. Bhd.	Investment holding	100	100
ORIX Energy Malaysia Sdn. Bhd.	Dormant	100	100
Baguio Sdn. Bhd.	Letting of industrial property	100	100
Raphael Sdn. Bhd.	Provision of franchise and technical assistance	100	100
Eucalypt Mortgages Sdn. Bhd.***/^	Purchasing of loans, receivables and debt obligations	49**	-
Terra Optimus Pearl Sdn. Bhd.~	Investment holding	100	-

* Although the Group owns 34.78% of the ownership interest and voting power of ORIX H&D Holdings Sdn. Bhd., the Directors have determined that the Group wholly control ORIX H&D Holdings Sdn. Bhd. by virtue of an agreement with its other investors. Consequently, the Group wholly consolidates its investment in this company.

** Pursuant to the sales and purchase agreement dated 13 June 2014 between the Company, Terra Altos Sdn. Bhd., Asia Special Situations M2M3M Limited and Icarus Capital Sdn. Bhd., the Company has acquired 4,900 ordinary shares of Ringgit Malaysia One (RM1.00) each (equivalent to 49% shareholding) and 50,000 redeemable preference shares of Ringgit Malaysia One Sen (RM0.01) each (equivalent to 100% shareholding) of Eucalypt Mortgages Sdn. Bhd. for the purchase consideration of RM5,400 satisfied by cash.

*** Although the Group owns 49% of the ownership interest and voting power of Eucalypt Mortgages Sdn. Bhd., the Directors have determined that the Group wholly controls Eucalypt Mortgages Sdn. Bhd. by virtue of an agreement with its other investors. Consequently, the Group wholly consolidates its investment in this company.

~ On 10 October 2014, the Company acquired 100% equity interest in Terra Optimus Pearl Sdn. Bhd. for a consideration of RM2 satisfied by cash.

Audited by a member firm of KPMG International.

^ Not audited by member firm of KPMG International.

7. Investment in associate

	Group 2015 RM'000	Group 2014 RM'000
At cost:		
Unquoted shares	-*	-*
Share of post-acquisition reserves	4,425	8,349
	4,425	8,349

* Denotes par value of 9 ordinary shares at RM1 each (RM9) and 30 irredeemable preference shares at RM1 each (RM30), respectively.

Details of the associated company, which is incorporated in Malaysia, are as follows:

	Effective ownership interest and voting interest	Revenue (100%) RM'000	Profit after tax (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2015					
Resolution Alliance Sdn. Bhd.	30%	33,304	10,084	27,662	14,197
2014					
Resolution Alliance Sdn. Bhd.	30%	65,200	30,152	51,088	19,706

The financial year end of Resolution Alliance Sdn. Bhd. is 31 December.

The Company holds 9% of the ordinary shares issued in Resolution Alliance Sdn. Bhd. but management control and effective interest are also dependent upon the preference shareholding where the Company holds 30%. The Board of Directors of Resolution Alliance Sdn. Bhd. consists of five members, of which two are from the Group. Further the Board of Directors of Resolution Alliance Sdn. Bhd. appoints an investment committee which consists of representatives nominated by preference shareholders which are responsible for implementation of all decisions by the Board of Directors of Resolution Alliance Sdn. Bhd. The investment committee are entrusted with the daily operations and management of Resolution Alliance Sdn. Bhd..

	2015 RM'000	2014 RM'000
Reconciliation of net assets to carrying amount as at 31 March		
Group's share of net assets	4,425	8,349
Carrying amount in the statement of financial position	4,425	8,349

8. Other investments

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Non-current				
At cost				
Unquoted debentures in Malaysia	725	725	725	725

9. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2015	2014	2015	2014
Group	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	126	203	(91)	(41,083)
Trade receivables	136	-	(87,634)	(43,127)
Provisions	6,531	6,103	5,368	5,037
Deferred tax assets/(liabilities), net	6,793	6,306	(82,357)	(79,173)
Company				
Property, plant and equipment	-	-	(123)	(186)
Trade receivables	-	-	(44,713)	(43,127)
Provisions	-	-	4,585	4,933
Deferred tax liabilities, net	-	-	(40,251)	(38,380)

Unrecognised deferred tax assets

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

	Group	
	2015	2014
	RM'000	RM'000
Deductible temporary differences	-	56
Tax loss carry-forwards	52,463	3,223
	52,463	3,279

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the respective subsidiaries can utilise the benefits there from.

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9. Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year

Group	At 1.4.2013 RM'000	Arising from business combinations RM'000	Recognised in profit or loss (Note 22) RM'000	At 31.3.2014/ 1.4.2014 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31.3.2015 RM'000
Property, plant and equipment	(48,911)	(567)	(6,847)	(56,325)	56,360	35
Trade receivables	(54,424)	-	(771)	(55,195)	(64,106)	(119,301)
Capital allowance carry-forwards	24,686	-	2,837	27,523	4,280	31,803
Provisions	9,934	-	1,196	11,130	769	11,899
	(68,715)	(567)	(3,585)	(72,867)	(2,697)	(75,564)
Company						
Property, plant and equipment	(133)	-	(53)	(186)	63	(123)
Trade receivables	(40,871)	-	(2,256)	(43,127)	(1,586)	(44,713)
Provisions	4,149	-	784	4,933	(348)	4,585
	(36,855)	-	(1,525)	(38,380)	(1,871)	(40,251)

10. Trade and other receivables, including derivatives

Group 2015	Note	Current RM'000	Non-current Due >12 but <24 months RM'000	>24 months RM'000	Total RM'000
Trade					
Contract lease receivables		281,524	226,814	191,655	699,993
Unearned interest income		(26,513)	(13,674)	(7,627)	(47,814)
		255,011	213,140	184,028	652,179
Hire purchase receivables		1,430,323	919,912	615,216	2,965,451
Unearned interest income		(142,497)	(67,204)	(29,738)	(239,439)
		1,287,826	852,708	585,478	2,726,012
Loan, hiring, factoring, share financing and other trade receivables		68,746	21,213	32,726	122,685
Unearned interest income		(9)	-	-	(9)
		68,737	21,213	32,726	122,676
Prepaid rent, instalments and deposits		(113,568)	(156,756)	(157,849)	(428,173)
		1,498,006	930,305	644,383	3,072,694
Impairment loss	23.4	(50,673)	(10,553)	(6,950)	(68,176)
Net trade receivables		1,447,333	919,752	637,433	3,004,518
Non-trade					
Amount due from related companies	10.2	73	-	-	73
Other receivables, deposits and prepayments		13,598	-	-	13,598
		13,671	-	-	13,671
Derivative held for trading at fair value through profit or loss - Cross currency interest rate swaps		21,630	-	-	21,630
Derivative used for hedging - Cross currency interest rate swaps and interest rate swaps		21,816	-	-	21,816
		57,117	-	-	57,117
		1,504,450	919,752	637,433	3,061,635

10. Trade and other receivables, including derivatives (continued)

Group 2014	Note	Current RM'000	Non-current Due >12 but <24 months RM'000	>24 months RM'000	Total RM'000
Trade					
Contract lease receivables		334,867	241,216	196,351	772,434
Unearned interest income		(30,584)	(16,459)	(10,069)	(57,112)
		304,283	224,757	186,282	715,322
Hire purchase receivables		1,292,065	828,458	554,380	2,674,903
Unearned interest income		(126,115)	(59,112)	(26,391)	(211,618)
		1,165,950	769,346	527,989	2,463,285
Loan, hiring, factoring, share financing and other trade receivables		59,661	19,367	22,365	101,393
Unearned interest income		(9)	-	-	(9)
		59,652	19,367	22,365	101,384
Prepaid rent, instalments and deposits		(146,522)	(140,020)	(111,913)	(398,455)
		1,383,363	873,450	624,723	2,881,536
Impairment loss	23.4	(66,487)	(10,440)	(6,556)	(83,483)
Net trade receivables		1,316,876	863,010	618,167	2,798,053
Non-trade					
Amount due from related companies	10.2	49	-	-	49
Other receivables, deposits and prepayments		20,539	-	-	20,539
Impairment loss		(1,489)	-	-	(1,489)
		19,099	-	-	19,099
Derivative held for trading at fair value through profit or loss - Cross currency interest rate swaps		6,140	-	-	6,140
Derivative used for hedging - Cross currency interest rate swaps and interest rate swaps		7,261	-	-	7,261
		32,500	-	-	32,500
		1,349,376	863,010	618,167	2,830,553

10. Trade and other receivables, including derivatives (continued)

Company		**Current**	**Non-current**		
			Due >12 but <24 months	**>24 months**	**Total**
2015	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Trade					
Contract lease receivables		286,403	231,084	197,225	714,712
Unearned interest income		(28,067)	(14,131)	(7,989)	(50,187)
		258,336	216,953	189,236	664,525
Leased equipment at estimated residual value		570	564	3,115	4,249
Prepaid rents, instalments and deposits		(52,907)	(92,120)	(74,506)	(219,533)
		205,999	125,397	117,845	449,241
Impairment loss	23.4	(8,901)	(1,364)	(1,166)	(11,431)
Net trade receivables		197,098	124,033	116,679	437,810
Non-trade					
Amount due from subsidiaries	10.1	173,988	1,945,125	-	2,119,113
Amount due from related companies	10.2	73	-	-	73
Other receivables, deposits and prepayments		6,142	-	-	6,142
Derivative held for trading at fair value through profit or loss					
- Cross currency interest rate swaps		21,630	-	-	21,630
Derivative used for hedging					
- Cross currency interest rate swaps and interest rate swaps		21,980	-	-	21,980
		223,813	1,945,125	-	2,168,938
		420,911	2,069,158	116,679	2,606,748

10. Trade and other receivables, including derivatives (continued)

Company		**Current**	**Non-current**		
			Due >12 but <24 months	**>24 months**	**Total**
2014	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Trade					
Contract lease receivables		347,348	247,021	199,433	793,802
Unearned interest income		(32,633)	(16,824)	(10,264)	(59,721)
		314,715	230,197	189,169	734,081
Leased equipment at estimated residual value		-	570	2,172	2,742
Prepaid rents, instalments and deposits		(84,451)	(82,196)	(53,699)	(220,346)
		230,264	148,571	137,642	516,477
Impairment loss	23.4	(15,245)	(1,639)	(1,499)	(18,383)
Net trade receivables		215,019	146,932	136,143	498,094
Non-trade					
Amount due from subsidiaries	10.1	88,979	1,983,899	-	2,072,878
Amount due from related companies	10.2	49	-	-	49
Other receivables, deposits and prepayments		9,361	-	-	9,361
Derivative held for trading at fair value through profit or loss					
- Cross currency interest rate swaps		6,140	-	-	6,140
Derivative used for hedging					
- Cross currency interest rate swaps and interest rate swaps		7,261	-	-	7,261
		111,790	1,983,899	-	2,095,689
		326,809	2,130,831	136,143	2,593,783

10.1 Included in the amounts due from subsidiaries of the Company includes advances of RM2,119,113,000 (2014: RM2,072,878,000) which are unsecured, bears no fixed terms of repayment and interest charged during the financial year ranged from 4.12% to 4.34% (2014: 4.09% to 4.23%) per annum. The remaining amount due from subsidiaries are unsecured, interest free and bears no fixed terms of repayment.

10.2 The amounts due from related companies of the Group and the Company are unsecured, interest free and bears no fixed terms of repayment.

11. Inventories

	Group	
	2015	2014
	RM'000	RM'000
At cost:		
Spares	129	159

12. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	54,859	46,319	22,701	22,166
Cash and bank balances	29,706	22,622	3,570	2,103
	84,565	68,941	26,271	24,269

The interest rates for deposits placed with licensed banks ranged from 3.05% to 3.25% (2014: 2.80% to 3.25%) per annum.

13. Share capital and reserves

Share capital

	Group and Company			
	Amount 2015 RM'000	Number of shares 2015 '000	Amount 2014 RM'000	Number of shares 2014 '000
Authorised:				
Ordinary shares of RM1 each	85,000	85,000	85,000	85,000
Redeemable cumulative preference shares of RM0.10 each	15,000	150,000	15,000	150,000
	100,000	235,000	100,000	235,000
Issued and fully paid:				
Ordinary shares of RM1 each				
At 1 April	50,532	50,532	50,000	50,000
Issued during the year	-	-	532	532
At 31 March	50,532	50,532	50,532	50,532

13. Share capital and reserves (continued)

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.

Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

Capital redemption reserve

The capital redemption reserve was created for the redemption of preference shares issued by the Company in previous years.

Capital reserve

The capital reserve of the Group arose mainly from the capitalisation of retained profits that resulted from bonus shares issued by a subsidiary company in previous years.

Merger reserve

The merger reserve represents the difference between the consideration paid and the share capital and capital reserves of the acquiree entity under common control in previous years.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

14. Loans and borrowings

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Non-current				
Term loans - unsecured	694,033	1,007,281	544,033	957,281
Medium term notes - unsecured	50,000	100,000	50,000	100,000
	744,033	1,107,281	594,033	1,057,281
Current				
Term loans - unsecured	677,500	265,000	557,500	265,000
Commercial papers - unsecured	350,000	350,000	350,000	350,000
Medium term notes - unsecured	100,000	50,000	100,000	50,000
Bank overdrafts - unsecured	43,014	33,810	18,047	11,178
Revolving credits - unsecured	482,800	401,900	446,900	366,000
	1,653,314	1,100,710	1,472,447	1,042,178
Total	2,397,347	2,207,991	2,066,480	2,099,459

Details of repayment period and interest rates charged are disclosed in Note 23.5 to the financial statements.

15. Provisions

Group	**Current Equipment loss and damages RM'000**	**Non-current Retirement gratuities RM'000**
At 1 April 2013	211	8,499
Provision made during the year	13	3,817
Provision used during the year	(14)	(616)
Provision reversed during the year	(3)	-
At 31 March 2014/1 April 2014	207	11,700
Provision made during the year	1,660	700
Provision used during the year	(13)	(591)
At 31 March 2015	1,854	11,809

15. Provisions (continued)

Company	Non-current Retirement gratuities RM'000
At 1 April 2013	8,499
Provision made during the year	3,817
Provision used during the year	(616)
At 31 March 2014/1 April 2014	11,700
Provision made during the year	700
Provision used during the year	(591)
At 31 March 2015	11,809

Provision for equipment loss and damages

Provision for equipment loss and damages is specifically made to cover possible losses resulting from lost and damaged equipment in a subsidiary, which the Group could not recover from any means. The Group expects to incur the liability over the next financial year.

Retirement gratuities

The Company provides retirement gratuities for certain eligible senior management employees of the Company. Upon official retirement, the eligible employees shall receive a lump sum payment as recognition of their contribution to the Company. The provision is based on a fixed sum for staff eligible for this scheme.

16. Trade and other payables, including derivatives

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Current					
Trade					
Trade payables		66,271	30,210	1,259	800
Amount due to factoring and confirming clients		11,508	12,715	-	-
		77,779	42,925	1,259	800
Non-trade					
Amount due to subsidiaries	**16.1**	-	-	71,980	66,717
Other payables		69,744	55,553	5,502	5,292
Accrued expenses		35,560	40,236	20,385	21,086
		105,304	95,789	97,867	93,095
		183,083	138,714	99,126	93,895

16.1 Included in the amounts due to subsidiaries of the Company includes advances of RM26,605,000 (2014: RM22,479,000) which are unsecured, and the interest charged during the financial year ranged from 4.16 % to 4.34% (2014: 4.13% to 4.19%). The remaining amount due to subsidiaries are unsecured, interest free and is repayable on demand.

17. Revenue

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Lease income	38,942	38,639	40,196	39,714
Hire purchase income	181,454	160,773	-	-
Operating lease rental income	187,190	149,461	-	-
Hire charges	38,437	37,343	-	-
Factoring income and confirming commission	1,680	1,523	-	-
Loan interest	5,482	4,815	-	-
Insurance agency commission	7,640	7,182	-	-
Rental income from investment property	2,563	2,527	-	-
Servicer income - collection fee	1,260	1,796	-	-
Performance fee	6,876	10,414	-	-
Loan recovery	6,166	-	-	-
Others	820	702	-	-
	478,510	415,175	40,196	39,714

18. Profit before tax

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax is arrived at after charging				
Auditors' remuneration				
Audit fees to				
- KPMG Malaysia	328	295	117	107
- Non-audit fees to KPMG Malaysia	54	54	54	54
- Overseas affiliates of KPMG in Malaysia	113	56	-	-
-Audit fees to other auditors	38	-	-	-
Amortisation of intangible assets	675	1,026	352	527
Depreciation of investment property	365	365	-	-
Directors' remuneration	1,481	2,540	1,481	2,540
Directors' fees	122	98	122	98
Finance costs	92,466	81,546	82,927	79,369
Impairment loss provisions, net	10,868	10,343	182	397
Personnel expenses:				
Wages, salaries and others	59,526	63,799	21,397	25,275
Provision for retirement gratuities	700	3,817	700	3,817
Property, plant and equipment:				
Depreciation	170,673	138,442	473	492
Written off	164	-	-	-
Provision for equipment loss and damages	1,660	10	-	-
Rental of motor vehicles	-	-	469	568
Rental of equipment	-	-	667	678
Rental of premises	1,655	1,564	805	799
and after crediting:				
Dividend income				
- unquoted, Malaysia	-	-	16,700	20,200
Derivative gain	930	2,764	930	2,764
Interest income	5,633	5,165	86,502	81,763
Net gain on disposal of property, plant and equipment	15,970	14,728	202	101
Recovery of bad debts	685	3,316	67	281
Rental income from properties	336	321	366	351

19. Employee information

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Staff costs (including key management personnel)	59,526	63,799	21,397	25,275

Staff costs include contributions to the Employees' Provident Fund of the Group and the Company of RM8,042,000 (2014: RM7,810,000) and RM2,624,000 (2014: RM2,591,000) respectively.

The number of employees of the Group and of the Company (including Directors) at the end of the year was 633 (2014: 646) and 161 (2014: 166) respectively.

20. Finance income

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Included in profit or loss (other operating income) are the following:				
Interest income of financial assets that are not at fair value through profit or loss:				
- Subsidiaries	-	-	84,880	79,971
- Deposits with financial institutions	1,233	1,239	967	1,020
- Debentures in unquoted corporation	29	27	29	27
- Overdue trade receivable accounts	4,362	3,874	617	720
- Others	38	52	38	52
	5,662	5,192	86,531	81,790

21. Finance costs

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Included in profit or loss (cost of sales) are the following:				
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Term loans, medium term notes, commercial papers and revolving credits	92,083	74,880	82,712	72,848
- Bank overdrafts	147	141	115	107
- Ultimate holding company	-	6,278	-	6,278
- Commitment fee	236	247	100	136
	92,466	81,546	82,927	79,369

22. Tax expense

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Recognised in profit or loss				
Tax expense	32,136	30,488	5,441	4,158
Share of tax of equity-accounted investee	1,119	1,672	-	-
	33,255	32,160	5,441	4,158
Components of tax expense include:				
Current tax expense				
- current year's provision	28,744	26,917	3,533	2,636
- under/(over) provision in prior years	695	(14)	37	(3)
Share of tax of equity-accounted investee	1,119	1,672	-	-
	30,558	28,575	3,570	2,633
Deferred tax expense				
- Origination and reversal of temporary differences	2,213	3,285	1,871	1,525
- Under provision in prior years	484	300	-	-
	2,697	3,585	1,871	1,525
Total tax expense	33,255	32,160	5,441	4,158

22. Tax expense (continued)

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Reconciliation of tax expense:				
Profit for the year	114,974	98,815	37,266	31,723
Tax expense, excluding share of tax of equity - accounted investee	32,136	30,488	5,441	4,158
Profit before tax	147,110	129,303	42,707	35,881
Income tax using Malaysian tax rates	36,778	32,326	10,677	8,970
Non-deductible expenses	4,333	3,222	708	202
Items not subject to income tax	(3,473)	(3,496)	(4,175)	(5,050)
Effect of tax losses recognised	(1,568)	(463)	-	-
Effect of changes in tax rate	(2,213)	-	(1,535)	-
Other items	(1,781)	285	(271)	39
	32,076	31,874	5,404	4,161
Under/(Over) provision in prior years, net	1,179	286	37	(3)
Total tax expense	33,255	32,160	5,441	4,158

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23. Financial instruments

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL"):
 - Held for trading ("HFT") and
(c) Financial liabilities measured at amortised cost ("FL").

2015	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -HFT RM'000	Derivatives used for hedging RM'000
Financial assets				
Group				
Other investments	725	725	-	-
Trade and other receivables (excluding prepayments and derivatives)	3,009,463	3,009,463	-	-
Cash and cash equivalents	84,565	84,565	-	-
Derivative financial assets	43,446	-	21,630	21,816
	3,138,199	3,094,753	21,630	21,816
Company				
Other investments	725	725	-	-
Trade and other receivables (excluding prepayments and derivatives)	2,557,801	2,557,801	-	-
Cash and cash equivalents	26,271	26,271	-	-
Derivative financial assets	43,610	-	21,630	21,980
	2,628,407	2,584,797	21,630	21,980
Financial liabilities				
Group				
Loans and borrowings	(2,397,347)	(2,397,347)	-	-
Trade and other payables (excluding prepayments and derivatives)	(179,313)	(179,313)	-	-
	(2,576,660)	(2,576,660)	-	-
Company				
Loans and borrowings	(2,066,480)	(2,066,480)	-	-
Trade and other payables (excluding prepayments and derivatives)	(99,126)	(99,126)	-	-
	(2,165,606)	(2,165,606)	-	-

23. Financial instruments (continued)

23.1 Categories of financial instruments (continued)

2014	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -HFT RM'000	Derivatives used for hedging RM'000
Financial assets				
Group				
Other investments	725	725	-	-
Trade and other receivables (excluding prepayments and derivatives)	2,806,851	2,806,851	-	-
Cash and cash equivalents	68,941	68,941	-	-
Derivative financial assets	13,401	-	6,140	7,261
	2,889,918	2,876,517	6,140	7,261
Company				
Other investments	725	725	-	-
Trade and other receivables (excluding prepayments and derivatives)	2,573,753	2,573,753	-	-
Cash and cash equivalents	24,269	24,269	-	-
Derivative financial assets	13,401	-	6,140	7,261
	2,612,148	2,598,747	6,140	7,261
Financial liabilities				
Group				
Loans and borrowings	(2,207,991)	(2,207,991)	-	-
Trade and other payables (excluding prepayments and derivatives)	(130,500)	(130,500)	-	-
	(2,338,491)	(2,338,491)	-	-
Company				
Loans and borrowings	(2,099,459)	(2,099,459)	-	-
Trade and other payables (excluding prepayments and derivatives)	(93,895)	(93,895)	-	-
	(2,193,354)	(2,193,354)	-	-

23. Financial instruments (continued)

23.2 Net gains and (losses) arising from financial instruments

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Loans and receivables				
- Impairment loss				
- receivable	(10,868)	(10,343)	(182)	(397)
- Finance income	5,633	5,165	86,502	81,763
	(5,235)	(5,178)	86,320	81,366
Financial liabilities measured at amortised cost				
- Finance cost	(92,466)	(81,546)	(82,927)	(79,369)

23.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

23.4 Credit risk

Credit risk is the risk of a financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, bank balances and financial investments. The Company's exposure to credit risk arises principally from its trade receivables, loans and advances to subsidiaries, amount due from related companies, bank balances, deposit placements, financial investments and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Typically financial guarantees of banks, shareholders or directors of customers are obtained where necessary, and credit evaluations are required to be performed on customers requiring credit over a certain amount.

23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. There are no significant concentrations of credit risk to a particular customers, individually or on group basis.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A portion of these receivables are regular customers that have been transacting with the Group and Company. The Group uses ageing analysis to monitor the credit quality of the receivables.

Any receivables having balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
2015				
Not past due	2,955,225	(46)	(29,316)	2,925,863
Past due 1 - 150 days	80,833	(3,671)	(797)	76,365
Past due 151 - 330 days	1,700	(1,343)	-	357
Past due more than 330 days	34,936	(33,003)	-	1,933*
	3,072,694	(38,063)	(30,113)	3,004,518
2014				
Not past due	2,742,921	(1,346)	(27,170)	2,714,405
Past due 1 - 150 days	85,380	(3,545)	(839)	80,996
Past due 151 - 330 days	1,664	(1,221)	-	443
Past due more than 330 days	51,571	(49,362)	-	2,209*
	2,881,536	(55,474)	(28,009)	2,798,053

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23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

Company	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
2015				
Not past due	427,424	-	(4,096)	423,328
Past due 1 - 150 days	15,442	(812)	(148)	14,482
Past due 151 - 330 days	58	(58)	-	-
Past due more than 330 days	6,317	(6,317)	-	-
	449,241	(7,187)	(4,244)	437,810
2014				
Not past due	489,165	-	(4,678)	484,487
Past due 1 - 150 days	14,770	(1,022)	(141)	13,607
Past due 151 - 330 days	90	(90)	-	-
Past due more than 330 days	12,452	(12,452)	-	-
	516,477	(13,564)	(4,819)	498,094

* Includes suspense income such as service fee, initial payment charges and refactoring charges of which are included under amount due to factoring and confirming clients in Note 16.

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
At 1 April 2014/2013	83,483	73,140	18,383	17,986
Impairment loss recognised	10,868	10,703	182	397
Impairment loss reversed	-	(360)	-	-
Impairment loss written off	(26,175)	-	(7,134)	-
At 31 March	68,176	83,483	11,431	18,383

Although some of the receivables amounting to RM38,063,000 are secured by third party financial guarantees amounting to RM38,063,000, it is impracticable to estimate the fair values of the guarantees obtained.

23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

The remaining balance of trade receivables are not secured by any collateral or other credit enhancements except for certain residential loan receivables from a subsidiary in which the carrying amounts as at 31 March 2015 are Nil and these were secured against a portfolio of residential real estate valued at RM29.07 million. The outstanding legal balances of these residential loan receivables, being the loan amount including accrued interest and capitalised expenditure which can be legally claimed against the borrowers amounted to RM57.28 million as at 31 March 2015. The carrying amount of the residential loan receivables as at 31 March 2015 is lower than the outstanding legal balances, which is reflective of the non-performing nature of the individual loans in the portfolio that was acquired at a discount by the subsidiary in the prior years.

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

The Group's cash and cash equivalents are maintained with licensed bank and approved financial institutions. Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments and deposit placements are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group and the Company has only invested in domestic securities and deposit placements. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position. In view of the sound credit rating of counterparties, management does not expect any counterparty especially licensed financial institutions to fail to meet its obligations and the Group does not have overdue investments that need to be impaired.

All counterparties are rated not lower than BB rating by external rating agencies based in Malaysia. The investments and other financial assets are unsecured.

Impairment losses

There was no impairment loss in respect of unsecured unquoted debentures during the financial year.

23. Financial instruments (continued)

23.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure of the Company to credit risk amounts to RM32,538,000 (2014: RM39,104,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees have not been recognised since the fair value on initial recognition was not material. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position of the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances due from the subsidiaries.

23.5 Liquidity risk

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

23. Financial instruments (continued)

23.5 Liquidity risk (continued)

The Group and Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. The continuous financial support from the holding company is also maintained.

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

Maturity analysis

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

Group 2015	**Carrying amount RM'000**	**Contractual interest rate %**	**Contractual cash flows RM'000**	**Under 1 year RM'000**	**1 - 2 years RM'000**	**2 - 5 years RM'000**	**More than 5 years RM'000**
Non-derivative financial liabilities							
Term loans	1,371,533	3.65 - 4.80	1,470,528	715,806	125,300	629,422	-
Commercial papers	350,000	3.80 - 4.32	354,882	354,882	-	-	-
Guaranteed medium term notes	150,000	4.05 - 4.65	154,910	104,072	50,838	-	-
Bank overdrafts	43,014	3.66 - 7.85	43,014	43,014	-	-	-
Revolving credits	482,800	3.65 - 4.37	491,165	491,165	-	-	-
Trade and other payables, excluding derivatives	183,083		183,083	183,083	-	-	-
	2,580,430		2,697,582	1,892,022	176,138	629,422	-

23. Financial instruments (continued)

23.5 Liquidity risk (continued)

Maturity analysis (continued)

Group 2014	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Non-derivative financial liabilities							
Term loans	1,272,281	3.20 - 4.50	1,372,815	308,576	631,373	432,866	-
Commercial papers	350,000	3.57 - 3.90	356,232	356,232	-	-	-
Guaranteed medium term notes	150,000	3.74 - 4.65	157,575	55,703	101,872	-	-
Bank overdrafts	33,810	3.66 - 7.60	33,810	33,810	-	-	-
Revolving credits	401,900	3.27 - 4.31	409,292	409,292	-	-	-
Trade and other payables, excluding derivatives	138,714		138,714	138,714	-	-	-
	2,346,705		2,468,438	1,302,327	733,245	432,866	-

23. Financial instruments (continued)

23.5 Liquidity risk (continued)

Maturity analysis (continued)

Company 2015	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Non-derivative financial liabilities							
Term loans	1,101,533	3.65 - 4.80	1,176,035	586,667	69,436	519,932	-
Commercial papers	350,000	3.80 - 4.32	354,882	354,882	-	-	-
Guaranteed medium term notes	150,000	4.05 - 4.65	154,910	104,072	50,838	-	-
Bank overdrafts	18,047	3.66 - 7.65	18,047	18,047	-	-	-
Revolving credits	446,900	3.65 - 4.37	455,195	455,195	-	-	-
Trade and other payables, excluding derivatives	99,126		99,126	99,126	-	-	-
	2,165,606		2,258,195	1,617,989	120,274	519,932	-

23. Financial instruments (continued)

23.5 Liquidity risk (continued)

Maturity analysis (continued)

Company **2014**	**Carrying amount** **RM'000**	**Contractual interest rate** **%**	**Contractual cash flows** **RM'000**	**Under 1 year** **RM'000**	**1 - 2 years** **RM'000**	**2 - 5 years** **RM'000**	**More than 5 years** **RM'000**
Non-derivative financial liabilities							
Term loans	1,222,281	3.20 - 4.50	1,319,618	306,484	580,268	432,866	-
Commercial papers	350,000	3.57 - 3.90	356,232	356,232	-	-	-
Guaranteed medium term notes	150,000	3.74 - 4.65	157,575	55,703	101,872	-	-
Bank overdrafts	11,178	3.66 - 7.35	11,178	11,178	-	-	-
Revolving credits	366,000	3.27 - 4.31	373,328	373,328	-	-	-
Trade and other payables, excluding derivatives	93,985		93,985	93,985	-	-	-
	2,193,444		2,311,916	1,196,910	682,140	432,866	-

23. Financial instruments (continued)

23.6 Market risk

Market risk is the risk that changes in market prices (such as foreign exchange rates, interest rates and other prices) will affect the Group's and Company's financial position or cash flows.

23.6.1 Currency risk

The Group and the Company are exposed to foreign currency risk on borrowings that are denominated in a currency other than the respective functional currencies of the Group and the Company entities. The currency giving rise to this risk is primarily *U.S. Dollar (USD)*.

Risk management objectives, policies and processes for managing the risk

The Group and the Company hedge their foreign currency denominated term loans. The Group and the Company use cross currency interest rate swaps to hedge their foreign currency risk. Most of the cross currency interest rate swaps have maturities date ranging from 6 months to 3 years respectively after the end of the reporting period. Where necessary, cross currency interest rate swaps are rolled over at maturity.

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the currency of the Group and the Company entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in	
	USD	***USD***
	2015	**2014**
	RM'000	**RM'000**
Group and Company		
Term loans	241,572	212,452

Currency risk sensitivity analysis

The exposure to currency risk is not material as all foreign currency denominated term loans are hedged and hence, sensitivity analysis is not presented.

23. Financial instruments (continued)

23.6 Market risk (continued)

23.6.2 Interest rate risk

The Group's and the Company's trade receivables and investments in fixed rate deposits placed with licensed banks and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group and the Company borrow for their operations at fixed and variable rates and monitor the interest rate exposure by assessing the interest rate gap of interest bearing financial assets and financial liabilities. The Group and the Company also use cross currency interest rate swap contracts to hedge their interest rate risk on term loans. The management continuously seeks for alternative bank facilities, which provide competitive interest rates to finance its capital expenditure, financing and working capital requirements.

Exposure to interest rate risk

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

	Group		**Company**	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Fixed rate instruments				
Financial assets	3,094,028	2,875,792	2,584,072	2,598,022
Financial liabilities	(1,871,533)	(1,772,281)	(1,601,533)	(1,722,281)
	1,222,495	1,103,511	982,539	875,741
Floating rate instruments				
Financial liabilities	(525,814)	(435,710)	(464,947)	(377,178)

23. Financial instruments (continued)

23.6 Market risk (continued)

23.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss		**Profit or loss**	
	50 bp increase 2015 RM'000	**50 bp decrease 2015 RM'000**	**50 bp increase 2014 RM'000**	**50 bp decrease 2014 RM'000**
Group				
Floating rate instruments	(1,448)	1,448	(1,170)	1,170
Company				
Floating rate instruments	(1,203)	1,203	(1,029)	1,029

23.6.3 Other price risk

The Group and the Company do not have significant exposures to other price risks.

23. Financial instruments (continued)

23.7 Hedging activities

23.7.1 Cash flow hedge

The Group and the Company have entered into several cross currency interest rate swaps and interest rate swaps to hedge the cash flow risk in relation to the currency rate and floating interest rate of the term loans at nominal amount of RM440,102,500 and RM390,102,500 (2014: RM310,102,500). The interest rate swaps and cross currency interest rate swaps have the same nominal value of RM440,102,500 and RM390,102,500 (2014: RM310,102,500) for term loans, and are settled every three to six monthly, consistent with the interest repayment schedule of the term loans.

The following table indicates the periods in which the cash flows associated with the cross currency interest rate swaps and interest rate swaps are expected to occur and affect profit or loss:

Group	**Carrying amount RM'000**	**Expected cash flows RM'000**	**Under 1 year RM'000**	**1 - 2 years RM'000**	**2 - 5 years RM'000**
2015					
Derivatives financial assets					
- Cross currency interest rate swap and interest rate swap	43,446	48,501	(24)	-	48,525
2014					
Derivatives financial assets					
- Cross currency interest rate swap and interest rate swap	13,401	15,398	761	-	14,637

23. Financial instruments (continued)

23.7 Hedging activities (continued)

23.7.1 Cash flow hedge (continued)

Company	Carrying amount RM'000	Expected cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2015					
Derivatives financial assets					
- Cross currency interest rate swap and interest rate swap	43,610	48,665	140	-	48,525
2014					
Derivatives financial assets					
- Cross currency interest rate swap and interest rate swap	13,401	15,398	761	-	14,637

During the financial year, a net loss of RM5,000 (2014: gain of RM1,555,000) was recognised in other comprehensive income.

Ineffectiveness gain amounting to RM930,000 (2014: gain of RM2,764,000) was recognised in profit or loss during the year in respect of the hedge.

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23. Financial instruments (continued)

23.8 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments. Accordingly, the fair values and fair value hierarchy levels have not been presented for these instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted debenture due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs. In any event, the carrying amount for this investment is insignificant to the Group.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Group 2015	**Note**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**RM'000**	**RM'000**
Financial assets											
Trade receivables (non-current)	10	-	-	-	-	-	-	1,603,252	1,603,252	1,603,252	1,557,185
Derivatives Financial assets		-	(24)	43,470	43,446	-	-	-	-	43,446	43,446
		-	(24)	43,470	43,446	-	-	1,603,252	1,603,252	1,646,698	1,600,631
Financial liabilities											
Term loan (non-current)	14	-	-	-	-	-	-	641,414	641,414	641,414	694,033
Guaranteed medium term note	14	-	-	-	-	-	-	49,879	49,879	49,879	50,000
		-	-	-	-	-	-	691,293	691,293	691,293	744,033

23. Financial instruments (continued)

23.8 Fair value information (continued)

Company 2015	Note	Fair value of financial instruments carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Fair value of financial instruments not carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Financial assets											
Trade receivables (non-current)	10	-	-	-	-	-	-	246,563	246,563	246,563	240,712
Derivatives financial assets		-	140	43,470	43,610	-	-	-	-	43,610	43,610
		-	140	43,470	43,610	-	-	246,563	246,563	290,173	284,322
Financial liabilities											
Term loan (non-current)	14	-	-	-	-	-	-	493,738	493,738	493,738	544,033
Guaranteed medium term note	14	-	-	-	-	-	-	49,879	49,879	49,879	50,000
		-	-	-	-	-	-	543,617	543,617	543,617	594,033

23. Financial instruments (continued)

23.8 Fair value information (continued)

Group 2014	Note	Fair value of financial instruments carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Fair value of financial instruments not carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Financial assets											
Trade receivables (non-current)	10	-	-	-	-	-	-	1,526,131	1,526,131	1,526,131	1,481,177
Derivatives Financial assets		-	761	12,640	13,401	-	-	-	-	13,401	13,401
		-	761	12,640	13,401	-	-	1,526,131	1,526,131	1,539,532	1,494,578
Financial liabilities											
Term loan (non-current)	14	-	-	-	-	-	-	977,506	977,506	977,506	1,007,281
Guaranteed medium term note	14	-	-	-	-	-	-	99,914	99,914	99,914	100,000
		-	-	-	-	-	-	1,077,420	1,077,420	1,077,420	1,107,281

23. Financial instruments (continued)

23.8 Fair value information (continued)

Company 2014	Note	Fair value of financial instruments carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Fair value of financial instruments not carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Financial assets											
Trade receivables (non-current)	10	-	-	-	-	-	-	290,973	290,973	290,973	283,075
Derivatives financial assets		-	761	12,640	13,401	-	-	-	-	13,401	13,401
		-	761	12,640	13,401	-	-	290,973	290,973	304,374	296,476
Financial liabilities											
Term loan (non-current)	14	-	-	-	-	-	-	927,805	927,805	927,805	957,281
Guaranteed medium term note	14	-	-	-	-	-	-	99,914	99,914	99,914	100,000
		-	-	-	-	-	-	1,027,719	1,027,719	1,027,719	1,057,281

23. Financial instruments (continued)

23.8 Fair value information (continued)

Level 2 fair value

Derivatives

The fair value of derivatives are obtained from observable market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2014: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

	Group		Company	
	2015	2014	2015	2014
Derivatives	RM'000	RM'000	RM'000	RM'000
At 1 April	12,640	(4,395)	12,640	(4,395)
Gains recognised in profit or loss				
Other operating expenses - Unrealised	15,490	8,614	15,490	8,614
Gains recognised in other comprehensive income				
Cash flow hedge	15,340	8,421	15,340	8,421
At 31 March	43,470	12,640	43,470	12,640

23. Financial instruments (continued)

23.8 Fair value information (continued)

Level 3 fair value (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

(a) Financial instruments carried at fair value

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivatives	The fair value of cross currency interest rates swaps is based on banker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.	Interest rate	The estimated fair value would increase (decrease) if the interest rate were higher (lower).

(b) Financial instruments not carried at fair value

Type	Valuation Technique
Trade receivables Term loan (non-current) Guaranteed medium term note	Discounted cash flows using a rate based on the current market rate of facilities at the reporting date

23. Financial instruments (continued)

23.9 Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

Group	Carrying amounts of financial instruments in the statement of financial position RM'000	Related financial instrument that are not off-set RM'000	Net amount RM'000
2015			
Derivative financial assets			
Cross currency interest rate swaps and interest rate swaps used for hedging	21,816	-	21,816
Cross currency interest rate swaps held for trading at FVTPL	21,630	-	21,630
	43,446	-	43,446
2014			
Derivative financial assets			
Cross currency interest rate swaps and interest rate swaps used for hedging	7,261	-	7,261
Cross currency interest rate swaps held for trading at FVTPL	6,140	-	6,140
	13,401	-	13,401

23. Financial instruments (continued)

23.9 Master netting or similar agreements (continued)

Company	Carrying amounts of financial instruments in the statement of financial position RM'000	Related financial instrument that are not off-set RM'000	Net amount RM'000
2015			
Derivative financial assets			
Cross currency interest rate swaps and interest rate swaps used for hedging	21,980	-	21,980
Cross currency interest rate swaps held for trading at FVTPL	21,630	-	21,630
	43,610	-	43,610
2014			
Derivative financial assets			
Cross currency interest rate swaps and interest rate swaps used for hedging	7,261	-	7,261
Cross currency interest rate swaps held for trading at FVTPL	6,140	-	6,140
	13,401	-	13,401

24. Capital management

The Group's capital is represented by its total equity in the statement of financial position. The Directors monitor the adequacy of capital on an ongoing basis and rely on the continuous financial support from the immediate holding company as and when the need arises. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with applicable debt covenants, as relevant.

There were no changes in the Group's approach to capital management during the financial year.

25. Operating lease

Lease as lessor

The Group leases out its investment property, motor vehicles for rental, motor vehicles for lease and computers for rental under operating lease. The future minimum lease payments under non-cancellable lease are as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Less than one year	194,797	147,497
Between one and five years	229,860	157,967
	424,657	305,464

26. Contingencies

The Directors are of the opinion that provisions are not required in respect of these items, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Group	
	2015	**2014**
	RM'000	**RM'000**
Documentary credit	2,895	9,836
Performance guarantee given to a third party	250	250
	3,145	10,086

27. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group and the Company.

Balances with related parties are disclosed in Notes 10 and 16 respectively. The significant related party transactions of the Group and the Company, other than key management personnel compensation, are as follows:

	2015	**2014**
	RM'000	**RM'000**
Group		
Holding company		
Interest expense	-	6,278
Company		
Subsidiaries		
Lease income earned	1,254	1,075
Interest income	84,880	79,971
Dividend income	16,700	20,200
Management fee received	4,980	4,682
Interest expense	402	380
Rental expense of motor vehicles	469	568
Rental expense of equipment	667	678
Rental expense of premises	506	506

27. Related parties (continued)

The Directors of the Group and the Company are of the opinion that the above transactions have been entered into in the normal course of business on negotiated basis.

Key management personnel compensation

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Directors				
Short-term employee benefits				
Fees	122	98	122	98
Salaries and other remuneration	1,481	2,540	1,481	2,540

The estimated monetary value of Directors' benefits-in-kind is RM146,000 (2014: RM404,000).

28. Acquisition of subsidiary

28.1 Acquisition of subsidiary – Eucalypt Mortgages Sdn. Bhd.

On 13 June 2014, the Group acquired 4,900 ordinary shares of RM1 each (equivalent to 49% shareholding) and 50,000 redeemable preference shares of RM0.01 each (equivalent to 100% shareholding) in Eucalypt Mortgages Sdn. Bhd. for the purchase consideration of RM5,400 satisfied by cash. The acquiree is involved in purchasing of loans, receivables and debts obligations.

Identifiable assets acquired and liabilities assumed

	Group 2015 RM'000
Other receivables	94
Cash and cash equivalents	6,387
Borrowings	(3,996)
Other payables and accruals	(3,185)
Provisions	(185)
Total identifiable net liabilities	(885)

Net cash inflow arising from acquisition of subsidiary

	Group 2015 RM'000
Purchase consideration settled in cash and cash equivalents	(5)
Cash and cash equivalents acquired	6,387
	6,382

28. Acquisition of subsidiary (continued)

28.1 Acquisition of subsidiary – Eucalypt Mortgages Sdn. Bhd. (continued)

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	Group 2015 RM'000
Total consideration transferred	5
Fair value of identifiable net liabilities	885
Goodwill	890

Acquisition-related costs

The Group incurred acquisition-related costs of RM315,000 related to external legal fees, due diligence costs and share transfer expenses. These costs have been included in other operating expenses in the Group's and Company's statement of profit or loss and other comprehensive income.

29. Subsequent event

On 22 April 2015, the Company entered into a share sale agreement with Golden Maestro Sdn. Bhd. ("GMSB") to acquire the remaining 70% irredeemable preference shares of Resolution Alliance Sdn. Bhd. ("RASB"), representing GMSB's entire economic interest in RASB, comprising 70 irredeemable preference shares of RM1.00 each for the purchase consideration of RM9.43 million to be satisfied by cash.

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