

Company No: 4081 M

**INSAS BERHAD
(Incorporated in Malaysia)**

REPORTS AND FINANCIAL STATEMENTS

30 JUNE 2014

**SJ GRANT THORNTON
CHARTERED ACCOUNTANTS
Member Firm of Grant Thornton International Ltd**

INSAS BERHAD
(Incorporated in Malaysia)
REPORTS AND FINANCIAL STATEMENTS
30 JUNE 2014

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Company No: 4081 M

**INSAS BERHAD
(Incorporated in Malaysia)**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairperson

*Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah,
DK(II), SIMP

Executive Deputy Chairman / Chief Executive Officer

Dato' Sri Thong Kok Khee

Executive Director

Dr. Tan Seng Chuan

Non-Executive Directors

Dato' Wong Gian Kui

Ms. Soon Li Yen

*Mr. Oh Seong Lye

AUDIT COMMITTEE

*Y.A.M.Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah,
DK(II), SIMP

Ms. Soon Li Yen

*Mr. Oh Seong Lye

NOMINATION COMMITTEE

*Y.A.M.Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah,
DK(II), SIMP

Ms. Soon Li Yen

*Mr. Oh Seong Lye

COMPANY SECRETARIES

Ms. Chow Yuet Kuen

Ms. Lau Fong Siew

REGISTERED OFFICE

No. 45-5, The Boulevard, Mid Valley City
Lingkaran Syed Putra, 59200 Kuala Lumpur
Tel: 03-22848311 Fax: 03-22824688

PRINCIPAL PLACE OF BUSINESS

Suite 23.02, Level 23
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra, 59200 Kuala Lumpur
Tel: 03-22829311 Fax: 03-22848500

(* - Independent Non-Executive Directors)

Company No: 4081 M

**INSAS BERHAD
(Incorporated in Malaysia)**

CORPORATE INFORMATION (CONT'D)

AUDITORS

SJ Grant Thornton (*AF 0737*)
(Member Firm of Grant Thornton International Ltd)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

PRINCIPAL BANKERS

Affin Investment Bank Berhad
Credit Suisse AG
Citibank N.A.
Goldman Sachs (Asia) L.L.C
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

SOLICITORS

Raslan Loong
Shearn Delamore & Co.
Tan Pheck San & Co.
James Monteiro

SHARE REGISTRARS

Megapolitan Management Services Sdn. Bhd.
No. 45-5, The Boulevard, Mid Valley City
Lingkaran Syed Putra, 59200 Kuala Lumpur
Tel: 03-22848311 Fax: 03-22824688

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

SECTOR

Finance

STOCK CODE

3379

INSAS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services. The principal activities of its subsidiary companies, associate companies and joint ventures are disclosed in Note 51 to 53 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	<u>160,684</u>	<u>4,317</u>
Attributable to:-		
Owners of the Company	160,404	4,317
Non-controlling interests	<u>280</u>	<u>-</u>
	<u><u>160,684</u></u>	<u><u>4,317</u></u>

DIVIDENDS

The Company had on 24 February 2014 paid an interim single-tier dividend of 1.0 sen per ordinary share of RM1.00 each, amounting to RM6,642,063 in respect of financial year ended 30 June 2014.

The Directors do not recommend any final dividend for the financial year ended 30 June 2014.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the Notes to the financial statements.

SHARE CAPITAL AND DEBENTURES

There were no issuance of new shares or debentures during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 5,971,100 ordinary shares of RM1.00 each of its issued and fully paid up share capital from the open market. The average price paid for the shares repurchase was RM0.5655 per share. The consideration paid for the shares repurchase including transaction cost amounted to RM3,376,752. The repurchased transactions were financed by internal generated funds. The shares repurchased were held as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965. Of the total 693,333,633 issued and fully paid up ordinary shares in the Company, 29,127,291 shares are being held as treasury shares by the Company for the financial year ended 30 June 2014. Further relevant details are disclosed in Note 24 to the financial statements.

INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) 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.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due other than those disclosed in the Notes to the financial statements.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

Company No: 4081 M

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 54 to the financial statements.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Significant events after the reporting period are disclosed in Note 55 to the financial statements.

OTHER STATUTORY INFORMATION

The Directors state that:-

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In their opinion:-

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the Notes to the financial statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The Directors in office since the date of the last report are:-

Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah
bte Sultan Haji Ahmad Shah, DK(II), SIMP
Dato' Sri Thong Kok Khee
Dato' Wong Gian Kui
Dr. Tan Seng Chuan
Ms. Soon Li Yen
Mr. Oh Seong Lye

In accordance with Article 96 of the Company's Articles of Association, Dato' Wong Gian Kui and Dr. Tan Seng Chuan retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Company No: 4081 M**DIRECTORS (CONT'D)**

The shareholdings in the Company and in its related corporations of those who were Directors at the end of the financial year are as follows:-

Interest in the Company	<u>Number of ordinary shares of RM1 each</u>			
	<u>At</u> <u>1.7.2013</u>	<u>Bought</u>	<u>Sold</u>	<u>At</u> <u>30.6.2014</u>
<u>Direct interest</u>				
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	121,992	-	-	121,992
Dato' Sri Thong Kok Khee	2,384,678	-	-	2,384,678
Dato' Wong Gian Kui	395,678	-	-	395,678
<u>Deemed interest</u>				
Dato' Sri Thong Kok Khee	160,210,284	-	-	160,210,284
Dato' Wong Gian Kui	1,052,312	-	(10,000)	1,042,312
Interest in subsidiary companies	<u>Number of ordinary shares of RM1 each</u>			
	<u>At</u> <u>1.7.2013</u>	<u>Bought</u>	<u>Sold</u>	<u>At</u> <u>30.6.2014</u>
Insas Properties Sdn. Bhd.				
<u>Direct interest</u>				
Dato' Wong Gian Kui	80,000	-	-	80,000
Segar Raya Development Sdn. Bhd.				
<u>Direct interest</u>				
Dato' Wong Gian Kui	129,999	-	-	129,999
<u>Deemed interest</u>				
Dato' Wong Gian Kui	80,000	-	-	80,000
Premium Yield Sdn. Bhd.				
<u>Deemed interest</u>				
Dato' Wong Gian Kui	49,999	-	-	49,999
Dellmax Worldwide Sdn. Bhd.				
<u>Deemed interest</u>				
Dato' Wong Gian Kui	35,000	-	-	35,000

By virtue of Dato' Sri Thong Kok Khee's interest in the shares of the Company, he is also deemed interested in the shares of its related corporations to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares, options and debentures of the Company or its related corporations during the financial year.

Company No: 4081 M

DIRECTORS' BENEFITS

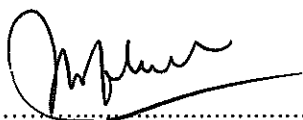
During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits as disclosed in the Notes to the financial statements) 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.

AUDITORS

The Auditors, Messrs SJ Grant Thornton, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 28 October 2014.



.....
Y.A.M. TENGKU PUTERI SERI KEMALA PAHANG
TENGKU HAJJAH AISHAH BTE SULTAN HAJI
AHMAD SHAH, DK(II), SIMP
Director



.....
DATO' SRI THONG KOK KHEE
Director

Kuala Lumpur

INSAS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP and Dato' Sri Thong Kok Khee, being two of the Directors of Insas Berhad, do hereby state that in the opinion of the Directors, the accompanying financial statements 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 30 June 2014, the financial performance and the cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 125 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 28 October 2014.

.....
Y.A.M. TENGKU PUTERI SERI KEMALA
PAHANG TENGKU HAJJAH AISHAH
BTE SULTAN HAJI AHMAD SHAH,
DK(II), SIMP

.....
DATO' SRI THONG KOK KHEE

Kuala Lumpur

STATUTORY DECLARATION

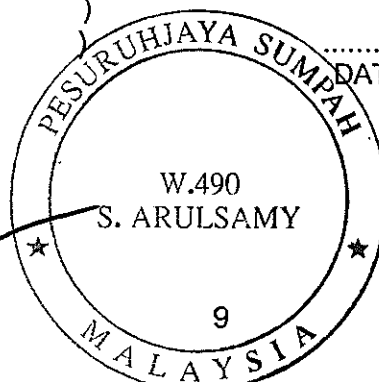
I, Dato' Sri Thong Kok Khee, being the Director primarily responsible for the financial management of Insas Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements and the supplementary information are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed at Kuala Lumpur in
the Federal Territory this day of
28 October 2014

.....
DATO' SRI THONG KOK KHEE

Before me:


Commissioner for Oaths





Grant Thornton

An instinct for growth™

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

INSAS BERHAD

(Incorporated in Malaysia)

Company No: 4081 M

SJ Grant Thornton (AF:0737)

Level 11 Sheraton Imperial Court

Jalan Sultan Ismail

50250 Kuala Lumpur, Malaysia

T +603 2692 4022

F +603 2691 5229

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Report on the Financial Statements

We have audited the financial statements of Insas Berhad, which comprise statements of financial position as at 30 June 2014 of the Group and of the Company, income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 13 to 124.

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 judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that gives 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: 4081 M

Report on the Financial Statements (cont'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 at 30 June 2014 and of their financial performance and cash flows for the financial 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 Malaysian subsidiary companies 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' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 51 to the Financial Statements.
- (c) We are satisfied that the accounts of the subsidiary companies 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 subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in page 125 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Company No: 4081 M

Other Matters

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



SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

Kuala Lumpur
28 October 2014



DATO' N.K. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/16(J/PH))
PARTNER

INSAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	79,824	59,721	307	407
Investment properties	7	159,716	151,432	-	-
Available for sale investments	8	106,241	96,022	940	655
Held to maturity investments	9	29,990	23,997	-	-
Subsidiary companies	10(a)	-	-	166,953	165,333
Associate companies	11(a)	141,731	90,196	48	984
Joint ventures	12	-	-	-	-
Intangible assets	13	26,051	26,184	-	-
Deferred tax assets	14	1,733	4,125	-	-
Total non-current assets		545,286	451,677	168,248	167,379
Current assets					
Property development costs	15	9,567	9,350	-	-
Inventories	16	13,609	15,831	-	-
Trade receivables	17	341,068	330,375	-	-
Amount due from subsidiary companies	10(b)	-	-	694,156	683,387
Amount due from associate companies	11(b)	19,145	-	363	362
Other receivables, deposits and prepayments	18	21,276	14,904	890	758
Tax recoverable		1,929	2,227	1,060	1,175
Held to maturity investments	9	6,175	8,598	-	-
Financial assets at fair value through profit or loss	19	288,174	149,254	-	-
Deposits with licensed banks and financial institutions	20	319,585	322,403	1,073	1,046
Cash and bank balances	21	41,238	52,992	1,277	1,165
Total current assets		1,061,766	905,934	698,819	687,893
Non-current assets classified as held for sale	22	-	1,700	-	-
		1,061,766	907,634	698,819	687,893
TOTAL ASSETS		1,607,052	1,359,311	867,067	855,272
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	23	693,334	693,334	693,334	693,334
Treasury shares	24	(13,522)	(10,146)	(13,522)	(10,146)
Reserves	25	109,300	94,739	47,751	47,751
Retained earnings		406,569	252,365	25,830	28,155
		1,195,681	1,030,292	753,393	759,094
Non-controlling interests		7,137	2,922	-	-
TOTAL EQUITY		1,202,818	1,033,214	753,393	759,094

INSAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014 (CONT'D)

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
EQUITY AND LIABILITIES (CONT'D)					
LIABILITIES					
Non-current liabilities					
Loans and borrowings	26	16,278	7,178	-	-
Hire purchase payables	27	26,854	16,911	74	100
Deferred tax liabilities	14	3,801	1,049	40	104
Total non-current liabilities		46,933	25,138	114	204
Current liabilities					
Derivative financial liabilities	28	3,873	20,091	-	-
Trade payables	29	69,618	40,125	-	-
Amount due to subsidiary companies	10(b)	-	-	61,789	61,627
Amount due to associate companies	11(b)	-	45,060	-	-
Other payables and accruals	30	54,923	56,278	471	647
Loans and borrowings	26	228,875	138,487	51,300	33,700
Tax payable		12	918	-	-
Total current liabilities		357,301	300,959	113,560	95,974
TOTAL LIABILITIES		404,234	326,097	113,674	96,178
TOTAL EQUITY AND LIABILITIES		1,607,052	1,359,311	867,067	855,272

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

INSAS BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	31	276,520	297,324	3,472	13,915
Cost of sales	32	<u>(193,033)</u>	<u>(234,106)</u>	<u>-</u>	<u>-</u>
Gross profit		83,487	63,218	3,472	13,915
Other income	33	126,719	60,155	10,293	4,926
Administration expenses	34	(18,561)	(13,528)	(6,340)	(5,878)
Other operating expenses	35	(56,501)	(59,081)	(1,422)	(7,778)
Finance costs	36	(9,080)	(10,896)	(1,604)	(1,091)
Exceptional item	37	(145)	909	-	-
Share of profits less losses of associate companies		45,232	25,850	-	-
Share of profits less losses of joint ventures		<u>-</u>	<u>(4,027)</u>	<u>-</u>	<u>-</u>
Profit before taxation		171,151	62,600	4,399	4,094
Taxation	38	<u>(10,467)</u>	<u>1,868</u>	<u>(82)</u>	<u>(2,932)</u>
Profit for the financial year		<u>160,684</u>	<u>64,468</u>	<u>4,317</u>	<u>1,162</u>
Attributable to:-					
Owners of the Company		160,404	62,041	4,317	1,162
Non-controlling interests		<u>280</u>	<u>2,427</u>	<u>-</u>	<u>-</u>
		<u>160,684</u>	<u>64,468</u>	<u>4,317</u>	<u>1,162</u>
Earnings per share (sen)					
- Basic	39	<u>24.10</u>	<u>9.14</u>		

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

INSAS BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Profit for the financial year	160,684	64,468	4,317	1,162
<u>Other comprehensive income to be reclassified to profit or loss in subsequent year:-</u>				
Realised fair value gain transferred to income statements upon disposal of available for sale investments, net of tax	(24,550)	(3,800)	-	-
Unrealised gain on fair value changes on available for sale investments, net of tax	38,318	15,276	-	-
Share of other comprehensive income of investments accounted for using equity method, net of tax	(1,077)	(49)	-	-
Foreign currency translation, net of tax	<u>781</u>	<u>3,153</u>	<u>-</u>	<u>-</u>
Total other comprehensive income for the financial year, net of tax	<u>13,472</u>	<u>14,580</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the financial year, net of tax	<u><u>174,156</u></u>	<u><u>79,048</u></u>	<u><u>4,317</u></u>	<u><u>1,162</u></u>
Attributable to:-				
Owners of the Company	173,842	76,627	4,317	1,162
Non-controlling interests	<u>314</u>	<u>2,421</u>	<u>-</u>	<u>-</u>
	<u><u>174,156</u></u>	<u><u>79,048</u></u>	<u><u>4,317</u></u>	<u><u>1,162</u></u>

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

INSAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

Group	----- Attributable to owners of the Company ----->										
	<----- Non-Distributable ----->					<-----Distributable----->					
	Share capital	Share premium	Available for sale investments fair value reserve	Reserve fund	Other reserves	Exchange translation reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance at 1 July 2012	693,334	47,751	27,576	1,200	-	1,797	(881)	196,882	967,659	3,755	971,414
Total comprehensive income/(loss) for the financial year											
Profit for the financial year	-	-	-	-	-	-	-	62,041	62,041	2,427	64,468
Realised fair value gain transferred to income statements upon disposal of available for sale investments, net of tax	-	-	(3,800)	-	-	-	-	-	(3,800)	-	(3,800)
Unrealised gain on fair value changes on available for sale investments, net of tax	-	-	15,276	-	-	-	-	-	15,276	-	15,276
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-	-	-	(49)	-	-	(49)	-	(49)
Foreign currency translation, net of tax	-	-	-	-	-	3,159	-	-	3,159	(6)	3,153
Total comprehensive income for the financial year	-	-	11,476	-	-	3,110	-	62,041	76,627	2,421	79,048
Transactions with owners:-											
Repurchase of shares	-	-	-	-	-	-	(9,265)	-	(9,265)	-	(9,265)
Issuance of shares in an associate company	-	-	-	-	1,829	-	-	-	1,829	-	1,829
Deconsolidation of a subsidiary company (Note 44(b))	-	-	-	-	-	-	-	-	-	(1,129)	(1,129)
Dilution of equity interests by non-controlling interests in a subsidiary company (Note 45)	-	-	-	-	-	-	-	-	-	(2,125)	(2,125)
Cash dividends paid to owners of the Company (Note 42)	-	-	-	-	-	-	-	(6,558)	(6,558)	-	(6,558)
Total transactions with owners	-	-	-	-	1,829	-	(9,265)	(6,558)	(13,994)	(3,254)	(17,248)
Balance at 30 June 2013	693,334	47,751	39,052	1,200	1,829	4,907	(10,146)	252,365	1,030,292	2,922	1,033,214
Total comprehensive income/(loss) for the financial year											
Profit for the financial year	-	-	-	-	-	-	-	160,404	160,404	280	160,684
Realised fair value gain transferred to income statements upon disposal of available for sale investments, net of tax	-	-	(24,550)	-	-	-	-	-	(24,550)	-	(24,550)
Unrealised gain on fair value changes on available for sale investments, net of tax	-	-	38,318	-	-	-	-	-	38,318	-	38,318
Reserve fund transfer to retained earnings	-	-	-	(1,200)	-	-	-	1,200	-	-	-
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-	-	-	(319)	-	(758)	(1,077)	-	(1,077)
Foreign currency translation, net of tax	-	-	-	-	-	747	-	-	747	34	781
Total comprehensive income/(loss) for the financial year	-	-	13,768	(1,200)	-	428	-	160,846	173,842	314	174,156
Transactions with owners:-											
Repurchase of shares	-	-	-	-	-	-	(3,376)	-	(3,376)	-	(3,376)
Share-based compensation by an associate company pursuant to ESOS granted	-	-	-	-	1,565	-	-	-	1,565	-	1,565
Acquisition of equity interests in subsidiary companies (Note 43(d))	-	-	-	-	-	-	-	-	-	3,901	3,901
Cash dividends paid to owners of the Company (Note 42)	-	-	-	-	-	-	-	(6,642)	(6,642)	-	(6,642)
Total transactions with owners	-	-	-	-	1,565	-	(3,376)	(6,642)	(8,453)	3,901	(4,552)
Balance at 30 June 2014	693,334	47,751	52,820	-	3,394	5,335	(13,522)	406,569	1,195,681	7,137	1,202,818

INSAS BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (CONT'D)

Company	< ----- Attributable to owners of the Company ----- >				
	Non-		<-----Distributable----->		
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
Balance at 1 July 2012	693,334	47,751	(881)	33,551	773,755
Total comprehensive income for the financial year	-	-	-	1,162	1,162
<u>Transactions with owners:-</u>					
Repurchase of shares	-	-	(9,265)	-	(9,265)
Cash dividends paid to owners of the Company (Note 42)	-	-	-	(6,558)	(6,558)
Total transaction with owners	-	-	(9,265)	(6,558)	(15,823)
Balance at 30 June 2013	693,334	47,751	(10,146)	28,155	759,094
Total comprehensive income for the financial year	-	-	-	4,317	4,317
<u>Transactions with owners:-</u>					
Repurchase of shares	-	-	(3,376)	-	(3,376)
Cash dividends paid to owners of the Company (Note 42)	-	-	-	(6,642)	(6,642)
Total transactions with owners	-	-	(3,376)	(6,642)	(10,018)
Balance at 30 June 2014	693,334	47,751	(13,522)	25,830	753,393

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

INSAS BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	171,151	62,600	4,399	4,094
Adjustments for:-				
Accretion of discount on held to maturity investments	(152)	(64)	-	-
Writeback of impairment of financial assets at fair value through profit or loss	(41,312)	(16,354)	-	-
Impairment of available for sale investments	27	1,500	27	-
Impairment of held to maturity investments	-	27	-	-
Allowance for doubtful debts	3,321	214	-	1,504
Allowance for doubtful debts no longer required	(661)	-	(562)	-
Allowance for obsolete inventories	392	416	-	-
Allowance for diminution in value of inventories	86	-	-	-
Amortisation of intangible assets	1	132	-	-
Amortisation of premium on held to maturity investments	4	3	-	-
Bad debts written off	961	58	-	14
Depreciation of property, plant and equipment	10,730	9,399	103	111
Gain on disposal of available for sale investments	(15,150)	-	-	-
Gain on disposal of intangible assets	(264)	-	-	-
Gain on disposal of investment properties	-	(500)	-	-
Gain on disposal of non-current assets classified as held for sale	(1,060)	(4,015)	-	-
Gain on capital repayment by an associate company	-	-	(178)	-
Loss on redemption of held to maturity investments	-	40	-	-
Fair value (gain)/loss on derivatives	(16,304)	9,092	-	-
Fair value gain on investment properties	(3,225)	(7,505)	-	-
Inventories written off	5	5	-	-
Loss on disposal of subsidiary companies (Note 44(b))	-	12	-	-
Gain on disposal of property, plant and equipment	(1,308)	(1,630)	-	-
Excess of fair value over investment cost on acquisition of additional interest in subsidiary companies	(194)	(197)	-	-
Excess of fair value over investment cost on acquisition of associate companies	-	(161)	-	-
Property, plant and equipment written back	-	(28)	-	-
Property, plant and equipment written off	45	27	-	-
Share of profits less losses of associate companies	(45,232)	(25,850)	-	-
Share of profits less losses of joint ventures	-	4,027	-	-
Unrealised foreign exchange (gain)/loss	(5,980)	108	(1,360)	5,826
Writeback of impairment of held to maturity investments	(241)	(18)	-	-
Writeback of allowance for diminution in value of inventories	(6)	(20)	-	-
Dividend income	(8,377)	(6,655)	-	-
Interest expenses	9,080	10,896	1,604	1,091
Interest income	(7,472)	(7,523)	(5,193)	(4,926)
Loss/(Gain) on dilution of equity interest in associate companies	145	(909)	-	-
Provision for impairment loss on investment in subsidiary companies	-	-	1,380	236
Provision for impairment loss on investment in an associate company	14	200	14	200
Writeback of provision for impairment loss on investment in a subsidiary company	-	-	(3,000)	-
Operating profit/(loss) before working capital changes	49,024	27,327	(2,766)	8,150
Changes in working capital:-				
Property development costs	(217)	(91)	-	-
Inventories	3,336	468	-	-
Financial assets at fair value through profit or loss	(96,643)	49,597	-	-

INSAS BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (CONT'D)

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
Changes in working capital (cont'd):-				
Receivables	(9,943)	(22,466)	(132)	358
Payables	23,728	(699)	(177)	294
Associate companies	(64,205)	52,832	(1)	(326)
Subsidiary companies	-	-	(3,671)	21,595
Net cash (used in)/generated from operations	(94,920)	106,968	(6,747)	30,071
Interest received	7,584	7,523	179	396
Interest paid	(9,931)	(10,896)	(1,604)	(1,091)
Tax paid	(5,311)	(2,466)	(31)	(100)
Net cash (used in)/generated from operating activities	(102,578)	101,129	(8,203)	29,276
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment (Note A)	(6,657)	(2,895)	(3)	(18)
Proceeds from disposal of property, plant and equipment	2,394	3,250	-	-
Subscription of shares and investment in associate companies	(19,855)	(17,455)	-	-
Capital repayment by an associate company	1,100	-	1,100	-
Distribution received from joint ventures	-	52,249	-	-
Acquisition of additional equity interest in a subsidiary company from non-controlling interests (Note 45)	-	(1,928)	-	(1,928)
Purchase of investment properties	(5,799)	(9,631)	-	-
Purchase of available for sale investments	(3,430)	(11,491)	(312)	(310)
Purchase of held to maturity investments	(13,196)	(3,218)	-	-
Payment made on non-current assets classified as held for sale	-	(1,125)	-	-
Proceeds from redemption and disposal of held to maturity investments	10,162	10,607	-	-
Payment for intangible assets	-	(265)	-	-
Dividends received	17,719	12,209	-	-
Proceeds from disposal of intangible assets	396	-	-	-
Proceeds from disposal of investment properties	-	1,350	-	-
Proceeds from redemption and disposal of available for sale investment	21,750	-	-	-
Proceeds from disposal of non-current assets classified as held for sale	2,760	13,186	-	-
Net cash outflow on acquisition of equity interest in subsidiary companies (Note 43(d))	(110)	-	-	-
Net cash outflow on disposal of equity interest in subsidiary companies (Note 44(b))	-	(1,141)	-	-
Net cash generated from/(used in) investing activities	7,234	43,702	785	(2,256)
CASH FLOWS FROM FINANCING ACTIVITIES				
(Increase)/Decrease in fixed deposits pledged	(59,066)	51,482	(27)	473
Decrease/(Increase) in cash and bank balances pledged	10,620	(18,209)	-	-
Net cash used in share buyback	(3,376)	(9,265)	(3,376)	(9,265)
Drawdown of loans and borrowings	440,388	100,778	60,000	-
Repayment of loans and borrowings	(371,351)	(169,821)	(42,400)	(11,300)
Cash dividends paid to owners of the Company	(6,642)	(6,558)	(6,642)	(6,558)
Repayment of hire purchase payables	(8,901)	(6,948)	(25)	(10)
Net cash generated from/(used in) financing activities	1,672	(58,541)	7,530	(26,660)

INSAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (CONT'D)

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
CASH AND CASH EQUIVALENTS				
Net changes	(93,672)	86,290	112	360
Brought forward	204,286	117,995	1,165	806
Exchange differences	393	1	-	(1)
Carried forward (Note B)	<u>111,007</u>	<u>204,286</u>	<u>1,277</u>	<u>1,165</u>

NOTES TO STATEMENTS OF CASH FLOWS**A. PROPERTY, PLANT AND EQUIPMENT****Group**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of **RM28,463,000** (2013: RM16,221,000) of which **RM21,806,000** (2013: RM13,326,000) was acquired by means of hire purchase arrangements. Cash payments for the acquisition of property, plant and equipment amounted to **RM6,657,000** (2013: RM2,895,000).

Company

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of **RM3,000** (2013: RM153,000) of which **Nil** (2013: RM135,000) was acquired by means of hire purchase arrangements. Cash payments for the acquisition of property, plant and equipment amounted **RM3,000** (2013: RM18,000).

B. CASH AND CASH EQUIVALENTS COMPRISE OF:-

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Bank overdrafts	(51,061)	(20,800)	-	-
Cash and bank balances	41,238	52,992	1,277	1,165
Deposits with licensed banks and financial institutions	319,585	322,403	1,073	1,046
	<u>309,762</u>	<u>354,595</u>	<u>2,350</u>	<u>2,211</u>
Less:				
Cash and bank balances pledged	(8,701)	(19,321)	-	-
Fixed deposits pledged	(190,054)	(130,988)	(1,073)	(1,046)
	<u>111,007</u>	<u>204,286</u>	<u>1,277</u>	<u>1,165</u>

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

INSAS BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) and Issues Committee Interpretations (“IC Interpretations”) issued by the Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and the requirements of the Companies Act, 1965 in Malaysia.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost convention, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of the reporting period as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

1. BASIS OF PREPARATION (CONT'D)

(b) Basis of measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (ii) Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- (iii) Level 3 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

(c) Functional and presentation currencies

The financial statements are presented in Ringgit Malaysia, which is the Company's functional currency. All financial information presented is in Ringgit Malaysia and all values are rounded to the nearest thousand except when otherwise stated.

(d) The use of estimates and judgements

The preparation of financial statements in conformity with MFRSs and IC Interpretations require the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. It also requires the management and Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the management's and Directors' best knowledge of current events and actions, actual results may differ from those estimates.

1. BASIS OF PREPARATION (CONT'D)

(d) The use of estimates and judgements (cont'd)

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses are outlined below:-

(i) Useful lives of depreciable assets

The management reviews annually the estimated useful lives of depreciable assets based on factors such as business plans and strategies, expected level of usage and future technological developments. Actual results, however, may vary due to changes in estimates brought about by changes in the factors mentioned.

The management does not expect any material difference that would arise on the estimation of useful lives of depreciable assets and the current evaluation of the useful lives of depreciable assets represents a fair estimation of the useful lives of the Group's and of the Company's depreciable assets.

(ii) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 Investment Property in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for administration purposes. If the property is not to be sold separately, the property is an investment property only if an insignificant portion is held for administrative purpose.

(iii) Impairment of assets

(a) Non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of the impairment loss. For the purpose of impairment testing of non-financial assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

1. **BASIS OF PREPARATION (CONT'D)**

(d) The use of estimates and judgements (cont'd)

(iii) Impairment of assets (cont'd)

(a) Non-financial assets (cont'd)

A non-financial asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(b) Financial assets

(i) Loans and receivables and other financial assets carried at amortised cost

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine if a financial asset is impaired, the Group and the Company consider factors such as probability of insolvency or significant or prolonged financial difficulties of the debtor and default and significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(ii) Available for sale investments

The Group and the Company review their available for sale investments at each reporting date to assess whether they are impaired. The Group and the Company also record impairment charges on available for sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of 'significant' or 'prolonged' requires judgement. The Group and the Company evaluate, amongst other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

1. BASIS OF PREPARATION (CONT'D)

(d) The use of estimates and judgements (cont'd)

(iv) Income taxes

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

(v) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised business losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised business losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(vi) Fair value of financial instruments

The management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, the management makes maximum use of market inputs, and uses estimates and assumptions that, as far as possible, consist of observable data that market participants would use in pricing the instrument. Where applicable data is not observable, the management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in a negotiated transaction at the reporting date.

1. **BASIS OF PREPARATION (CONT'D)**

(d) The use of estimates and judgements (cont'd)

(vii) Classification of financial instruments

Held to maturity investments

The Group classifies financial assets as held to maturity investments when it has a positive intention and ability to hold the investments to maturity.

Financial assets at fair value through profit or loss

The Group classifies portfolio quoted investments which was managed and principally held for short term profit making as financial assets at fair value through profit or loss.

Loans and receivables

The Group and the Company classify non-derivative financial assets with fixed or determinable payments that are not quoted in an active market as loans and receivables.

Available for sale investments

The Group and the Company classify non-derivative financial assets as available for sale investments when an instrument cannot be classified in any of the above categories.

(viii) Classification of leases

In applying the classification of leases in MFRS 117, the management considers its leases of motor vehicles as finance lease arrangements. In some cases, the lease transaction is not always conclusive, and the management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership.

(ix) Fair value of derivatives financial instruments

The fair values of outstanding derivative transactions are based on fair values obtained from major financial institutions. Changes in the underlying assumptions could materially impact the income statements.

(x) Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The Group's core businesses are subject to economical and technology changes which may cause selling prices to change rapidly, and the Group's profit to change.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 16 to the financial statements.

1. BASIS OF PREPARATION (CONT'D)

(d) The use of estimates and judgements (cont'd)

(xi) Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the income statements. The Group engaged independent valuation specialists and make reference to market evidence of transacted prices for similar properties using comparable prices adjusted for specific market factors such as nature, location and condition of the property to assess fair value as at the end of reporting period.

The key assumptions used to determine the fair value of the properties are provided in Note 7 to the financial statements.

(xii) Classification of Chantrey House LLP and Eccleston Belgravia LLP as joint ventures

Chantrey House LLP and Eccleston Belgravia LLP are limited liability entities whose legal form confers separation between the parties to the joint arrangement and the entities themselves. Furthermore, the parties to the joint arrangement have joint control and rights to the net assets of the joint arrangement. Accordingly, Chantrey House LLP and Eccleston Belgravia LLP are classified as a joint ventures of the Group.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks are interest rate risk, credit risk, foreign currency exchange risk, liquidity risk and market risk. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group financial risk management practices. The Board regularly reviews these risks and approves the treasury policies covering the management of these risks. It is not the Group's policy to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:-

(a) Interest rate risk

The Group finances its operations through operating cash flows and borrowings. Interest rate exposures arise from the Group's borrowings and placement of deposits with licensed banks and financial institutions. It is the Group's policy to manage its interest costs by obtaining the most favourable interest rates on its borrowings. Surplus funds of the Group are placed with licensed banks and financial institutions on short term deposits to generate interest income.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) Credit risk

The Group seeks to invest cash assets safely and profitably. The Group controls credit risk by application of credit evaluations and approvals, credit limits and monitoring procedures. Trade and loan receivables are monitored on an ongoing basis via management reporting procedures and where necessary, loan receivables are required to deposit sufficient assets as collateral and adhere to credit limits within the fair values of assets placed as collateral. The Group does not have any significant exposure to any individual customer nor does it have any major concentration of credit risk related to any financial instruments.

(c) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result of its normal operating and investing activities whereby purchases and sales are transacted in currencies other than the functional currencies of the entities within the Group. The Group maintains a natural hedge, whenever possible, by matching local currency income against local currency expenditure to minimise foreign exchange exposure. Where necessary, the Group enters into forward foreign currency exchange contracts to hedge the risk exposure on the receivables and payables. The Group also maintains gross profit margin levels that is sufficient to absorb the cost of purchases denominated in foreign currencies.

(d) Liquidity risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all financing and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible instruments to meet its working capital requirements. Certain subsidiary companies within the Group maintain reasonable amount of committed credit and banking facilities to meet their operating needs.

(e) Market risk

The Group faces exposure to the risk from changes in the debt and equity prices, in particular the Group's exposure from changes in market price on its quoted securities and other long term quoted investments. The risk of loss in value of the Group's quoted securities and investments are minimised through thorough analysis before making investments and continuous monitoring of the performance of the investments.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies as disclosed in Note 51 to the financial statements made up to the end of the financial year. The subsidiary companies are consolidated using acquisition method except for M & A Securities Sdn. Bhd., which is consolidated using the merger method of accounting.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(a) Basis of consolidation (cont'd)

Under the merger method of accounting, the results of the subsidiary companies are accounted on a full year basis irrespective of the date of merger. The difference between the nominal value of shares issued as consideration for merger and nominal value of share capital of the subsidiary companies is taken to merger reserve, which in turn is transferred to the income statements.

Following the adoption of MFRS 3, Business Combinations, the Group will comply with the required criteria stipulated in the said standard to consolidate the financial statements using acquisition method for future acquisition of subsidiary companies.

Under the acquisition method of accounting, the results of the subsidiary companies acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair value of the subsidiary companies' net assets are determined and reflected in the Group's financial statements. The excess of the fair value of purchase consideration paid for the shares in the subsidiary companies over the fair value of the underlying net assets of the subsidiary companies acquired represents goodwill arising on consolidation. The goodwill on consolidation is accounted for in accordance with the accounting policy for goodwill stated in Note 3(i) to the financial statements.

The excess of fair value of the underlying net assets of the subsidiary companies acquired over the purchase consideration paid for the shares in the subsidiary companies represents excess of fair value over investment costs and it is recognised immediately in the income statements.

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in the income statements.

If the Group retains any interest in the subsidiary company, then such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity accounted investee or as an available for sale financial asset depending on the level of influence retained.

All inter-company transactions, balances and the resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless cost cannot be recovered.

Uniform accounting policies are adopted by the subsidiary companies for transactions and events in similar circumstances. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

The total assets and liabilities of subsidiary companies are included in the consolidated statement of financial position and the interest of non-controlling interests in the net assets is stated separately.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(b) Property, plant and equipment

(i) Recognition, measurement and derecognition

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(j)(ii) to the financial statements.

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.

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

Cost of properties under construction includes attributable borrowing cost incurred to finance these assets up to the date when these properties are completed and ready for use.

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

(ii) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of other property, plant and equipment is calculated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:-

Freehold buildings	2%
Plant, machinery, motor vehicles and renovation	10 – 33%
Office furniture, fittings and equipment	10 – 50%
Leasehold land and buildings	over the period of 45 to 99 years

The depreciable amount is determined after deducting the residual value.

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

(iii) Changes in estimates

The MFRS 116: Property, plant and equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(b) Property, plant and equipment (cont'd)

(iii) Changes in estimates (cont'd)

During the financial year, a subsidiary company whose principal business is providing premium limousine services, has reviewed and revised the residual values of the motor vehicles so as to reflect the future economic benefits derived from their use. The revision has been accounted for prospectively as a change in accounting estimate and as a result, the depreciation charge for the Group decreased by RM1,148,068 for the current financial year.

(c) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use.

Investment properties are initially measured at cost. The cost of investment properties includes expenditure that is directly attributable to the acquisition of the assets. Subsequent to initial recognition, investment properties are stated at fair value, which is determined by the Directors by reference to market evidence of transacted prices for similar properties and valuation performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair value of investment properties are included in the income statements in the financial year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on retirement or disposal of an investment property are recognised in the income statements in the financial year in which they arise.

Investment properties under construction are measured at cost. These properties are measured at fair value upon them being brought into use.

Land held for development with no significant development activity is accounted for as an investment property.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(d) Financial assets

Financial assets are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are measured initially at fair value plus transaction costs, except for financial assets carried at fair value through profit or loss, which are measured initially at fair value. All financial assets except for those at fair value through profit or loss are subject to review of impairment loss at the reporting date.

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

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

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

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

Financial assets held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria.

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

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

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(d) Financial assets (cont'd)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. The Group's and the Company's loans and receivables comprise of receivables, deposits with licensed banks and financial institutions and cash and bank balances.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less allowance for impairment loss. Discounting is omitted where the effect of discounting is immaterial. Gains and losses are recognised in the income statements when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

(iii) Held to maturity investments

Financial assets that are non-derivative in nature with fixed and determinable payments and fixed maturity are classified as held to maturity investments when the Group and the Company have the intention and ability to hold the investments to maturity.

Subsequent to initial recognition, held to maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in income statements when the held to maturity investments are derecognised or impaired, and through the amortisation process.

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

(iv) Available for sale investments

Available for sale investments are non-derivative financial assets that are designated as available for sale or are not classified in any other categories of financial assets. The Group's and the Company's available for sale investments comprise of investments in quoted and unquoted shares held for long term and club memberships.

Available for sale investments are measured at fair value subsequent to the initial recognition. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income and reported within the available for sale investments fair value reserve within equity, except for impairment losses, foreign exchange differences on monetary assets and interest calculated using the effective interest method which are recognised in the income statements. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statements and presented as a reclassification adjustment within other comprehensive income.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(d) Financial assets (cont'd)

(iv) Available for sale investments (cont'd)

Interest income calculated using the effective interest method is recognised in the income statements. Dividends on an available for sale equity investment are recognised in income statements when the Group's and the Company's rights to receive payment are established.

Available for sale investments whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(f) Subsidiary companies

MFRS 10 Consolidated Financial Statements, which became effective at the beginning of the financial year, introduces a new control model that focuses on whether the investor has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

With the adoption of MFRS 10, the Group assesses subsidiary companies as entities, including structured entities that are controlled by the Group. Control exists when the Group 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. Besides, the Group 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. Upon adoption of MFRS 10 at the beginning of the financial year, the Group had assessed the control conclusion for its investees and concluded there is no change in respect of the Group's investment in subsidiary companies recognised in the preceding financial year.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(f) Subsidiary companies (cont'd)

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost in the Company's financial statements less impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(j)(ii) to the financial statements.

On the disposal of investment in subsidiary companies, the difference between net disposal proceeds and their carrying amounts is recognised in the income statements.

(g) Associate companies and joint ventures

Associate companies are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiary companies.

Investments in associate companies and joint ventures are accounted for in the statements of financial position using the equity method. Under the equity method, the investment in an associate company or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate company or joint venture since the acquisition date. Goodwill relating to the associate companies or joint ventures is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statements reflect the Group's share of the results of operations of the associate companies and joint ventures. Any change in statements of comprehensive income of these investees is presented as part of the Group's statements of comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate company or a joint venture, the Group recognises its share of such change, when applicable, in the statements of changes in equity. Unrealised gains or losses on transactions between the Group and its associate companies and joint ventures are eliminated to the extent of the Group's interest in the associate companies or joint ventures. When the Group's share of losses exceeds its interest in an associate company or joint venture, the Group does not recognise further losses except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate company or joint venture.

The most recent available financial statements of the associate companies and joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, adjustments are made to these financial statements to ensure consistency of the accounting policies used with those of the Group.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(g) Associate companies and joint ventures (cont'd)

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss on its investment in the associate company or joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate company or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of these associate companies or joint ventures and its carrying value. Impairment loss is recognised in income statements.

The Group continues to use the equity method when an investment in an associate company becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate company. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group's interest in an associate company 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 income statements. Any gains or losses previously recognised in statements of comprehensive income are also reclassified proportionately to the income statements if that gain or loss would be required to be reclassified to income statements on the disposal of the related assets or liabilities.

Upon loss of significant influence or joint control over the associate company or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate company or joint venture upon loss of significant influence or joint control and the fair value of the retained investment against proceeds from disposal is recognised in income statements.

In the Company's separate statements of financial position, investments in associate companies and joint ventures are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to income statement.

(h) Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised on a straight-line basis over their estimated economic useful lives and assessed for impairment whenever there is an indication the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least once at each reporting date.

Intangible assets with infinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level. The useful life of an intangible asset with an infinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(h) Intangible assets (cont'd)

(i) Intangible assets – Stock broking dealer's license

The stock broking dealer's license was acquired by M & A Securities Sdn. Bhd., a wholly-owned subsidiary company of the Company, to operate as a "1+1 Broker" and the acquisition cost is recognised as an intangible asset in the statements of financial position.

The useful life of the stock broking dealer's license is assessed to be infinite and therefore is not amortised. The useful life of the intangible asset is reviewed annually to determine whether the infinite useful life assessment continues to be supportable. If not, the change in useful life from infinite to finite is made on a prospective basis.

The intangible asset is stated at cost less accumulated impairment losses. The intangible asset is tested for impairment annually, or more frequently if the event and circumstances indicates that the carrying value may be impaired. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(j)(ii) to the financial statements.

(ii) Intangible assets – Development expenditure

Intangible asset arising from development or from the development phase of an internal project is recognised if all of the following have been demonstrated:-

- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical feasibility, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for expenditure incurred on development activities is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Expenditure incurred on development activities that do not meet these criteria are expensed to the income statements when incurred.

The expenditure on development activities are stated at cost less accumulated amortisation and impairment losses. The expenditure is to be amortised on a straight line basis over the expected useful lives of between 2 to 3 years.

The policy for measurement and recognition of impairment losses is in accordance with Note 3(j)(ii) to the financial statements.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(h) Intangible assets (cont'd)

(iii) Intangible assets – Trademarks

The initial cost incurred on the search, application for registration and certification for the rights to use a trademark is capitalised, and is stated at cost less accumulated amortisation and impairment losses. The trademark is assessed to have a finite useful life and is amortised on a straight-line basis over 10 years, being the validity period the certificate of registration of the trademark granted.

The policy for measurement and recognition of impairment losses is in accordance with Note 3(j)(ii) to the financial statements.

(i) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary company at the date of acquisition.

Goodwill arising on the acquisition of subsidiary companies is presented separately in the consolidated statement of financial position while goodwill arising on the acquisition of associate companies and joint ventures is included in the carrying amount of the investment in associate company and joint ventures.

Goodwill on consolidation is stated at cost less impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the goodwill may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised in the income statements when the carrying amount of the cash generating unit including goodwill exceeds the recoverable amount of the cash generating unit. Recoverable amount of the cash generating unit is the higher of the cash generating unit's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash generating unit and then to the other assets of the cash generating unit proportionately on the basis of the carrying amount of each asset in the cash generating unit.

Impairment loss recognised on goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(j) Impairment of assets

(i) Impairment of financial assets

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

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments. For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio over the average credit period and the observable changes in national or local economic conditions that correlate with default in receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in the income statements.

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

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

(ii) Available for sale investments

In the case of equity instruments classified as available for sale, significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor and the disappearance of an active trading market are considerations to determine whether there is objective evidence that available for sale investments are impaired.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(j) Impairment of assets (cont'd)

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

(ii) Available for sale investments (cont'd)

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

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

(ii) Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of their non-financial assets to determine whether there is any indication of impairment.

If any such indication exists, or when annual impairment testing for a non-financial asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the non-financial asset is less than its carrying amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 non-financial asset.

An impairment loss is recognised in the income statements.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for a non-financial asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the non-financial asset recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(j) Impairment of assets (cont'd)

(ii) Impairment of non-financial assets (cont'd)

All reversals of impairment losses are recognised as income in the income statements. After such a reversal, the depreciation and amortisation of non-financial assets charges are adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful lives.

(k) Non-current assets classified as held for sale and discontinued operations

A component of the Group is classified as discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary company acquired exclusively with a view for resale.

Disposal groups or non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual or customary.

Immediately before the initial recognition of the disposal group or the asset classified as held for sale, the carrying amounts of the assets are measured in accordance with applicable MFRSs. Upon classification as held for sale, the disposal group and non-current assets is measured at the lower of carrying amount and fair value less costs to sell and is not depreciated. Any differences are recognised in the income statements.

(l) Property development costs

When property is under development, the Directors have to consider whether the contract comprises a contract to construct a property or a contract for the sale of a completed property.

When a contract is judged to be for the construction of property whereby the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser and when the financial outcome of a development activity can be reliably estimated, property development revenue and expenditure are recognised using the percentage of completion method as construction progresses. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs. In applying this method, only those costs that reflect actual development work performed are included as property development costs incurred. Where the financial outcome of a development activity cannot be reliably estimated, development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(l) Property development costs (cont'd)

When the contract is judged to be for the sale of a completed property, property development revenue and expenditure are recognised when significant risks and rewards of ownership of the real estate have been transferred to the purchaser.

Property development expenditure comprise cost of land and all related costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Any expected loss on a development project, including costs to be incurred over the defect liability period is recognised as an expense immediately.

(m) Inventories

Inventories comprising raw materials, work in progress, finished goods, goods purchased for resale and completed development properties held for sale are stated at the lower of cost and net realisable value.

Cost is determined using first in first out method, weighted average cost method or by specific identification. The cost of raw materials comprises costs of purchase. The cost of finished goods and work-in-progress comprise cost of raw materials, direct labor, other direct costs and appropriate proportions of production overheads based on normal operating capacity. The cost of completed development properties held for sale under inventories comprises cost associated with the acquisition of land and construction costs, other direct costs and appropriate proportion of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs incurred in marketing, selling and distribution.

(n) Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances, bank overdrafts and deposits placed with licensed banks and financial institutions that are free from encumbrances and short-term highly liquid investments which have an insignificant risk of changes in value.

The Group has excluded remisiers' deposits and clients' monies held in trust by the stock broking subsidiary company and cash and fixed deposits pledge to licensed banks and financial institutions from its cash and cash equivalents.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(o) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

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

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and accruals, hire purchase payables, loans and borrowings and amount due to subsidiary and associate companies.

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

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

For other financial liabilities, gains or losses are recognised in income statements when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statements.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(p) Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in the income statements immediately.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in income statements when the changes arise.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(q) Equity

Ordinary shares are classified as equity which are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction cost of an equity transaction which comprise only those incremental external costs directly attributable to the equity transaction are accounted for as a deduction from share premium, net of tax, from the proceeds.

When issued shares of the Company are repurchased, the consideration paid, including directly attributable costs is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statements on the sale, reissuance or cancellation of treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

(r) Non-controlling interests

Non-controlling interests in the consolidated statements of financial position consist of their share of the fair values of identifiable assets and liabilities of the acquiree and advances received from the non-controlling interests.

Non-controlling interests are presented in the consolidated statements of financial position and statements 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 on the face of the consolidated income statements as an allocation of the total profit or loss for the period between the non-controlling interests and the owners of the Company.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(r) Non-controlling interests (cont'd)

Changes in the Company owners' ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if it results in the non-controlling interests carrying a deficit balance.

(s) Hire purchase payables

The cost of property, plant and equipment acquired under hire purchase arrangements are capitalised. The depreciation policy on these property, plant and equipment is similar to that of the Group's property, plant and equipment depreciation policy. Outstanding obligation due under the hire purchase arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on hire purchase arrangements are allocated to income statements over the period of the respective agreements.

(t) Provision for liabilities

Provision for liabilities are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

(u) Contingencies

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

(v) Financial guarantee contracts

Financial guarantee contracts are recognised in the statements of financial position, initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as expenses in the income statements over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(w) Income tax and deferred tax

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

Current tax is recognised in the income statements except to the extent that the tax relates to items recognised outside the income statements, either in other comprehensive income or directly in equity.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary differences arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authorities.

(x) Revenue recognition

(i) Sale of goods and trading activities

Revenue from sale of goods and trading activities is measured at the fair value of the consideration receivable and is recognised upon delivery of product and customer acceptance, if any, net of discount and sales returns. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Sale of securities

Revenue from sale of securities are recognised based on the contracted value.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(x) Revenue recognition (cont'd)

(iii) Revenue from broking activities

Revenue from broking activities are recognised upon execution of contract. Brokerage income is accounted for before dealer's representatives' commissions and incentives.

(iv) Rental income

Rental income from investment properties are recognised in income statements on a straight-line basis over the specific tenure of the respective leases. The aggregate cost of incentives provided to lessee is recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Dividend income

Dividend income is recognised when the right to receive payment has been established and no significant uncertainty existed with regard to its receipt.

(vi) Interest income

Interest income is recognised on accruals basis unless recoverability is in doubt, in which case the recognition of interest is suspended. Subsequent to suspension, interest is recognised on receipt basis.

Interest income from investments in bonds, loan stocks and other income generating investments are recognised on a time proportion basis that takes into account the effective yield of the assets.

(vii) Revenue from services and fee income

Revenue from services is recognised when services are rendered and invoice issued. Revenue is recognised net of sales and service tax, where applicable.

Fee from advisory and corporate finance activities, revenue on fee income from sale of customised goods and services and contract maintenance are recognised upon completion of each stage of the engagement.

- (viii) All other revenues are recognised when the right to receive payment is established and to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(y) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(y) Foreign currencies (cont'd)

(ii) Foreign currency transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of initial transaction.

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in the income statements for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statements for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

For the purposes of consolidation, net assets of the foreign subsidiary companies are translated into Ringgit Malaysia at the exchange rate ruling at the reporting date. Income and expenses of the foreign subsidiary companies are translated at average exchange rates for the financial year, which is taken as a close approximation of the exchange rates applicable at the date of the transactions. All resulting exchange differences arising from these translations are recognised in other comprehensive income and accumulated under exchange translation reserves in equity. The exchange translation reserve is reclassified from equity to the consolidated income statement of the Group on disposal of the foreign operation.

(z) Operating leases

Leases of assets where substantially all the risks and rewards of ownership of the assets remain with the lessor are accounted for as operating leases. Operating lease payments are recognised as an expense in the income statements on a straight-line basis over the term of the relevant leases.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the income statements immediately. The aggregate benefit of incentives provided by the lessor, if any, is recognised as a reduction of rental expense on a straight-line basis over the term of the lease.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(aa) Borrowing costs

All borrowing costs are expensed to the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as part of the cost of a qualifying asset if the cost is directly attributable to the acquisition, construction or production of the qualifying asset.

Capitalisation of borrowing costs commences when the activities to prepare the qualifying asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the asset is substantially completed for its intended use or sale. 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.

(bb) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contribution is recognised as an expense in the income statements as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries statutory pension schemes.

(cc) Segmental reporting

The Group prepares segmental reporting wherein the operating segments are identified on the basis of internal reports on the operating segments of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance.

In identifying the operating segments, the management generally follows the Group's classification of operating segments, which represent the main products and services provided by the Group. Each of these operating segments is managed separately as each of these segments requires different technologies and resources. All inter segment transfers are carried out on negotiated basis.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(dd) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ("the reporting entity"). A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

A person or a close member of that person's family is related to the reporting entity if that person:-

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity.

An entity is related to the reporting entity if any of the following conditions applies:-

- the entity and the reporting entity are members of the same group;
- one entity is an associate or joint venture of the reporting entity;
- both the entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entities controlled or jointly-controlled by a person identified in the preceding paragraph above; or
- a person who has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity.

4. **MFRSs**

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year and in conformity with the applicable MFRSs issued by the Malaysian Accounting Standards Board ("MASB").

(a) Adoption of new and revised standards that are effective

At the beginning of the current financial year, the Group and the Company adopted MFRSs and amendments to MFRSs which are mandatory for the financial year beginning on or after 1 July 2013.

Initial application of the standards and amendments to the standards did not have material impact to the financial statements except for the following changes which require additional disclosures and affect the presentation of the financial statements.

The nature and the impact of these new standards and amendments are described below:-

(i) **MFRS 10 Consolidated Financial Statements**

As a result of MFRS 10, the Group and the Company have changed their accounting policy for determining whether they have control over an entity and consequently whether they consolidate the investee. MFRS 10 introduces a new control model that focuses on whether the Group and the Company have power over an investee, exposure or rights to variable returns from their involvement with the investee and ability to use their power to affect those returns.

4. **MFRSs (CONT'D)**

(a) Adoption of new and revised standards that are effective (cont'd)

The nature and the impact of these new standards and amendments are described below (cont'd):-

(i) **MFRS 10 Consolidated Financial Statements (cont'd)**

Upon initial adoption, the Group and the Company reassessed the control conclusions for their investees at 1 July 2013 and no impact to the financial statements was noted.

(ii) **MFRS 11 Joint Arrangements**

The Group and the Company have changed their accounting policy for their interests in joint arrangements in the current financial year as a result of the adoption of MFRS 11. Under MFRS 11, the Group and the Company are required to classify their interest in joint arrangement as either joint operations (if the Group and the Company have rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group and the Company have rights only to the net assets of an arrangement). When making this assessment, the Group and the Company considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

Upon adoption of MFRS 11 on 1 July 2013, the Group and the Company have re-evaluated their involvement in the joint arrangements and no impact to the financial statements was noted.

(iii) **MFRS 12 Disclosure of Interests in Other Entities**

MFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiary companies, joint arrangements, associate companies and/or unconsolidated structured entities. The application of MFRS 12 requires more extensive disclosures in the consolidated financial statements. Other than the additional disclosures, the application of MFRS 12 has not had any material impact on the amounts recognised in the consolidated financial statements. MFRS 12 disclosures are provided in Note 10 to Note 12 to the financial statements.

(iv) **MFRS 13 Fair Value Measurement**

The Group and the Company have applied MFRS 13 for the first time in the current financial year. MFRS 13 established a single source of guidance and disclosure for fair value measurements. The scope of MFRS 13 is broad. The fair value measurement requirements of MFRS 13 apply to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of MFRS 2 Share-based Payment, leasing transactions that are within the scope of MFRS 117 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

4. **MFRSs (CONT'D)**

(a) Adoption of new and revised standards that are effective (cont'd)

The nature and the impact of these new standards and amendments are described below (cont'd):-

(iv) **MFRS 13 Fair Value Measurement (cont'd)**

MFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under MFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, MFRS 13 includes extensive disclosure requirements.

MFRS 13 requires prospective application from 1 July 2013. In addition, specific transition provisions were given to entities such that they need not apply the disclosure requirements set out in MFRS 13 in comparative information provided for periods before the initial application of MFRS 13. In accordance with these transitional provisions, the Group and the Company have not made any new disclosures required by MFRS 13 for the comparative year. Other than the additional disclosures, the application of MFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements. The additional disclosures are provided in the individual notes relative to the assets and liabilities whose fair values were determined.

(v) **Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities**

The Group and the Company have applied the amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities for the first time in the current financial year. The amendments to MFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting arrangements or similar arrangement.

The amendments have been applied retrospectively. As the Group and the Company do not have any offsetting arrangements in place, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the financial statements.

4. **MFRSs (CONT'D)**

(a) Adoption of new and revised standards that are effective (cont'd)

The nature and the impact of these new standards and amendments are described below (cont'd):-

(vi) **Amendments to MFRS 101 Presentation of Financial Statements (As part of the Annual Improvements to MFRSs 2009 – 2011 Cycle) issued in July 2012**

The Annual Improvements to MFRSs 2009 – 2011 have made a number of amendments to MFRSs. The amendments that are relevant to the Group and the Company are the amendments to MFRS 101 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and the retrospective application, restatement or reclassification has a material effect on the information in the third statements of financial position. The amendments specify that related notes are not required to accompany the third statements of financial position.

In the current year, the Group and the Company have applied a number of new MFRSs and amendments to MFRSs, which has not resulted in material effects on the information in the statements of financial position as at 1 July 2012 as such there is no third statements of financial position presented.

(b) New and revised standards that are issued but not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the MASB but are not yet effective, and have not been early adopted by the Group and the Company.

Management anticipates that all of the relevant pronouncement will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

The initial application of these standards and amendments are not expected to have any material financial impacts to the financial statements of the Group and of the Company, except for:-

(i) **MFRS 9 Financial Instruments**

MFRS 9, published in July 2014, replaces the existing guidance in MFRS 139 Financial Instruments: Recognition and Measurement. MFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from MFRS 139.

4. MFRSs (CONT'D)

(b) New and revised standards that are issued but not yet effective (cont'd)

The initial application of these standards and amendments are not expected to have any material financial impacts to the financial statements of the Group and of the Company, except for (cont'd):-

(i) **MFRS 9 Financial Instruments (cont'd)**

MFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group and the Company are assessing the potential impact on its consolidated financial statements resulting from the application of MFRS 9.

(ii) **MFRS 15 Revenue from Contracts with Customers**

MFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including MFRS 118 Revenue, MFRS 111 Construction Contracts and IC Int. 13 Customer Loyalty Programmes.

MFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of MFRS 15.

5. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company are investment holding and the provision of management services. The principal activities of its subsidiary companies, associate companies and joint ventures are disclosed in Note 51 to 53 to the financial statements. There were no significant changes in the Group's and the Company's activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. The principal place of business of the Company is located at Suite 23.02, Level 23, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 October 2014.

6. PROPERTY, PLANT AND EQUIPMENT

Group	Land and	Plant	Motor		Office	Total
	buildings	and	vehicles	Renovation	furniture,	
2014	RM'000	machinery	RM'000	RM'000	fittings and	RM'000
Cost	RM'000	RM'000	RM'000	RM'000	equipment	RM'000
At beginning of financial year	22,242	378	54,039	6,921	8,970	92,550
Additions	-	41	26,924	694	804	28,463
Transfer from investment properties	1,850	-	-	-	-	1,850
Transfer to investment properties	(55)	-	-	-	-	(55)
Disposals	-	(31)	(5,535)	(91)	-	(5,657)
Exchange differences	73	2	326	10	17	428
Acquisition of subsidiary companies	-	-	131	139	7,079	7,349
Written off	-	-	-	(179)	(1,933)	(2,112)
At end of financial year	24,110	390	75,885	7,494	14,937	122,816
Accumulated depreciation						
At beginning of financial year	1,182	351	21,729	2,435	7,132	32,829
Charge for the financial year	328	21	8,871	643	867	10,730
Transfer to investment properties	(14)	-	-	-	-	(14)
Disposals	-	(3)	(4,547)	(21)	-	(4,571)
Exchange differences	1	1	97	1	(1)	99
Acquisition of subsidiary companies	-	-	82	138	5,766	5,986
Written off	-	-	-	(161)	(1,906)	(2,067)
At end of financial year	1,497	370	26,232	3,035	11,858	42,992
Net carrying amount as at 30 June 2014	22,613	20	49,653	4,459	3,079	79,824

Analysis of land and buildings:-

2014	Freehold	Short term	Long term	Total
	land and buildings	leasehold	leasehold	
Cost	RM'000	land and building	land and buildings	RM'000
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year	3,098	2,888	16,256	22,242
Transfer from investment properties	1,850	-	-	1,850
Transfer to investment properties	(55)	-	-	(55)
Exchange differences	-	73	-	73
At end of financial year	4,893	2,961	16,256	24,110
Accumulated depreciation				
At beginning of financial year	770	70	342	1,182
Charge for the financial year	76	67	185	328
Transfer to investment properties	(14)	-	-	(14)
Exchange differences	-	1	-	1
At end of financial year	832	138	527	1,497
Net carrying amount as at 30 June 2014	4,061	2,823	15,729	22,613

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)

2013 Cost	<u>Land and buildings</u> RM'000	<u>Plant and machinery</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Renovation</u> RM'000	<u>Office furniture, fittings and equipment</u> RM'000	<u>Total</u> RM'000
At beginning of financial year	31,709	351	48,494	6,486	11,807	98,847
Additions	-	28	15,225	503	465	16,221
Transfer from investment properties	1,434	-	-	-	-	1,434
Transfer to investment properties	(10,722)	-	-	-	-	(10,722)
Disposals	(190)	-	(9,752)	(2)	(15)	(9,959)
Exchange differences	11	(1)	44	(48)	(6)	-
Reclassification	-	-	-	(3)	3	-
Written back	-	-	28	-	-	28
Written off	-	-	-	(15)	(3,284)	(3,299)
At end of financial year	22,242	378	54,039	6,921	8,970	92,550
Accumulated depreciation						
At beginning of financial year	3,368	289	22,458	1,848	9,731	37,694
Charge for the financial year	440	62	7,576	638	683	9,399
Transfer to investment properties	(2,619)	-	-	-	-	(2,619)
Disposals	(7)	-	(8,324)	(1)	(7)	(8,339)
Exchange differences	-	-	19	(49)	(4)	(34)
Written off	-	-	-	(1)	(3,271)	(3,272)
At end of financial year	1,182	351	21,729	2,435	7,132	32,829
Net carrying amount as at 30 June 2013	21,060	27	32,310	4,486	1,838	59,721

Analysis of land and buildings:-

2013 Cost	<u>Freehold land and buildings</u> RM'000	<u>Short term leasehold land and building</u> RM'000	<u>Long term leasehold land and buildings</u> RM'000	<u>Total</u> RM'000
At beginning of financial year	14,010	2,877	14,822	31,709
Transfer from investment properties	-	-	1,434	1,434
Transfer to investment properties	(10,722)	-	-	(10,722)
Disposal	(190)	-	-	(190)
Exchange differences	-	11	-	11
At end of financial year	3,098	2,888	16,256	22,242
Accumulated depreciation				
At beginning of financial year	3,196	7	165	3,368
Charge for the financial year	200	63	177	440
Transfer to investment properties	(2,619)	-	-	(2,619)
Disposal	(7)	-	-	(7)
At end of financial year	770	70	342	1,182
Net carrying amount as at 30 June 2013	2,328	2,818	15,914	21,060

6. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Company

2014 Cost	Motor vehicle RM'000	Renovation RM'000	Furniture and fittings RM'000	Computer equipment RM'000	Office equipment RM'000	Total RM'000
At beginning of financial year	332	108	534	103	190	1,267
Additions	-	-	-	3	-	3
At end of financial year	332	108	534	106	190	1,270
Accumulated depreciation						
At beginning of financial year	198	87	335	88	152	860
Charge for the financial year	29	21	33	9	11	103
At end of financial year	227	108	368	97	163	963
Net carrying amount as at 30 June 2014	105	-	166	9	27	307
2013 Cost						
At beginning of financial year	185	108	534	97	190	1,114
Additions	147	-	-	6	-	153
At end of financial year	332	108	534	103	190	1,267
Accumulated depreciation						
At beginning of financial year	185	65	283	77	139	749
Charge for the financial year	13	22	52	11	13	111
At end of financial year	198	87	335	88	152	860
Net carrying amount as at 30 June 2013	134	21	199	15	38	407

(a) The net carrying amount of property, plant and equipment pledged to licensed banks for banking facilities granted to the Group are as follows:-

	Group	
	2014 RM'000	2013 RM'000
Freehold land and buildings	4,061	2,328
Short term leasehold land and building	2,823	2,818
Long term leasehold land and buildings	15,729	15,914
	22,613	21,060

6. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(b) The net carrying amount of property, plant and equipment acquired under hire purchase arrangements are as follows:-

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Motor vehicles	<u>45,813</u>	<u>30,319</u>	<u>105</u>	<u>134</u>

7. **INVESTMENT PROPERTIES**

Group	Freehold land RM'000	Freehold land and buildings RM'000	Long term leasehold land and buildings RM'000	Freehold land and buildings under construction RM'000	Leasehold land and buildings under construction RM'000	Land held for development RM'000	Total RM'000
2014							
At beginning of financial year	12,920	54,898	36,508	9,106	-	38,000	151,432
Additions	-	-	88	5,711	-	-	5,799
Transfer from property, plant and equipment	-	41	-	-	-	-	41
Transfer to property, plant and equipment	-	(1,850)	-	-	-	-	(1,850)
Fair value (loss)/gain	-	(1,052)	4,277	-	-	-	3,225
Exchange differences	-	905	164	-	-	-	1,069
Net carrying amount as at 30 June 2014	<u>12,920</u>	<u>52,942</u>	<u>41,037</u>	<u>14,817</u>	<u>-</u>	<u>38,000</u>	<u>159,716</u>
2013							
At beginning of financial year	12,190	44,136	34,084	-	2,025	37,576	130,011
Additions	-	-	-	9,106	525	-	9,631
Transfer from property, plant and equipment	-	8,103	-	-	-	-	8,103
Transfer to property, plant and equipment	-	-	(1,434)	-	-	-	(1,434)
Disposal	-	-	-	-	(850)	-	(850)
Fair value gain	730	2,516	3,835	-	-	424	7,505
Exchange differences	-	143	23	-	-	-	166
Transfer to non-current assets classified as held for sale	-	-	-	-	(1,700)	-	(1,700)
Net carrying amount as at 30 June 2013	<u>12,920</u>	<u>54,898</u>	<u>36,508</u>	<u>9,106</u>	<u>-</u>	<u>38,000</u>	<u>151,432</u>

(a) The rental income and associated direct operating expenses of the investment properties are disclosed in Note 31, Note 32 and Note 35 to the financial statements.

7. INVESTMENT PROPERTIES (CONT'D)

- (b) The carrying amount of investment properties pledged to licensed banks for banking facilities granted to the Group are as follows:-

	<u>2014</u> RM'000	<u>2013</u> RM'000
Freehold land and buildings	65,412	67,418
Long term leasehold land and buildings	40,949	36,508
	<u>106,361</u>	<u>103,926</u>

- (c) Investment properties are stated at fair value. The following table provides an analysis of the fair value hierarchy of investment properties that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 based on degree to which the fair value is observable:-

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
Group				
2014				
<u>Investment properties</u>				
Freehold land	-	12,920	-	12,920
Freehold land and buildings	-	52,942	-	52,942
Long term leasehold land and buildings	-	41,037	-	41,037
Land held for development	-	38,000	-	38,000
	<u>-</u>	<u>144,899</u>	<u>-</u>	<u>144,899</u>
2013				
<u>Investment properties</u>				
Freehold land	-	12,920	-	12,920
Freehold land and buildings	-	54,898	-	54,898
Long term leasehold land and buildings	-	36,508	-	36,508
Land held for development	-	38,000	-	38,000
	<u>-</u>	<u>142,326</u>	<u>-</u>	<u>142,326</u>

7. **INVESTMENT PROPERTIES (CONT'D)**

- (c) Investment properties are stated at fair value. The following table provides an analysis of the fair value hierarchy of investment properties that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 based on degree to which the fair value is observable (cont'd):-

The Level 2 fair value measurements are derived from the following valuation methods adopted to determine the fair value of the investment properties:-

- (i) Sales comparison method entails analysing the recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made to differences in location, visibility, size and tenure etc.
- (ii) Investment method entails determining the net annual income by deducting annual outgoings from gross annual income and capitalising the net income by suitable rate of return consistent with the type and investment to arrive at the market value of the investment properties.
- (iii) Reference to market evidence of transacted prices for similar properties using comparable prices adjusted for specific market factors such as nature, location and condition of the investment properties.

8. **AVAILABLE FOR SALE INVESTMENTS**

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Unquoted investment outside Malaysia, at cost	14,422	11,181	-	-
Unquoted investment in Malaysia, at cost	5,000	13,575	-	-
Quoted securities in Malaysia, at valuation	84,598	70,830	-	-
Other investments in Malaysia, at cost	751	751	345	345
Other investment outside Malaysia, at cost	1,697	1,385	622	310
	<u>106,468</u>	<u>97,722</u>	<u>967</u>	<u>655</u>
Less:				
Accumulated amortisation	(200)	(200)	-	-
Accumulated impairment	(27)	(1,500)	(27)	-
	<u>106,241</u>	<u>96,022</u>	<u>940</u>	<u>655</u>
Market value of quoted securities in Malaysia	<u>84,598</u>	<u>70,830</u>	<u>-</u>	<u>-</u>

Quoted securities in Malaysia with market value of RM58,960,000 (2013: RM54,780,000) and unquoted investment outside Malaysia with cost of RM11,304,000 (2013: Nil) have been charged to licensed financial institutions for credit facility granted to the Company and its subsidiary company.

9. HELD TO MATURITY INVESTMENTS

	Group	
	<u>2014</u> RM'000	<u>2013</u> RM'000
<u>Non-current (maturity later than 1 year)</u>		
Unquoted corporate bonds, at cost		
- in Malaysia	-	1,000
- outside Malaysia	30,084	23,239
	<hr/>	<hr/>
	30,084	24,239
(Less)/Add:-		
Accretion of discounts	(94)	(245)
Amortisation of premiums	-	3
	<hr/>	<hr/>
Unquoted corporate bonds		
- in Malaysia	-	1,001
- outside Malaysia	29,990	22,996
	<hr/>	<hr/>
	29,990	23,997
	<hr/>	<hr/>
<u>Current (maturity within 1 year)</u>		
Unquoted corporate bonds outside Malaysia, at cost	6,008	8,819
Add/(Less):-		
Accretion of discounts	-	(1)
Amortisation of premiums	-	1
Exchange differences	196	49
Diminution in value	(29)	(270)
	<hr/>	<hr/>
Unquoted corporate bonds outside Malaysia	6,175	8,598
	<hr/>	<hr/>
	36,165	32,595
	<hr/>	<hr/>

The Group's investments in unquoted corporate bonds outside Malaysia amounting to RM36,165,000 (2013: RM31,594,000) have been charged to certain licensed financial institutions for credit facilities granted to the Group.

The effective interest rate per annum for held to maturity investments are 3.10% to 10.25% (2013: 3.10% to 10.25%).

10. **SUBSIDIARY COMPANIES**

	Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000
(a) Unquoted shares, at cost	201,949	201,949
Less: Accumulated impairment losses	(34,996)	(36,616)
	<u>166,953</u>	<u>165,333</u>

The Group's and the Company's equity interest in subsidiary companies, their respective principal activities and countries of incorporation are shown in Note 51 to the financial statements. The Company does not have any subsidiary companies which are controlled with less than a majority of voting rights and the Group does not have any material non-controlling interests.

(b) Amount due from/(to) subsidiary companies

	Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000
Amount due from subsidiary companies	702,931	692,724
Less: Allowance for impairment	(8,775)	(9,337)
	<u>694,156</u>	<u>683,387</u>

The amount due from subsidiary companies are interest bearing (except for certain advances which are interest free) and are repayable on demand.

The amount due to subsidiary companies are interest free and are repayable on demand.

11. **ASSOCIATE COMPANIES**

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
(a) Quoted shares, at cost	44,141	28,156	-	-
Unquoted shares, at cost	19,203	18,415	262	1,184
Group's share of post acquisition profits less losses	75,513	41,983	-	-
Group's share of exchange translation reserve	(306)	13	-	-
Group's share of other reserve	3,394	1,829	-	-
	<u>141,945</u>	<u>90,396</u>	<u>262</u>	<u>1,184</u>
Less:				
Accumulated impairment loss	(214)	(200)	(214)	(200)
	<u>141,731</u>	<u>90,196</u>	<u>48</u>	<u>984</u>
Represented by:-				
Share of net assets	130,616	87,710		
Goodwill on acquisition	11,115	2,486		
	<u>141,731</u>	<u>90,196</u>		
Market value of quoted securities in Malaysia	<u>517,492</u>	<u>107,530</u>		

11. ASSOCIATE COMPANIES (CONT'D)

(a) (Cont'd)

The Group's and the Company's equity interest in the associate companies, their respective principal activities and countries of incorporation are shown in Note 52 to the financial statements.

(b) The amount due from associate companies are unsecured, interest free (except for certain advances which are interest bearing) and are repayable on demand.

The amount due to associate companies are interest free and are repayable on demand.

(c) The summarised financial information of the Group's major associate companies are as follows:-

Financial positions as at 30 June 2014	<u>Inari Amertron Berhad Group</u> RM'000	<u>Melium Holdings Sdn. Bhd. Group</u> RM'000	<u>Winfields Development Sdn. Bhd. Group</u> RM'000	<u>Other associate companies</u> RM'000	<u>Total</u> RM'000
<u>Assets and liabilities</u>					
Non-current assets	145,319	27,687	73,061	5,382	251,449
Current assets	351,856	86,430	346,124	79,087	863,497
Non-current liabilities	(69,104)	(15,514)	(9,561)	(20,315)	(114,494)
Current liabilities	(169,899)	(48,305)	(371,531)	(52,393)	(642,128)
Net assets	<u>258,172</u>	<u>50,298</u>	<u>38,093</u>	<u>11,761</u>	<u>358,324</u>
Carrying amount of the proportion of the Group's ownership	<u>85,440</u>	<u>21,804</u>	<u>15,237</u>	<u>8,135</u>	<u>130,616</u>
Financial performance for financial year ended 30 June 2014					
<u>Results</u>					
Revenue	<u>793,655</u>	<u>168,377</u>	<u>5,996</u>	<u>32,928</u>	<u>1,000,956</u>
Attributable to owners of the investee:					
Profit/(Loss) for the financial year	99,220	2,040	31,154	(2,686)	129,728
Other comprehensive loss	(3,383)	-	(57)	(117)	(3,557)
Total comprehensive income/(loss)	<u>95,837</u>	<u>2,040</u>	<u>31,097</u>	<u>(2,803)</u>	<u>126,171</u>
<u>Group's share of:-</u>					
Profit/(Loss) for the financial year	32,793	885	12,462	(908)	45,232
Other comprehensive loss	(1,019)	-	(23)	(35)	(1,077)
Total comprehensive income/(loss)	<u>31,774</u>	<u>885</u>	<u>12,439</u>	<u>(943)</u>	<u>44,155</u>
Dividend received	<u>9,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,913</u>

11. ASSOCIATE COMPANIES (CONT'D)

- (c) The summarised financial information of the Group's major associate companies are as follows (cont'd):-

Financial positions as at 30 June 2013	<u>Inari Amertron Berhad Group</u> RM'000	<u>Melium Holdings Sdn. Bhd. Group</u> RM'000	<u>Winfields Development Sdn. Bhd. Group</u> RM'000	<u>Other associate companies</u> RM'000	<u>Total</u> RM'000
<u>Assets and liabilities</u>					
Non-current assets	123,029	24,411	64,477	3,901	215,818
Current assets	249,376	62,219	295,642	67,562	674,799
Non-current liabilities	(61,264)	(3,994)	(9,506)	(18,809)	(93,573)
Current liabilities	(153,073)	(34,378)	(343,617)	(25,461)	(556,529)
Net assets	<u>158,068</u>	<u>48,258</u>	<u>6,996</u>	<u>27,193</u>	<u>240,515</u>
Carrying amount of the proportion of the Group's ownership	<u>53,662</u>	<u>20,920</u>	<u>2,798</u>	<u>10,330</u>	<u>87,710</u>
Financial performance for financial year ended 30 June 2013					
<u>Results</u>					
Revenue	<u>241,140</u>	<u>146,897</u>	<u>9,395</u>	<u>31,443</u>	<u>428,875</u>
Attributable to owners of the investee:					
Profit/(Loss) for the financial year	42,014	13,068	16,446	(207)	71,321
Other comprehensive loss	(32)	-	(91)	-	(123)
Total comprehensive income/(loss)	<u>41,982</u>	<u>13,068</u>	<u>16,355</u>	<u>(207)</u>	<u>71,198</u>
<u>Group's share of:-</u>					
Profit/(Loss) for the financial year	14,308	5,665	6,578	(701)	25,850
Other comprehensive loss	(12)	-	(37)	-	(49)
Total comprehensive income/(loss)	<u>14,296</u>	<u>5,665</u>	<u>6,541</u>	<u>(701)</u>	<u>25,801</u>
Dividend received	<u>5,033</u>	<u>-</u>	<u>-</u>	<u>1,190</u>	<u>6,223</u>

12. JOINT VENTURES

	Group	
	2014 RM'000	2013 RM'000
(a) Unquoted shares, at cost	-*	-*
Group's share of post acquisition profits and reserves	-	-
	<u>-</u>	<u>-</u>

* represents RM1

12. **JOINT VENTURES (CONT'D)**

(a) (cont'd)

During the previous financial year, one of the joint venture entities disposed of its investment property held in the United Kingdom. Subsequent to the disposal of the investment property in the previous financial year, the joint ventures made a capital cum surplus distribution to their members.

The Group's equity interest in the joint ventures, their respective principal activities and countries of incorporation are shown in Note 53 to the financial statements.

(b) The summarised financial information of the joint ventures not adjusted for the proportion of ownership interest held by the Group were as follows:-

	<u>2014</u> RM'000	<u>2013</u> RM'000
<u>Assets and liabilities</u>		
Current assets	1,251	1,841
Current liabilities	(124)	(178)
	<hr/>	<hr/>
Net assets	1,127	1,663
	<hr/>	<hr/>
<u>Results</u>		
Revenue	-	2,659
(Loss)/Profit for the financial year	(353)	3,845
	<hr/>	<hr/>

The Group has accounted for the equity interest in the joint ventures up to the period the joint ventures has accounted for the disposal of its investment property and made the capital cum surplus distribution in the previous financial year. The Group's equity interest in the joint ventures' net assets subsequent to the disposal of the investment property will be accounted for by the Group upon receiving future distribution, if any, from the joint ventures.

(c) The joint ventures did not have any contingent liabilities as at 30 June 2014 and 30 June 2013.

13. **INTANGIBLE ASSETS**

Group

2014	Stock broking dealer's license RM'000	Development expenditure capitalised RM'000	Trademarks RM'000	Total RM'000
Cost				
At beginning of financial year	45,500	430	17	45,947
Disposal	-	(265)	-	(265)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of financial year	45,500	165	17	45,682
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated amortisation				
At beginning of financial year	7,053	297	13	7,363
Charge for the financial year	-	1	-	1
Disposal	-	(133)	-	(133)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of financial year	7,053	165	13	7,231
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated impairment losses				
At beginning and end of financial year	12,400	-	-	12,400
	<hr/>	<hr/>	<hr/>	<hr/>
Net carrying amount				
as at 30 June 2014	26,047	-	4	26,051
	<hr/>	<hr/>	<hr/>	<hr/>

13. INTANGIBLE ASSETS (CONT'D)

Group (cont'd)

2013	Stock broking dealer's license RM'000	Development expenditure capitalised RM'000	Trademarks RM'000	Total RM'000
Cost				
At beginning of financial year	45,500	165	17	45,682
Additions	-	265	-	265
At end of financial year	45,500	430	17	45,947
Accumulated amortisation				
At beginning of financial year	7,053	165	12	7,230
Charge for the financial year	-	131	1	132
Exchange differences	-	1	-	1
At end of financial year	7,053	297	13	7,363
Accumulated impairment losses				
At beginning and end of financial year	12,400	-	-	12,400
Net carrying amount				
as at 30 June 2013	26,047	133	4	26,184

Impairment testing of stock broking dealer's license

The stock broking dealer's license had been allocated to the stock broking subsidiary company's stock broking business as a cash generating unit ("CGU"), a reportable segment for impairment testing. The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections covering a five-year period and a terminal value beyond the five-year period with an assumed growth rate of 9% (2013: 10%) in perpetuity approved by the management of the stock broking subsidiary company. The discount rate applied to the cash flow projections is 9% (2013: 9%). The recoverable amount of the CGU is compared to the total carrying amount of the dealer's license.

Key assumptions used in value in use calculation of CGU

The key assumptions on which the management of the stock broking subsidiary company has based its cash flow projections to undertake impairment testing of the stock broking dealer's license are set out below:-

(a) **Budgeted gross brokerage rate and gross margin rate**

This is determined based on the CGU's past performance and the management of the stock broking subsidiary company's expectation of the performance of the local stock market index and market development.

(b) **Operational costs**

Other operational costs are expected to increase in line with expected inflation or expansion of the stock broking business.

14. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At beginning of financial year	3,076	(2,907)	(104)	(104)
Recognised in the income statements (Note 38)	(5,137)	5,984	64	-
Exchange differences	(7)	(1)	-	-
At end of financial year	<u>(2,068)</u>	<u>3,076</u>	<u>(40)</u>	<u>(104)</u>
Presented as follows:-				
Deferred tax assets	1,733	4,125	-	-
Deferred tax liabilities	(3,801)	(1,049)	(40)	(104)
	<u>(2,068)</u>	<u>3,076</u>	<u>(40)</u>	<u>(104)</u>

The components of deferred tax assets and liabilities during the financial year are as follows:-

Deferred tax assets

Group	Unutilised tax losses RM'000	Unabsorbed capital allowances RM'000	Temporary differences between depreciation and capital allowances RM'000	Total RM'000
2014				
At beginning of financial year	2,923	1,018	184	4,125
Recognised in the income statements	(2,098)	(799)	505	(2,392)
At end of financial year	<u>825</u>	<u>219</u>	<u>689</u>	<u>1,733</u>
2013				
At beginning of financial year	2,984	1,019	184	4,187
Recognised in the income statements	(62)	-	-	(62)
Exchange differences	1	(1)	-	-
At end of financial year	<u>2,923</u>	<u>1,018</u>	<u>184</u>	<u>4,125</u>

The unutilised tax losses and unabsorbed capital allowances are available for offset against future taxable profits. The utilisation of the deferred tax assets is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

14. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax liabilities

Group	Real Property Gains Tax on fair value adjustment of investment <u>properties</u> RM'000	Temporary differences between depreciation and <u>capital allowances</u> RM'000	<u>Total</u> RM'000
2014			
At beginning of financial year	5	1,044	1,049
Recognised in the income statements	2,470	275	2,745
Exchange differences	-	7	7
At end of financial year	2,475	1,326	3,801
2013			
At beginning of financial year	6,083	1,011	7,094
Recognised in the income statements	(6,078)	32	(6,046)
Exchange differences	-	1	1
At end of financial year	5	1,044	1,049

Company	Temporary differences between depreciation and <u>capital allowances</u> RM'000	<u>Total</u> RM'000
2014		
At beginning of financial year	104	104
Recognised in the income statements	(64)	(64)
At end of financial year	40	40
2013		
At beginning and end of financial year	104	104

As at reporting date, the Group has deferred tax assets not recognised in the financial statements as follows:-

	Group	
	<u>2014</u> RM'000	<u>2013</u> RM'000
Temporary differences between depreciation and capital allowances	40	28
Provision for expenses	(12)	(23)
Unutilised tax losses	(15,473)	(16,449)
Unabsorbed capital allowances	(1,688)	(1,688)
	<u>(17,133)</u>	<u>(18,132)</u>

The above unutilised tax losses and unabsorbed capital allowances are available for offset against future taxable profits. Deferred tax assets in respect of these items have not been recognised as it was not certain that future taxable profit will be available against which the Group can utilise the benefits.

15. **PROPERTY DEVELOPMENT COSTS**

	Group	
	<u>2014</u> RM'000	<u>2013</u> RM'000
<u>Development cost:-</u>		
At beginning of financial year	9,350	5,222
Addition during the financial year	217	4,128
	9,567	9,350
At end of financial year	9,567	9,350

16. **INVENTORIES**

	Group	
	<u>2014</u> RM'000	<u>2013</u> RM'000
Unsold units of apartments and houses	8,342	10,439
Electronic, multimedia and computer devices, components and peripherals	1,408	1,230
Wines	3,818	4,114
Others	41	48
	13,609	15,831
	13,609	15,831

17. **TRADE RECEIVABLES**

	Group	
	<u>2014</u> RM'000	<u>2013</u> RM'000
Trade receivables	415,651	404,611
Less: Allowance for impairment	(74,583)	(74,236)
	341,068	330,375
	341,068	330,375

Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

17. **TRADE RECEIVABLES (CONT'D)**

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

	<u>2014</u> RM'000	<u>2013</u> RM'000
Neither past due nor impaired	286,837	234,700
1 to 30 days past due not impaired	1,750	751
31 to 60 days past due not impaired	2,641	808
61 to 90 days past due not impaired	951	1,399
91 to 120 days past due not impaired	228	113
More than 121 days past due not impaired	48,661	92,604
Impaired	<u>74,583</u>	<u>74,236</u>
	<u>415,651</u>	<u>404,611</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with insignificant losses noted. These trade receivables amounting to RM251,630,000 (2013: RM208,414,000) are secured in nature.

Trade receivables that are past due but not impaired amounting to RM49,047,000 (2013: RM92,855,000) are secured in nature. The remaining balance of trade receivables of RM5,184,000 (2013: RM2,820,000) that are past due but not impaired are unsecured in nature and the management is of the view these debts are recoverable and it relates to a number of independent customers from whom there is no recent history of default.

Trade receivables that are impaired amounting to RM74,583,000 (2013: RM74,236,000) relate to receivables that are in significant financial difficulties and have defaulted on repayments. These receivables are not secured by any collateral.

The carrying amount of the collateral represents an approximation of fair value of the assets at the reporting date.

The movement of the allowance account used to record the impairment is as follows:-

	Group	
	<u>2014</u> RM'000	<u>2013</u> RM'000
At beginning of financial year	74,236	74,424
Charge for the financial year	3,300	90
Acquisition of a subsidiary company	168	-
Written off against trade receivables	(2,485)	(284)
Writeback during the financial year	(661)	-
Exchange differences	25	6
	<u>74,583</u>	<u>74,236</u>
At end of financial year	<u>74,583</u>	<u>74,236</u>

18. **OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Sundry receivables	11,420	10,198	137	6
Deposits paid	8,342	3,841	718	718
Prepayments	2,501	1,786	35	34
	<u>22,263</u>	<u>15,825</u>	<u>890</u>	<u>758</u>
Less: Allowance for impairment	<u>(987)</u>	<u>(921)</u>	<u>-</u>	<u>-</u>
	<u>21,276</u>	<u>14,904</u>	<u>890</u>	<u>758</u>

The Group's and Company's sundry receivables are creditworthy debtors with insignificant losses noted and are repayable on demand. The Group's and the Company's deposits paid are not impaired.

The movement of the allowance account used to record the impairment is as follows:-

	Group	
	<u>2014</u> RM'000	<u>2013</u> RM'000
At beginning of financial year	921	768
Charge for the financial year	21	124
Exchange differences	45	29
At end of financial year	<u>987</u>	<u>921</u>

19. **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	Group	
	<u>2014</u> RM'000	<u>2013</u> RM'000
Quoted securities, at market value		
- in Malaysia	153,642	60,769
- outside Malaysia	134,532	88,485
	<u>288,174</u>	<u>149,254</u>

The Group's financial assets at fair value through profit or loss amounting to RM133,659,000 (2013: RM86,983,000) are pledged to certain licensed banks and financial institutions for banking facilities granted to the Group.

20. **DEPOSITS WITH LICENSED BANKS AND FINANCIAL INSTITUTIONS**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits placed with:-				
- licensed banks	162,428	205,949	1,073	1,046
- licensed financial institutions	157,157	116,454	-	-
	<u>319,585</u>	<u>322,403</u>	<u>1,073</u>	<u>1,046</u>

Included under deposits placed with licensed banks and financial institutions of the Group are fixed deposits of RM190,054,000 (2013: RM130,988,000) which have been pledged to licensed banks and financial institutions as security for banking and credit facilities granted to the Group.

Deposits placed with licensed banks of the Company amounting to RM1,073,000 (2013: RM1,046,000) have been pledged as security for banking and credit facilities granted to the Company.

Dealer's representatives' deposits and clients' trust monies received of RM90,242,000 (2013: RM62,990,000) are excluded from deposits with licensed banks and financial institutions of the Group in accordance with Financial Reporting Standards Implementation Committee Consensus 18.

The effective interest rate per annum for deposits with licensed banks and financial institutions of the Group and of the Company are 0.001% to 3.16% (2013: 0.01% to 4.65%) and 2.20% to 2.85% (2013: 2.55% to 2.60%) respectively.

21. **CASH AND BANK BALANCES**

Included in the cash and bank balances of the Group are:-

- (a) an amount of RM1,115,000 (2013: RM1,093,000) maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations. The withdrawal of funds from the housing development accounts are restricted to property development costs incurred in respect of the development projects.
- (b) an amount of RM8,701,000 (2013: RM19,321,000) pledged to certain licensed banks and financial institutions for banking facilities granted to the Group.

Dealer's representatives' deposits and clients' trust monies received of RM3,900,000 (2013: RM4,211,000) are excluded from cash and bank balances of the Group in accordance with Financial Reporting Standards Implementation Committee Consensus 18.

22. **NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

The non-current assets classified as held for sale are as follows:-

Group	<u>Leasehold land and buildings under construction</u> RM'000	<u>Total</u> RM'000
2014		
Cost		
At beginning of financial year	1,700	1,700
Disposal	(1,700)	(1,700)
Net carrying amount as at 30 June 2014	-	-
2013		
Cost		
At beginning of financial year	8,046	8,046
Addition	1,125	1,125
Transfer from investment properties (Note 7)	1,700	1,700
Disposal	(9,171)	(9,171)
Net carrying amount as at 30 June 2013	1,700	1,700

In the previous financial year, certain investment properties of a wholly-owned subsidiary company was reclassified to non-current assets classified as held for sale due to several Sale and Purchase Agreements were entered into with third parties for the disposal of the leasehold land and buildings owned by the wholly-owned subsidiary company.

23. **SHARE CAPITAL**

	Group and Company			
	<u>Number of shares</u>		<u>Amount</u>	
	<u>2014</u> '000	<u>2013</u> '000	<u>2014</u> RM'000	<u>2013</u> RM'000
Authorised:-				
Ordinary shares of RM1 each				
At beginning and end of financial year	1,500,000	1,500,000	1,500,000	1,500,000
Issued and fully paid up:-				
Ordinary shares of RM1 each				
At beginning and end of financial year	693,334	693,334	693,334	693,334

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

24. **TREASURY SHARES**

	Group and Company			
	<u>Number of shares</u>		<u>Amount</u>	
	<u>2014</u> '000	<u>2013</u> '000	<u>2014</u> RM'000	<u>2013</u> RM'000
At beginning of financial year	23,156	1,966	10,146	881
Shares repurchased classified as treasury shares	5,971	21,190	3,376	9,265
At end of financial year	<u>29,127</u>	<u>23,156</u>	<u>13,522</u>	<u>10,146</u>

The shareholders of the Company had by an ordinary resolution passed at the Annual General Meeting held on 19 December 2013, approved the Company's plan to purchase its own shares up to a maximum of 69,333,363 ordinary shares of RM1 each representing approximately 10% of the total issued and fully paid up share capital of the Company.

The Directors of the Company are of the opinion that the share buy-back is in the best interests of the Company and its shareholders.

During the current and preceding financial year, the Company bought back its issued ordinary shares from the open market as follows:-

	<u>No. of shares</u>	<u>Total cost</u> RM	<u>Purchase price per share</u>		
			<u>Highest</u> RM	<u>Lowest</u> RM	<u>Average</u> RM
Balance at 1 July 2012	1,965,691	881,120	0.86	0.24	0.45
Purchases during the preceding financial year					
- September 2012	1,454,300	579,300	0.40	0.39	0.40
- October 2012	373,000	150,987	0.41	0.40	0.40
- November 2012	2,546,400	1,013,469	0.41	0.39	0.40
- December 2012	13,043,000	5,849,637	0.47	0.41	0.45
- January 2013	1,524,400	684,301	0.46	0.42	0.45
- February 2013	725,400	304,030	0.43	0.41	0.42
- March 2013	632,100	268,584	0.43	0.42	0.42
- April 2013	411,000	181,029	0.44	0.44	0.44
- May 2013	480,900	233,387	0.51	0.42	0.49
Balance at 30 June 2013	23,156,191	10,145,844	0.86	0.24	0.44
Purchases during the financial year					
- September 2013	600,500	322,029	0.54	0.51	0.54
- October 2013	5,370,600	3,054,723	0.61	0.55	0.57
Balance at 30 June 2014	<u>29,127,291</u>	<u>13,522,596</u>	<u>0.86</u>	<u>0.24</u>	<u>0.46</u>

The share buy-back transactions were financed by internal generated funds of the Company. The shares bought back are being held as treasury shares in accordance with the provision of Section 67A of the Companies Act, 1965.

Company No: 4081 M

25. RESERVES

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Non-distributable:-				
Share premium	47,751	47,751	47,751	47,751
Available for sale investments fair value reserve	52,820	39,052	-	-
Reserve fund	-	1,200	-	-
Other reserves	3,394	1,829	-	-
Exchange translation reserve	5,335	4,907	-	-
	<u>109,300</u>	<u>94,739</u>	<u>47,751</u>	<u>47,751</u>

The Rules of Bursa Malaysia Securities Berhad governing Participating Organisations to set aside a certain minimum percentage of its audited profit after tax to a non-distributable reserve fund was amended and the reserve fund is transferred to retained earnings.

Share premium represents the excess of the consideration received over the nominal value of shares issued by the Company. It is not to be distributed by way of cash dividends and its utilisation shall be in the manner as set out in Section 60(3) of the Companies Act, 1965.

The available for sale investments fair value reserve represents the cumulative fair value changes of available for sale equity investments until they are disposed of or impaired.

Other reserves refer to the Group's equity share of certain associate companies' capital and other reserves.

The exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and the Group's equity share of certain associate companies' exchange translation reserves.

26. LOANS AND BORROWINGS

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
<u>Current</u>				
<u>Unsecured</u>				
Term loan	83	-	-	-
<u>Secured</u>				
Bank overdrafts	51,061	20,800	-	-
Term loans	120,831	74,987	-	-
Revolving credit facilities	56,900	42,700	51,300	33,700
	<u>228,875</u>	<u>138,487</u>	<u>51,300</u>	<u>33,700</u>
<u>Non-current</u>				
<u>Unsecured</u>				
Term loan	128	-	-	-
<u>Secured</u>				
Term loans	16,150	7,178	-	-
	<u>16,278</u>	<u>7,178</u>	<u>-</u>	<u>-</u>
	<u>245,153</u>	<u>145,665</u>	<u>51,300</u>	<u>33,700</u>

26. **LOANS AND BORROWINGS (CONT'D)**

The maturities of the loans and borrowings as at the reporting date are as follows:-

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
On demand or within 1 year	228,875	138,487	51,300	33,700
More than 1 year and less than 2 years	3,888	498	-	-
More than 2 years and less than 5 years	6,453	1,255	-	-
More than 5 years	5,937	5,425	-	-
	<u>245,153</u>	<u>145,665</u>	<u>51,300</u>	<u>33,700</u>

The loans and borrowings of the Group are secured against the followings:-

- (i) fixed charge over certain landed properties of the Group;
- (ii) certain quoted and unquoted securities, fixed deposits and bank balances of the Group;
- (iii) corporate guarantee of the Company;
- (iv) deeds of assignment over the rights, titles and interests of certain landed properties of the Group;
- (v) assignment of rental proceeds of certain landed properties of the Group; and
- (vi) power of attorney in favor of the financial institutions over the properties.

The loans and borrowings of the Company are secured against the followings:-

- (i) fixed charge over certain landed properties held by certain subsidiary companies;
- (ii) certain quoted securities held by certain subsidiary companies;
- (iii) fixed deposit and certain bank balances of the Company;
- (iv) a deed of assignment over certain landed properties held by a subsidiary company; and
- (v) assignment of rental proceeds from certain landed properties held by certain subsidiary companies.

The unsecured term loan is guaranteed by a personal guarantee extended by one of the directors of a subsidiary company.

The effective interest rates per annum on the loans and borrowings as at the reporting date were as follows:-

	Group		Company	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Bank overdrafts	7.85% - 9.10%	7.85% - 9.10%	-	-
Term loans	0.35% - 7.10%	0.19% - 7.10%	-	-
Revolving credit facilities	<u>4.89% - 5.98%</u>	<u>4.71% - 5.94%</u>	<u>4.89% - 5.98%</u>	<u>4.78% - 5.94%</u>

27. HIRE PURCHASE PAYABLES

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Payable within 1 year	11,850	8,367	30	30
Payable after 1 year but not later than 5 years	28,431	17,963	78	109
Payable after 5 years	470	204	-	-
	<u>40,751</u>	<u>26,534</u>	<u>108</u>	<u>139</u>
Less: Interest in suspense	(3,565)	(2,283)	(8)	(14)
Present value of hire purchase payables	<u>37,186</u>	<u>24,251</u>	<u>100</u>	<u>125</u>
Present value of hire purchase payables				
- within 1 year (Note 30)	10,332	7,340	26	25
- after 1 year but not later than 5 years	26,394	16,711	74	100
- after 5 years	460	200	-	-
Present value of hire purchase payables	<u>37,186</u>	<u>24,251</u>	<u>100</u>	<u>125</u>

The hire purchase payables within 1 financial year have been included under other payables and accruals.

The effective interest rate per annum for hire purchase payables were as follows:-

	Group		Company	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Hire purchase payables	<u>2.41% - 9.50%</u>	<u>2.42% - 5.34%</u>	<u>2.42%</u>	<u>2.42%</u>

28. DERIVATIVE FINANCIAL LIABILITIES

	Group	
	<u>2014</u> RM'000	<u>2013</u> RM'000
Negative fair value on:-		
Currency forwards contracts and options	963	7,198
Other equity related contracts	2,910	12,893
	<u>3,873</u>	<u>20,091</u>

As at the reporting date, the contracted underlying principal amount of the Group's currencies forwards contracts and options and the equity related contracts are RM93,425,000 (2013: RM82,028,000).

Company No: 4081 M**29. TRADE PAYABLES**

Margin creditors, clients' trust monies and dealer's representatives' security deposits amounting to RM94,142,000 (2013: RM67,201,000) are excluded from trade payables of the Group in accordance with Financial Reporting Standards Implementation Committee Consensus 18.

30. OTHER PAYABLES AND ACCRUALS

Other payables and accruals consist of the followings:-

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Hire purchase payables (Note 27)	10,332	7,340	26	25
Accrued expenses	13,747	8,676	418	583
Deposits received	3,055	6,363	-	-
Accrued interest expenses	73	924	-	-
Other payables	27,716	32,975	27	39
	<u>54,923</u>	<u>56,278</u>	<u>471</u>	<u>647</u>

31. REVENUE

Significant categories of revenue recognised during the financial year are as follows:-

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Sale of financial assets at fair value through profit or loss and other instruments	177,700	227,421	-	-
Interest income	25,206	21,873	-	-
Brokerage commissions	23,279	12,717	-	-
Car rental	22,666	18,992	-	-
Management, advisory and consultancy fees	9,259	6,170	492	492
Sale of goods and services	5,550	2,710	-	-
Sale of properties and car parks	4,160	32	-	-
Rental income from letting of properties	3,718	3,755	-	-
Dividend income	653	860	2,980	13,423
Others	4,329	2,794	-	-
	<u>276,520</u>	<u>297,324</u>	<u>3,472</u>	<u>13,915</u>

32. **COST OF SALES**

Included in cost of sales are, amongst other items, the followings:-

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Allowance for obsolete inventories	392	416	-	-
Depreciation of property, plant and equipment	8,665	7,338	-	-
Direct operating expenses arising from investment property:-				
- rental generating property	6	3	-	-
Allowance for diminution in value of inventories	86	-	-	-
Rental of motor vehicles	3	122	-	-
Writeback of allowance for diminution in value of inventories	(6)	(20)	-	-

33. **OTHER INCOME**

Included in other income are, amongst other items, the followings:-

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Accretion of discount on held to maturity investments	152	64	-	-
Allowance for doubtful debts no longer required	661	-	562	-
Bad debts recovered	3,600	8	-	-
Fair value gain on investment properties	3,225	7,505	-	-
Fair value gain on derivatives	16,304	-	-	-
Gain on disposal of intangible asset	264	-	-	-
Gain on capital repayment from an associate company	-	-	178	-
Gain on disposal of available for sale investments	15,150	-	-	-
Gain on disposal of property, plant and equipment	1,308	1,630	-	-
Gain on disposal of investment properties	-	500	-	-
Gain on disposal of non-current assets classified as held for sale	1,060	4,015	-	-
Gross dividends from financial assets at fair value through profit or loss:-				
- quoted in Malaysia	1,433	1,787	-	-
- quoted outside Malaysia	4,487	2,935	-	-
Gross dividends from available for sale investments:-				
- quoted in Malaysia	1,655	1,655	-	-
- unquoted in Malaysia	-	234	-	-
- unquoted outside Malaysia	802	44	-	-
Interest income from:-				
- fixed deposits	5,199	5,026	179	396
- associate companies	32	71	-	-
- subsidiary companies	-	-	5,014	4,530
- loans and receivables	425	211	-	-
- held to maturity investments	1,787	2,151	-	-
- others	29	64	-	-

33. **OTHER INCOME (CONT'D)**

Included in other income are, amongst other items, the followings (cont'd):-

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Excess of fair value over investment cost on acquisition of additional interest in subsidiary companies	194	197	-	-
Excess of fair value over investment cost on acquisition of associate companies	-	161	-	-
Property, plant and equipment written back	-	28	-	-
Rental income	52	42	-	-
Realised foreign exchange gains	2,136	-	-	-
Unrealised foreign exchange gains	5,980	-	1,360	-
Writeback of provision for impairment loss on investment in a subsidiary company	-	-	3,000	-
Writeback of impairment of held to maturity investments	241	18	-	-
Writeback of impairment of financial assets at fair value through profit or loss	<u>41,312</u>	<u>16,354</u>	<u>-</u>	<u>-</u>

34. **ADMINISTRATION EXPENSES**

Included in administration expenses are, amongst other items, the followings:-

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Auditors' remuneration:-				
SJ Grant Thornton				
Statutory audit fees				
- current financial year	192	176	32	28
- underprovision in previous financial year	11	14	4	2
Other external auditors				
Statutory audit fees				
- current financial year	86	66	-	-
- overprovision in previous financial year	(2)	(1)	-	-
Depreciation of property, plant and equipment	307	178	103	111
Lease rental payable to a subsidiary company	-	-	-	20
Rental of premises	<u>1,142</u>	<u>889</u>	<u>372</u>	<u>372</u>

35. **OTHER OPERATING EXPENSES**

Included in other operating expenses are, amongst other items, the followings:-

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Impairment of available for sale investments	27	1,500	27	-
Impairment of held to maturity investments	-	27	-	-
Allowance for doubtful debts	3,321	214	-	1,504
Amortisation of intangible assets	1	132	-	-
Amortisation of premium on held to maturity investments	4	3	-	-
Auditors' remuneration:-				
SJ Grant Thornton				
Statutory audit fees				
- current financial year	71	64	-	-
Other external auditors				
Statutory audit fees				
- current financial year	6	10	-	-
- underprovision in previous financial year	6	-	-	-
Bad debts written off	961	58	-	14
Depreciation of property, plant and equipment	1,758	1,883	-	-
Direct operating expenses arising from investment properties:-				
- rental generating properties	845	840	-	-
- non-rental generating properties	72	123	-	-
Fair value loss on derivatives	-	9,092	-	-
Hire of equipment	393	465	-	-
Inventories written off	5	5	-	-
Loss on disposal of a subsidiary company	-	12	-	-
Realised foreign exchange loss	-	3,050	-	-
Unrealised foreign exchange loss	-	108	-	5,826
Loss on redemption of held to maturity investments	-	40	-	-
Property, plant and equipment written off	45	27	-	-
Provision for impairment loss on investment in subsidiary companies	-	-	1,380	236
Provision for impairment loss on investment in an associate company	14	200	14	200
Rental of motor vehicle	1	1	-	-
Rental of premises	548	468	-	-

Company No: 4081 M**36. FINANCE COSTS**

Finance costs comprise of the following expenses:-

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Interest expenses:-				
- term loans	4,498	8,040	-	-
- bank overdrafts	1,167	435	-	-
- revolving credit facilities	1,990	1,322	1,599	1,088
- hire purchase payables	1,425	1,099	5	3
	<u>9,080</u>	<u>10,896</u>	<u>1,604</u>	<u>1,091</u>

37. EXCEPTIONAL ITEM

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
(Loss)/Gain on dilution of equity interest in associate companies	<u>(145)</u>	<u>909</u>	<u>-</u>	<u>-</u>

38. TAXATION

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
<u>Income tax:-</u>				
Provision for current financial year				
- Malaysia income tax	5,161	2,010	115	2,873
- Overseas income tax	152	1,245	-	-
Underprovision in previous financial year	17	861	31	59
<u>Deferred tax (Note 14):-</u>				
Transfer to deferred taxation	2,419	67	-	-
Under/(Over)provision in previous financial year	212	(6,056)	(64)	-
Effect of changes in tax rates	36	-	-	-
Deferred Real Property Gains Tax	2,470	5	-	-
	<u>10,467</u>	<u>(1,868)</u>	<u>82</u>	<u>2,932</u>

The Malaysian Budget 2008 introduced a single tier income tax system with effect from year of assessment 2008. Under the single tier system, tax on profits of companies is a final tax and dividend distributed will be exempted from tax in the hands of shareholders. All companies will be in the single tier income tax system on 1 January 2014. With effect from 1 January 2014, the Company has switched over to the single tier system.

38. TAXATION (CONT'D)

The reconciliation of income tax expenses on profit before taxation with the applicable statutory income tax rate is as follows:-

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before taxation	171,151	62,600	4,399	4,094
Income tax at the Malaysian statutory tax rate of 25% (2013: 25%)	42,788	15,650	1,100	1,024
Tax effect in respect of:-				
Non-allowable expenses	5,606	4,213	642	1,764
Income not subject to tax	(39,452)	(16,487)	(1,627)	-
Deferred Real Property Gains Tax on fair value adjustment of investment properties	2,470	5	-	-
Effect of different tax rates in other countries	(721)	112	-	-
Effect of changes in tax rates	36	-	-	-
Overseas tax paid on dividend income	510	1,239	-	-
Utilisation of previously unrecognised deferred tax assets	(1,391)	(2,123)	-	-
Deferred taxation not recognised in the financial statements	392	718	-	85
Tax expenses for current financial year	10,238	3,327	115	2,873
Under provision for taxation in previous financial year	17	861	31	59
Under/(Over) provision for deferred taxation in previous financial year	212	(6,056)	(64)	-
Tax expenses for the financial year	10,467	(1,868)	82	2,932
Unutilised tax losses carried forward subject to agreement of the tax authorities	65,338	77,463	-	-
Unabsorbed capital allowances carried forward subject to agreement of the tax authorities	8,041	10,634	-	-

39. **EARNINGS PER SHARE**

Basic earnings per share

Earnings per share for the financial year has been calculated based on the Group's profit for the financial year attributable to the owners of the Company of RM160,404,000 (2013: RM62,041,000) divided by the weighted average number of ordinary shares in issue during the financial year of 665,649,000 ordinary shares (2013: 679,113,000 ordinary shares), after taking into consideration the movement of shares bought back by the Company.

Diluted earnings per share

Diluted earnings per share is not computed as there were no dilutive potential equity instruments in issue that gave diluted effect to the earnings per share.

40. **DIRECTORS' REMUNERATION**

The aggregate remuneration paid and payable to the Directors of the Company for the financial year, categorised into the appropriate components are as follows:-

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Executive Directors:-				
Salaries and other emoluments	5,327	2,875	240	240
Defined contribution plan	124	121	72	72
Benefits-in-kind	23	35	23	35
	<u>5,474</u>	<u>3,031</u>	<u>335</u>	<u>347</u>
Non-Executive Directors:-				
Salaries and other emoluments	2,221*	1,395	-	-
Defined contribution plan	71	77	-	-
Fees	64	64	64	64
Benefits-in-kind	29	29	14	14
	<u>2,385</u>	<u>1,565</u>	<u>78</u>	<u>78</u>
	<u>7,859</u>	<u>4,596</u>	<u>413</u>	<u>425</u>

* This includes the aggregate remuneration of Non-Executive Directors of the Company who are Executive Directors of certain subsidiary companies.

Company No: 4081 M**41. STAFF COSTS**

	Group		Company	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	RM'000	RM'000	RM'000	RM'000
Salaries, bonus, wages and allowances	32,289	27,450	3,520	2,931
Social security cost	127	124	19	17
Defined contribution plan	2,788	2,397	446	391
Other staff related expenses	52	231	-	-
	<u>35,256</u>	<u>30,202</u>	<u>3,985</u>	<u>3,339</u>

Included in staff cost of the Group and of the Company are executive and non-executive directors' remuneration amounting to RM7,807,000 (2013: RM4,532,000) and RM376,000 (2013: RM376,000) respectively as disclosed in Note 40 to the financial statements.

42. DIVIDENDS

	Group and Company	
	<u>2014</u>	<u>2013</u>
	RM'000	RM'000
Interim single-tier dividend of 1 sen per ordinary share paid on 24 February 2014	6,642	-
Interim dividend of 1.3 sen per ordinary share less income tax at 25% paid on 26 February 2013	-	6,558
	<u>6,642</u>	<u>6,558</u>

43. INFORMATION ON THE ACQUISITION OF SUBSIDIARY COMPANIES DURING THE FINANCIAL YEAR AND SUMMARY EFFECT OF ACQUISITION OF SUBSIDIARY COMPANIES

- (a) Details of the subsidiary companies acquired by the Group during the financial year is as follows:-

The Company's wholly-owned subsidiary company, Insas Technology Berhad ("ITB") had on 15 April 2013 acquired 450,000 ordinary shares of RM1.00 each, representing 36% equity interest in the share capital in J&C Pacific Sdn. Bhd. ("J&C") for a cash consideration of RM2.0 million. On 6 May 2014, ITB acquired additional 187,500 ordinary shares of RM1.00 each, representing 15% equity interest in J&C for a cash consideration of RM1.0 million. Upon completion of the acquisition, J&C became a 51% owned subsidiary company of the Group.

J&C is a private limited company incorporated under the Companies Act 1965. The principal activities of J&C are provision of mobile telecommunication products and services and mobile airtime reload services.

43. **INFORMATION ON THE ACQUISITION OF SUBSIDIARY COMPANIES DURING THE FINANCIAL YEAR AND SUMMARY EFFECT OF ACQUISITION OF SUBSIDIARY COMPANIES (CONT'D)**

- (b) Details of the subsidiary company acquired by the Group in the preceding financial year was as follows:-

The Company had on 19 March 2013 incorporated a wholly owned subsidiary company known as Montego Management Services Pte. Ltd. ("Montego") in Singapore under the Singapore Companies Act (Cap.50).

The principal activities of Montego are investment holding and provision of management services. The issued and paid up share capital of Montego is S\$1.00 comprising of 1 ordinary share.

- (c) The effect of the acquisition of J&C (2013: Acquisition of Montego) on the financial results of the Group during the financial year are as follows:-

	Group	
	<u>2014</u>	<u>2013</u>
	RM'000	RM'000
Revenue	1,371	-
Cost of sales	(1,098)	-
	<hr/>	<hr/>
Gross profit	273	-
Other income	283	-
Administration expenses	(586)	(5)
Other operating expenses	(107)	-
Finance costs	(1)	-
	<hr/>	<hr/>
Loss before taxation	(138)	(5)
Taxation	-	-
	<hr/>	<hr/>
Loss after taxation	(138)	(5)
	<hr/>	<hr/>
<u>Attributable to:-</u>		
Owners of the Company	(70)	(5)
Non-controlling interests	(68)	-
	<hr/>	<hr/>

If the acquisition had taken place at the beginning of the financial year, the Group's profit, net of tax and non-controlling interests, would have been RM160,763,000 (2013: RM62,036,000) and the Group's revenue would have been RM282,247,000 (2013: RM297,324,000).

43. **INFORMATION ON THE ACQUISITION OF SUBSIDIARY COMPANIES DURING THE FINANCIAL YEAR AND SUMMARY EFFECT OF ACQUISITION OF SUBSIDIARY COMPANIES (CONT'D)**

- (d) The fair value of assets acquired and liabilities assumed from the acquisition of J&C (2013: Acquisition of Montego) are as follows:-

	Group	
	<u>2014</u>	<u>2013</u>
	RM'000	RM'000
Net assets acquired:-		
Property, plant and equipment	1,363	-
Inventories	1,575	-
Trade receivables	5,179	-
Other receivables, deposits and prepayments	1,062	-
Tax recoverable	54	-
Cash and bank balances	890	-
Trade payables	(107)	-
Other payables and accruals	(2,025)	-
Hire purchase payables	(30)	-
Non-controlling interest	(3,901)	-
	<hr/>	<hr/>
Group's share of net assets at date of acquisition	4,060	-
Negative goodwill on acquisition	(194)	-
Cost of investment in J&C accounted for under equity accounting	(2,000)	-
Share of post acquisition profits of J&C on acquisition date	(866)	-
	<hr/>	<hr/>
Purchase consideration	1,000	-*
Less: Cash and cash equivalents acquired	(890)	-
	<hr/>	<hr/>
Net cash outflow on acquisition of equity interest in subsidiary companies	110	-*
	<hr/>	<hr/>

* represents RM2

44. **INFORMATION ON THE DISPOSAL OF SUBSIDIARY COMPANIES IN THE PRECEDING FINANCIAL YEAR AND SUMMARY EFFECT OF DISPOSAL OF SUBSIDIARY COMPANIES**

- (a) (i) On 18 October 2012, Micromodule Pte. Ltd. ("MPL"), a 52.4% indirect subsidiary company of the Group was wound up under a members' voluntary liquidation pursuant to Section 290(1)(b) of the Singapore Companies Act (Cap.50).

MPL was incorporated in Singapore on 15 August 1995 and was principally engaged in the design, manufacture, distribution, sales, maintenance and other supporting activities related to the manufacture of equipment, sub assemblies and semi and finished products for all types of semiconductor products and equipment.

- (ii) On 28 June 2013, the Company announced that Jia Sdn. Bhd. ("Jia"), a wholly owned indirect subsidiary company of the Group, has been placed under a members' voluntary winding up.

Jia was incorporated in Malaysia on 29 January 1996. The principal activity of Jia was restaurant business and it has ceased operations since year 2010.

44. **INFORMATION ON THE DISPOSAL OF SUBSIDIARY COMPANIES IN THE PRECEDING FINANCIAL YEAR AND SUMMARY EFFECT OF DISPOSAL OF SUBSIDIARY COMPANIES (CONT'D)**

- (a) (iii) Pan Asian Assets Inc. ("Pan Asian"), a wholly owned indirect subsidiary company of the Group, was struck off during the preceding financial year.

Pan Asian was incorporated in the British Virgin Islands on 11 November 1992 and was principally engaged in investment holding and trading. It was a dormant company prior to the struck off.

- (b) The details of net assets disposed and cash flow as at the date of disposal of MPL, Jia and Pan Asian in the preceding financial year were as follows:-

	Group <u>2013</u> RM'000
Cash and bank balances	2,373
Non-controlling interests	<u>(1,129)</u>
Group's share of net assets disposed	1,244
Loss on disposal of subsidiary companies	<u>(12)</u>
Disposal proceeds	1,232
Less : Cash and cash equivalents disposed	<u>(2,373)</u>
Net cash outflow on disposal of equity interest in subsidiary companies	<u><u>(1,141)</u></u>

45. **SUMMARY EFFECT ON ACQUISITION OF EQUITY INTEREST IN A SUBSIDIARY COMPANY FROM NON-CONTROLLING INTERESTS IN THE PRECEDING FINANCIAL YEAR**

On 27 June 2013, the Company acquired 4,000,000 ordinary shares of HK\$1.00 each, which represents the remaining 6.67% equity interest in M&A Securities (HK) Limited. ("MAHK") from the non-controlling interests for a cash consideration of RM1,928,000.

MAHK was incorporated in Hong Kong on 8 September 1992. The principal activity of M&A (HK) is stock broking.

46. **CONTINGENT LIABILITIES**

	Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000
Unsecured:-		
Guarantees to secure banking and credit facilities granted to subsidiary and associate companies	<u>114,715</u>	<u>83,643</u>

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the banks and financial institutions requiring the Company to provide guarantee as a pre-condition for approving the credit facilities granted to the subsidiary and associate companies. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiary and associate companies. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

47. **CAPITAL COMMITMENTS**

	Group	
	<u>2014</u>	<u>2013</u>
	RM'000	RM'000
Authorised and contracted for:-		
- Acquisition of investment properties	23,858	19,051
- Acquisition of property, plant and equipment	9,883	1,266
- Acquisition of derivative financial instruments	93,425	82,028
	<u>127,166</u>	<u>102,345</u>

48. **OPERATING LEASE COMMITMENTS**

(a) **Operating lease commitments - as lessee**

Future lease payments in respect of non-cancellable operating leases as at the reporting date and payable:-

	Group	
	<u>2014</u>	<u>2013</u>
	RM'000	RM'000
Not later than 1 year	71	69
Later than 1 year but not later than 5 years	6	75
	<u>77</u>	<u>144</u>

(b) **Operating lease commitments - as lessor**

The Group has entered into property leases on its investment properties. The non-cancellable leases are for lease terms of between 1 and 2 years. These leases include a market review clause to enable revision of the rental charge upon renewal of the lease based on prevailing market rates.

As at the reporting date, commitments in respect of non-cancellable operating leases of the Group's investment properties to third parties are as follows:-

	Group	
	<u>2014</u>	<u>2013</u>
	RM'000	RM'000
Not later than 1 year	365	499
Later than 1 year but not later than 5 years	36	191
	<u>401</u>	<u>690</u>

(c) **Finance lease commitment**

The future minimum lease payments under finance leases are disclosed in Note 27 to the financial statements.

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49. **SEGMENTAL INFORMATION**

(a) Operating Segments

	Financial services and credit & <u>leasing</u> RM'000	Property investment and <u>development</u> RM'000	Investment holding and <u>trading</u> RM'000	Retail trading and <u>car rental</u> RM'000	Information technology related <u>services</u> RM'000	<u>Eliminations</u> RM'000	Group RM'000
2014							
Revenue							
External revenue	57,342	5,553	185,621	22,988	5,016	-	276,520
Inter-segment revenue	4,711	700	4,323	169	10,342	(20,245)	-
Total segment revenue	<u>62,053</u>	<u>6,253</u>	<u>189,944</u>	<u>23,157</u>	<u>15,358</u>	<u>(20,245)</u>	<u>276,520</u>
Results							
Interest income	1,212	286	11,035	16	1,056	(6,133)	7,472
Finance costs	(10,318)	(767)	(5,514)	(1,650)	(789)	9,958	(9,080)
Depreciation and amortisation	(969)	(262)	(382)	(8,794)	(328)	-	(10,735)
Share of profits less losses of associate companies	-	(824)	12,451	885	32,720	-	45,232
Taxation	(6,658)	(778)	(2,679)	(396)	44	-	(10,467)
Other non-cash expenses (i)	(3,294)	(6)	(27)	(86)	(1,583)	-	(4,996)
Segment profit/(loss)	<u>20,365</u>	<u>(1,313)</u>	<u>91,568</u>	<u>1,804</u>	<u>48,260</u>	<u>-</u>	<u>160,684</u>
Assets							
Investments in associate companies	-	2,930	15,316	22,665	100,820	-	141,731
Additions to non-current assets (ii)	937	2,957	19,470	27,022	20,357	-	70,743
Segment assets	<u>384,289</u>	<u>110,892</u>	<u>863,685</u>	<u>92,245</u>	<u>155,941</u>	<u>-</u>	<u>1,607,052</u>
Liabilities							
Segment liabilities	<u>104,217</u>	<u>8,512</u>	<u>222,253</u>	<u>46,295</u>	<u>22,957</u>	<u>-</u>	<u>404,234</u>

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49. **SEGMENTAL INFORMATION (CONT'D)**

(a) Operating Segments (cont'd)

	Financial services and credit & <u>leasing</u> RM'000	Property investment and <u>development</u> RM'000	Investment holding and <u>trading</u> RM'000	Retail trading and <u>car rental</u> RM'000	Information technology related <u>services</u> RM'000	<u>Eliminations</u> RM'000	<u>Group</u> RM'000
2013							
Revenue							
External revenue	40,487	1,414	233,695	19,205	2,523	-	297,324
Inter-segment revenue	2,095	868	15,441	213	6,982	(25,599)	-
Total segment revenue	<u>42,582</u>	<u>2,282</u>	<u>249,136</u>	<u>19,418</u>	<u>9,505</u>	<u>(25,599)</u>	<u>297,324</u>
Results							
Interest income	652	440	16,094	-	471	(10,134)	7,523
Finance costs	(12,125)	(280)	(8,555)	(1,296)	(225)	11,585	(10,896)
Depreciation and amortisation	(1,065)	(267)	(406)	(7,514)	(282)	-	(9,534)
Share of profits less losses of associate companies	-	(2,043)	6,558	5,665	15,670	-	25,850
Share of profits less losses of joint ventures	-	(4,027)	-	-	-	-	(4,027)
Taxation	(2,340)	1,796	2,981	(482)	(87)	-	1,868
Other non-cash (expenses)/income (i)	(1,273)	(5)	(12,978)	2	(495)	-	(14,749)
Segment (loss)/profit	<u>(8)</u>	<u>(888)</u>	<u>43,370</u>	<u>6,907</u>	<u>15,087</u>	<u>-</u>	<u>64,468</u>
Assets							
Investments in associate companies	-	3,755	4,005	21,779	60,657	-	90,196
Additions to non-current assets (ii)	543	4,458	8,856	15,479	28,945	-	58,281
Segment assets	<u>517,816</u>	<u>110,892</u>	<u>558,933</u>	<u>68,383</u>	<u>103,287</u>	<u>-</u>	<u>1,359,311</u>
Liabilities							
Segment liabilities	<u>142,858</u>	<u>9,615</u>	<u>130,975</u>	<u>27,083</u>	<u>15,566</u>	<u>-</u>	<u>326,097</u>

49. SEGMENTAL INFORMATION (CONT'D)

(a) Operating Segments (cont'd)

Segment revenue, expenses and results include transfers between segments. The prices charged on inter segment transactions are on negotiated basis. These transactions are eliminated on consolidation.

The Group is organised into five main operating segments. The main operating segments of the Group and their respective business activities are:-

<u>Operating segment</u>	<u>Business activities</u>
Financial services and credit & leasing	Stock broking and dealing in securities, provision of corporate finance and advisory services, credit and leasing and granting of loans and other related financing activities, provision of share registration services, management services and nominee agents.
Property investment and development	Property development, property holding and investments and project and property management.
Investment holding and trading	Investment holding and trading of quoted securities and other related financial instruments.
Retail trading and car rental	Cars and limousines for hire/rental, wine merchant, retail and trading of high fashion wear, leather goods and other lifestyle-related products and operating food and beverages outlets.
Information technology related services	Manufacture of wireless microwave telecommunication products, wireless broadcast card and provision of electronic manufacturing services, manufacture of light emitting diode, electronics and optical fiber cable devices, research and resale of all kind of optoelectronic devices, design and development of software and web applications and provision of telecommunication and networking services, manufacture, sale and distribution of mobile wireless and fixed line broadband solutions, devices and related peripherals, electronic components sourcing, computer hardware dealers and maintenance, trading of multimedia and electronic products and IT consultancy services.

49. **SEGMENTAL INFORMATION (CONT'D)**

(a) Operating Segments (cont'd)

(i) Other material non-cash expenses consist of the following items:-

	<u>2014</u> RM'000	<u>2013</u> RM'000
Impairment of available for sale investments	27	1,500
Loss on dilution of equity interest in associate companies	145	-
Impairment of held to maturity investments	-	27
Allowance for doubtful debts	3,321	214
Allowance for obsolete inventories	392	416
Allowance for diminution in value of inventories	86	-
Bad debts written off	961	58
Fair value loss on derivatives	-	9,092
Inventories written off	5	5
Loss on disposal of subsidiary companies	-	12
Loss on redemption of held to maturity investments	-	40
Property, plant and equipment written off	45	27
Provision for impairment loss on investment in an associate company	14	200
Realised foreign exchange loss	-	3,050
Unrealised foreign exchange loss	-	108
	<u>4,996</u>	<u>14,749</u>

(ii) Additions to non-current assets consist of the following items:-

	<u>2014</u> RM'000	<u>2013</u> RM'000
Property, plant and equipment	28,463	16,221
Investment properties	5,799	9,631
Available for sale investments	3,430	11,491
Held to maturity investments	13,196	3,218
Intangible assets	-	265
Associate companies	19,855	17,455
	<u>70,743</u>	<u>58,281</u>

49. **SEGMENTAL INFORMATION (CONT'D)**

(b) Geographical Information

Revenue and non-current assets information based on the geographical location of the customers and assets respectively are as follows:-

	<u>Revenue</u> RM'000	<u>Non-current assets</u> RM'000
2014		
Malaysia	88,549	374,726
Overseas	187,971*	168,827*
	<u>276,520</u>	<u>543,553</u>
2013		
Malaysia	60,000	303,383
Overseas	237,324*	144,169*
	<u>297,324</u>	<u>447,552</u>

* Comprised predominantly of Singapore and Hong Kong.

Non-current assets information presented above consist of the following items as presented in the consolidated statements of financial position:-

	<u>2014</u> RM'000	<u>2013</u> RM'000
Property, plant and equipment	79,824	59,721
Investment properties	159,716	151,432
Available for sale investments	106,241	96,022
Held to maturity investments	29,990	23,997
Associate companies	141,731	90,196
Intangible assets	26,051	26,184
	<u>543,553</u>	<u>447,552</u>

(c) Information about major customer

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue.

50. **RELATED PARTY DISCLOSURES**

- (a) Outstanding balances arising from related party transactions

The outstanding balances arising from related party transactions as at the reporting date were disclosed in Note 10(b) and Note 11(b) to the financial statements.

- (b) The Group has the following transactions with the following related parties at negotiated terms agreed between the parties during the financial year:-

	Group	
	<u>2014</u>	<u>2013</u>
	RM'000	RM'000
Fees (charged by)/charged to Syarikat Agensi Pekerjaan ER Services Sdn Bhd, a company related to certain directors of the Company:-		
- human resources administration services fees	(51)	(51)
- rental of office premises	-	14
- secretarial services charges	1	1
Refurbishment and maintenance works provided to companies related to directors of the Company and a subsidiary company		
- Immobiliare Holdings Sdn Bhd	42	41
- Baktihan Sdn Bhd	73	54
- Winfields Development Sdn Bhd	33	34
- Kualiti Zaman Sdn Bhd	-	9
Sales of goods and services to Inari Amertron Berhad Group ("Inari"), an associate company where Insas Berhad Group is a substantial shareholder of Inari		
- manufacturing services fee	49	-
- rental income	44	19
- network repair services	24	21
- packing services	693	418
- secretarial, share registration and other related services	29	31
- Professional fee income	633	1,643
Interest charged to associate companies	<u>61</u>	<u>71</u>

50. RELATED PARTY DISCLOSURES (CONT'D)

- (c) The Company has the following transactions with the following related corporations during the financial year:-

	Company	
	2014 RM'000	2013 RM'000
Management fees charged to subsidiary companies*	492	492
Dividends received from subsidiary companies:-		
- Insas Credit & Leasing Sdn. Bhd.	-	3,000
- Insas Plaza Sdn. Bhd.	-	2,000
- Lifestyle-One Sdn. Bhd.	-	3,120
- Insas Technology Berhad	580	580
- M&A Securities Sdn. Bhd.	2,400	3,533
Dividends received from an associate company, Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd.	-	1,190
Capital repayment from an associate company, Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd.	1,100	-
Secretarial and retainer fees paid and payable to a subsidiary company, Megapolitan Management Services Sdn. Bhd.	56	57
Lease rental paid and payable to a subsidiary company, Insas Pacific Rent-A-Car Sdn. Bhd.	-	20
Website maintenance and support fees paid and payable to a subsidiary company, Vigtech Labs Sdn. Bhd.	2	2
Email and network maintenance fee paid and purchase of hardware and software from a subsidiary company, Langdale Systems Sdn. Bhd.	43	45
Interest charged to subsidiary companies*	<u>5,014</u>	<u>4,530</u>

*The transactions are disclosed in aggregate as it is immaterial to disclose individually.

- (d) Remuneration of key management personnel

The remuneration of directors and other members of key management during the financial year were as follows:-

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Salaries, bonus and allowances	11,764	7,031	240	240
Defined contribution plan	675	502	72	72
Social security cost	7	7	-	-
Benefits-in-kind	66	121	23	35
	<u>12,512</u>	<u>7,661</u>	<u>335</u>	<u>347</u>

50. RELATED PARTY DISCLOSURES (CONT'D)

(d) Remuneration of key management personnel (cont'd)

Included in the total compensation of key management personnel were:-

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Executive Directors' remuneration (Note 40)	<u>5,474</u>	<u>3,031</u>	<u>335</u>	<u>347</u>

Other members of key management personnel comprise persons other than the Executive Directors of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

51. LIST OF SUBSIDIARY COMPANIES

<u>Name of companies</u>	% Effective equity interest		<u>Principal activities</u>	<u>Country of incorporation</u>
	<u>2014</u>	<u>2013</u>		
Cellar-One Sdn. Bhd.	100	100	Wine merchant	Malaysia
Insas Logistics (S) Pte. Ltd. (formerly known as Cellar-1 (S) Pte. Ltd.)*	100	100	Car rental and logistics services	Singapore
Dellmax Worldwide Sdn. Bhd.	69.3	69.3	Investment holding	Malaysia
Delta Crest (M) Sdn. Bhd.	100	100	Property investment	Malaysia
Delta Crest (KL) Sdn. Bhd.	55	55	Property investment holding and development	Malaysia
Desa Juara Sdn. Bhd.	100	100	Property development	Malaysia
Filmont Development Sdn. Bhd.	100	100	Investment holding, property development and project management	Malaysia
Gryphon Asset Management Sdn. Bhd.	100	100	Dormant	Malaysia
Hastanas Development Sdn. Bhd.	78.8	78.8	Property development	Malaysia
Insas Construction Sdn. Bhd.	100	100	Construction, landscaping, renovation and other related works	Malaysia

51. LIST OF SUBSIDIARY COMPANIES (CONT'D)

<u>Name of companies</u>	<u>% Effective equity interest</u>		<u>Principal activities</u>	<u>Country of incorporation</u>
	<u>2014</u>	<u>2013</u>		
Insas Corporate Services Sdn. Bhd.	100	100	Provision of management services and investment holding	Malaysia
Insas Credit & Leasing Sdn. Bhd.	100	100	Credit and leasing and other related financing activities	Malaysia
Insas Plaza Sdn. Bhd.	100	100	Investment holding, investment trading, property investment, project and property management and commission agent	Malaysia
Insas Project Management Sdn. Bhd.	100	100	Property and project management and consultants (dormant)	Malaysia
Insas Properties Sdn. Bhd.	90	90	Investment holding and property investment	Malaysia
Insas Property Management Sdn. Bhd.	90	90	Property and project management	Malaysia
Insas Technology Berhad	100	100	Investment holding and provision of management services, provision of information technology and consultancy services and trading of electronic and telecommunications related products	Malaysia
Insas Technology Pte. Ltd.*	100	100	Investment holding	Singapore
Insas Pacific Rent-A-Car Sdn. Bhd.	100	100	Car rental services	Malaysia
J&C Collaboration Sdn. Bhd.*	51	36	Provision of content information, communication and connectivity technology solutions and services	Malaysia

51. LIST OF SUBSIDIARY COMPANIES (CONT'D)

<u>Name of companies</u>	<u>% Effective equity interest</u>		<u>Principal activities</u>	<u>Country of incorporation</u>
	<u>2014</u>	<u>2013</u>		
J&C Pacific Sdn. Bhd.*	51	36	Provide mobile telecommunication products and services and mobile airtime reload services	Malaysia
Langdale E3 Pte. Ltd.*	100	100	Provide telecommunication services, electronic components sourcing and distribution and sale of mobile wireless and fixed line broadband solutions, devices and related peripherals	Singapore
Langdale Systems Sdn. Bhd.	100	100	Computer trading and software consultation	Malaysia
Lifestyle-One Sdn. Bhd.	100	100	Investment holding	Malaysia
M & A Futures Sdn. Bhd.	100	100	Dormant	Malaysia
M & A Financial Services Inc.	100	100	Investment holding	British Virgin Islands
M & A Nominee (Asing) Sdn. Bhd.	100	100	Nominee agent and registration services	Malaysia
M & A Nominee (Tempatan) Sdn. Bhd.	100	100	Nominee agent and registration services	Malaysia
M & A Research Sdn. Bhd.	100	100	Management and investment research services (dormant)	Malaysia
M & A Securities Sdn. Bhd.	100	100	Stock broking and dealing in securities and provision of corporate finance and advisory services	Malaysia
M & A Securities (HK) Limited*	100	100	Stockbroking (ceased operations)	Hong Kong
Magxo Sdn. Bhd.	100	100	Mobile virtual network operations (dormant)	Malaysia
Megapolitan Nominees (Tempatan) Sdn. Bhd.	100	100	Nominee agent and registration services (dormant)	Malaysia
Megapolitan Management Services Sdn. Bhd.	100	100	Provision of corporate secretarial, share registration and management services	Malaysia

51. LIST OF SUBSIDIARY COMPANIES (CONT'D)

<u>Name of companies</u>	<u>% Effective equity interest</u>		<u>Principal activities</u>	<u>Country of incorporation</u>
	<u>2014</u>	<u>2013</u>		
Media Lang Limited*	100	100	Trading of multimedia and electronic products and investment in securities	Hong Kong
Montania Development Sdn. Bhd.	100	100	Property investment	Malaysia
Montego Assets Limited	100	100	Investment holding and trading	British Virgin Islands
Montego (S) Pte. Ltd.*	100	100	Investment holding, investment trading and investment and rental of properties	Singapore
Montego Management Services Pte. Ltd.*	100	100	Investment holding and provision of management services	Singapore
Noble Builders Sdn. Bhd.	100	100	Dormant	Malaysia
Parkfair Development Sdn. Bhd.	90	90	Investment holding	Malaysia
Premium-One Sdn. Bhd.	100	100	Restaurant operator (ceased operations)	Malaysia
Premium Realty Sdn. Bhd.	100	100	Investment holding and property investment	Malaysia
Premium Yield Sdn. Bhd.	78.8	78.8	Investment holding	Malaysia
Roset Limousine Services Pte. Ltd.*	51	51	Provision of premium limousine services	Singapore
Segar Raya Development Sdn. Bhd.	71.1	71.1	Real property and housing developer	Malaysia
Southgroup Investments Limited*	100	100	Investment holding	Hong Kong
Teraju Usaha Sdn. Bhd.	100	100	Provision of consultancy and advisory services, commission agent and property investment	Malaysia
Topacres Sdn. Bhd.	100	100	Investment holding	Malaysia
Valencia Homes Sdn. Bhd.	90	90	Property development	Malaysia

51. LIST OF SUBSIDIARY COMPANIES (CONT'D)

<u>Name of companies</u>	<u>% Effective equity interest</u>		<u>Principal activities</u>	<u>Country of incorporation</u>
	<u>2014</u>	<u>2013</u>		
Vigcashlimited LLC	100	100	Provision of secure payment gateway services for e-commerce communities (dormant)	Mongolia
VigSys Sdn. Bhd.	100	100	Manufacture and distribution of mobile wireless and fixed line broadband solutions, devices and related peripherals	Malaysia
VigTech Labs Sdn. Bhd.	100	100	Design and development of software and web applications and provision of communication and networking services	Malaysia
Xotapoint Sdn. Bhd.	100	100	Dormant	Malaysia
Xota Communications Sdn. Bhd.	100	100	Dormant	Malaysia

* Companies not audited by SJ Grant Thornton.

52. LIST OF ASSOCIATE COMPANIES

<u>Name of companies</u>	<u>% Effective equity interest</u>		<u>Principal activities</u>	<u>Country of incorporation</u>
	<u>2014</u>	<u>2013</u>		
Centreplus Sdn. Bhd.	35	35	Improving and leasing of landed property	Malaysia
Cool Inspirations Sdn. Bhd.	43.4	43.4	Property investment and investment holding	Malaysia
Diffusion Fashions Sdn. Bhd.	43.4	43.4	Retailer of high fashion products	Malaysia
Dome Cafe Sdn. Bhd.	43.4	43.4	Operating food and beverages restaurants	Malaysia
Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. *	-	20	Company under members' voluntary winding up	Malaysia
Island Cafe Sdn. Bhd.	30.3	30.3	Operating food and beverages restaurants	Malaysia
Lifestyle Foods Sdn. Bhd.	43.4	43.4	Operating food and beverages restaurants	Malaysia
Melium Holdings Sdn. Bhd.	43.4	43.4	Investment holding	Malaysia
Melium Sdn. Bhd.	43.4	43.4	Retailer of high fashion products	Malaysia
Melium Aseana Sdn. Bhd.	43.4	43.4	Trading of Asian made products	Malaysia
Fancy Connections Sdn. Bhd.	30.3	30.3	Investment holding	Malaysia
Rising Inspiration Sdn. Bhd.	43.4	43.4	Retailer of high fashion products	Malaysia
PT Melium Nusantara*	30.3	30.3	Property investment holding and development	Indonesia
Smooth Inspiration Sdn. Bhd.*	43.4	-	Operating food and beverage restaurant	Malaysia
Inari Amertron Berhad	33.1	33.9	Investment holding	Malaysia
Inari Technology Sdn. Bhd.	33.1	33.9	Manufacture of wireless microwave telecommunication products, wireless broadcast cards and provision of electronic manufacturing services	Malaysia
Inari International Limited	33.1	33.9	Investment holding	Cayman Islands

52. LIST OF ASSOCIATE COMPANIES (CONT'D)

<u>Name of companies</u>	<u>% Effective equity interest</u>		<u>Principal activities</u>	<u>Country of incorporation</u>
	<u>2014</u>	<u>2013</u>		
Amertron Inc. (Global) Limited	33.1	33.9	Investment holding	Cayman Islands
Amertron Incorporated	33.1	33.9	Manufacture electronics and optical fiber cable devices	Philippines
Amertron Technology (Kunshan) Co. Ltd.*	33.1	33.9	Manufacture light emitting diode, research and resale of all kind of optoelectronic devices	The People's Republic of China
Inari South Keytech Sdn. Bhd.	33.1	33.9	Design, develop and manufacture fiber optic connector	Malaysia
Inari Global (HK) Limited	33.1	33.9	Dormant	British Virgin Islands
Ceedtec Sdn. Bhd.	16.9	17.3	Designing, marketing and distribution of electronic products	Malaysia
Ceedtec Technology Sdn. Bhd.	16.9	17.3	Manufacture of testing equipment for semiconductor and related products	Malaysia
Simfoni Bistari Sdn. Bhd.	33.1	33.9	Investment holding and property investment	Malaysia
Sengenics Sdn. Bhd.*	20	20	Provision of cytogenetic and molecular diagnostic products and services and related R&D activities	Malaysia
Sengenics International Pte. Ltd.*	20	-	Research and experimental development on biotechnology	Singapore
Winfields Development Sdn. Bhd.	40	40	Investment holding and rental of properties	Malaysia

52. LIST OF ASSOCIATE COMPANIES (CONT'D)

<u>Name of companies</u>	<u>% Effective equity interest</u>		<u>Principal activities</u>	<u>Country of incorporation</u>
	<u>2014</u>	<u>2013</u>		
Winfields Development Pte. Ltd.*	40	40	Investment holding in properties and trading of securities and other financial instruments	Singapore
Montprimo Sdn. Bhd.*	45	45	Investment holding and real property and housing development	Malaysia
Bandar Kinrara Properties Sdn. Bhd.*	45	45	Property development	Malaysia
Montprimo Property Management Sdn. Bhd.*	45	45	Property management, consultancy and advisory services	Malaysia
Regular Project Management Sdn. Bhd.*	45	45	Project management, consultancy and advisory services	Malaysia
Montprimo Desa JV Sdn. Bhd.*	45	45	Dormant	Malaysia
Score Project Management Sdn. Bhd.*	45	45	Project management, consultancy and advisory services	Malaysia
PRAC Logistics Sdn. Bhd.*	45	45	Dormant	Malaysia
True Acres Sdn. Bhd.	40.1	40.1	Investment holding	Malaysia
Numoni Pte. Ltd.*	29.4	-	Investment holding, manufacture and sale of self-service terminals and transaction processing systems	Singapore
Numoni Singapore Pte. Ltd.*	29.4	-	Mobile network payment solutions	Singapore
Numoni Technology Pte. Ltd.*	29.4	-	Mobile network payment solutions	Singapore
PT Numoni Indonesia*	29.4	-	Dormant	Indonesia
Numoni Malaysia Sdn. Bhd.*	29.4	-	Dormant	Malaysia

* Companies not audited by SJ Grant Thornton.

53. LIST OF JOINT VENTURES

<u>Name of entities</u>	<u>% Effective equity interest</u>		<u>Principal activities</u>	<u>Country of incorporation</u>
	<u>2014</u>	<u>2013</u>		
Chantrey House LLP*	50	50	Investment holding	United Kingdom
Eccleston Belgravia LLP*	49.8	49.8	Improving and leasing of landed property	United Kingdom

* Entities not audited by SJ Grant Thornton

54. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 13 November 2013, Insas Technology Pte. Ltd., an indirect wholly-owned subsidiary company, subscribed for 500,000 ordinary shares representing 29.40% equity interest in Numoni Pte. Ltd. ("Numoni") for a cash consideration of S\$500,000.

Numoni was incorporated on 1 January 2012 under the Singapore Companies Act (Cap 50). The principal activities of Numoni are investment holding, manufacture and sale of self-service terminals and transaction processing systems.

- (ii) On 6 May 2014, Topacres Sdn. Bhd., a wholly-owned subsidiary company, entered into a Subscription and Shareholders' Agreement with Tribeca Capital Sdn. Bhd. and Red Zone Development Sdn. Bhd. for the subscription of 300,000 new ordinary shares of RM1.00 each and 2,700,000 new redeemable preference shares of RM0.01 each ("Subscription") representing 60% of the enlarged share capital of Special Windfall Sdn. Bhd. ("SWSB") for a total subscription price of RM3.0 million. The Subscription was completed on 1 July 2014.

SWSB is a private limited company incorporated in Malaysia on 16 July 2012. Its principal activity is housing development. SWSB has on 26 February 2014 entered into a Share Sale Agreement with third parties to acquire the entire issued and paid-up share capital of Tahap Wawasan Sdn. Bhd. ("TWSB") at a consideration of RM9.52 million and Repayment Agreement to repay TWSB's debts amounting to RM3.98 million.

TWSB is a private limited company incorporated in Malaysia on 2 January 2003. The principal activity of TWSB is property holding and investment. TWSB is the registered owner of a piece of freehold land held under Geran 200852 Lot 27736 Bandar Nilai Utama, Daerah Seremban, Negeri Sembilan measuring approximately 41,476 square meters.

- (iii) On 6 May 2014, Insas Technology Berhad ("ITB"), a wholly-owned subsidiary company, acquired an additional 187,500 ordinary shares of RM1.00 each representing 15% equity interest in J&C Pacific Sdn. Bhd. ("J&C") from one of J&C's shareholders, for a cash consideration of RM1.0 million.

Following the acquisition, ITB's equity interest in J&C increased from 36% to 51%. Arising thereon, J&C became a 51% indirect subsidiary of the Group.

The details of acquisition of J&C is disclosed in Note 43(a) to the financial statements.

54. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (iv) On 12 June 2014, Insas Plaza Sdn. Bhd., a wholly-owned subsidiary company, acquired 27,500,000 ordinary shares of RM0.25 each representing 10% equity interest in SYF Resources Berhad ("SYF") for a cash consideration of RM28,875,000.

SYF is a public limited company listed on the Main Market of Bursa Malaysia Securities Berhad. SYF Group is principally engaged in the manufacturing and trading of rubberwood furniture and component parts, trading of particle board and property development.

55. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- (i) On 25 July 2014, M&A Securities Sdn. Bhd., on behalf of the Company, announced that the Company intends to undertake the following Proposals:-
- (a) Proposed Renounceable Rights Issue of up to 138,666,727 Redeemable Preference Shares ("RPS") with up to 277,333,454 free detachable Warrants on the basis of one (1) RPS and two (2) Warrants for every five (5) existing ordinary shares of RM1.00 each held in the Company at an issue price of RM1.00 per RPS ("Proposed Rights Issue with Warrants").
 - (b) Proposed reclassification of the authorised share capital of the Company from RM1,500,000,000 comprising 1,500,000,000 ordinary shares of RM1.00 each to RM1,500,000,000 comprising 1,498,000,000 ordinary shares of RM1.00 each and 200,000,000 RPS of RM0.01 each.
 - (c) Proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the reclassification of the authorised share capital of the Company and the issuance of RPS pursuant to the Proposed Rights Issue with Warrants.
 - (d) Proposed establishment and implementation of an employees' share option scheme ("Proposed ESOS") of up to ten percent (10%) of the issued and paid-up share capital of the Company to all eligible employees of the Group including Executive Directors and Non-Executive Directors of the Company and its subsidiary companies (excluding subsidiary companies which are dormant) who meet the criteria of eligibility for participation in the Proposed ESOS as set out in the by-laws of the Proposed ESOS. The ESOS options granted shall entitle the eligible employees to subscribe for new shares in the Company at a specified price.

The above Proposals are subject to the following approvals being obtained:-

- (a) Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the RPS, Warrants and the new ordinary shares to be issued arising from the exercise of Warrants and ESOS pursuant to the Proposed Rights Issue with Warrants and the Proposed ESOS;

55. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (CONT'D)

- (i) On 25 July 2014, M&A Securities Sdn. Bhd., on behalf of the Company, announced that the Company intends to undertake the following Proposals (cont'd):-

The above Proposals are subject to the following approvals being obtained (cont'd):-

- (b) Bank Negara Malaysia for the issuance of RPS to non-residents shareholders of the Company pursuant to the Proposed Rights Issue with Warrants;
 - (c) Shareholders of the Company at an extraordinary general meeting to be convened for the Proposals; and
 - (d) Other relevant authorities, if required.
- (ii) On 1 October 2014, M&A Securities Sdn. Bhd., on behalf of the Company, announced that Bursa Securities had vide its letter dated 30 September 2014, approved the followings:-

- (a) admission to the Official List and the listing of and quotation for up to 277,333,454 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants;
- (b) admission to the Official List and the listing of and quotation for up to 138,666,727 RPS to be issued pursuant to the Proposed Rights Issue with Warrants;
- (c) listing of and quotation for up to 277,333,454 new ordinary shares of RM1.00 each in the Company to be issued pursuant to the exercise of the Warrants; and
- (d) listing of such number of additional shares representing up to ten percent (10%) of the issued and paid-up ordinary share capital of the Company, (excluding treasury shares), to be issued pursuant to the exercise of options under the Proposed ESOS.

The approval by Bursa Securities for the Proposed Rights Issue with Warrants is subject to the following conditions:-

- (a) the Company and M&A Securities Sdn. Bhd. must fully comply with the relevant provisions under the Main Market Listing Requirements ("LR") pertaining to the implementation of the Proposed Rights Issue with Warrants;
- (b) the Company and M&A Securities Sdn. Bhd. to inform Bursa Securities upon the completion of the Proposed Rights Issue with Warrants;
- (c) the Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Warrants is completed;

55. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (CONT'D)

- (ii) On 1 October 2014, M&A Securities Sdn. Bhd., on behalf of the Company, announced that Bursa Securities had vide its letter dated 30 September 2014, approved the followings (cont'd):-

The approval by Bursa Securities for the Proposed Rights Issue with Warrants is subject to the following conditions (cont'd):-

- (d) the Company to furnish Bursa Securities on a quarterly basis, a summary of the total number of shares listed pursuant to the exercise of the Warrants/Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable;
- (e) the Company is required to submit a confirmation to Bursa Securities of full compliance with the Proposed ESOS pursuant to Paragraph 6.43(1) of the LR and stating the effective date of implementation; and
- (f) a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposals.
- (iii) On 2 October 2014, the Company announced that SWSB had on 2 October 2014 entered into Deed of Termination with the Vendors of TWSB to mutually agree to rescind, revoke and terminate the Share Sale Agreement dated 26 February 2014 made between SWSB and the Vendors for the acquisition of the entire issued and paid-up capital of TWSB for a purchase consideration of RM9.52 million and Repayment Agreement dated 26 February 2014 made between SWSB and the Vendors for SWSB to repay TWSB's debts amounting to RM3.98 million.

In accordance with the terms of the Deed of Termination, the sum paid by SWSB comprising the deposit of RM0.95 million being part payment towards the purchase consideration paid to the Vendors pursuant to the Share Sale Agreement and Repayment Sum of RM3.98 million paid to the Vendors' solicitors holding as stakeholders pursuant to the Repayment Agreement shall be refunded by the Vendors and Vendors' solicitors to SWSB free of interest immediately upon SWSB withdrawing the private caveat lodged over the land owned by TWSB.

- (iv) On 10 October 2014, the Company had issued and despatched a circular to the shareholders of the Company to provide the shareholders with details of the Proposals and to seek the shareholders' approval for the resolutions pertaining to the Proposals to be tabled at an extraordinary general meeting to be convened on 3 November 2014 or at any adjournment thereof.
- (v) On 20 October 2014, M&A Securities Sdn. Bhd., on behalf of the Company, announced that Bank Negara Malaysia ("BNM") had vide its letter dated 16 October 2014, approved the issuance of 100,000,000 RPS amounting to RM100 million to non-resident shareholders of the Company.

The Company is to inform BNM the date of issuance of the RPS and the actual number of RPS issued to non-resident shareholders of the Company.

The approval by BNM will be terminated in the event the Company:-

- (a) utilises the funds for reasons other than stated in the note below; and
- (b) does not issue the RPS within twelve (12) months from the date of BNM's approval.

55. **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (CONT'D)**

(v) (Cont'd)

Note:-

	RM million
Working capital and capital injection into resident subsidiaries of the Company	117.3
Repayment of bank borrowings	20.0
Defray estimated expenses relating to the Proposals	<u>1.4</u>
Total	<u>138.7</u>

The Company is required to seek the prior consent of BNM:-

(a) for any amendments to the terms and purpose of use for the RPS; and

(b) in the event the issuance of the RPS falls after twelve (12) months after the date of BNM's approval.

The Company is to make the redemption of the RPS in a foreign currency (other than the currency of Israel) or in Ringgit Malaysia. The redemption of the RPS is to be made into the non-resident shareholders' external account maintained in Malaysia. Any conversion of foreign currency into Ringgit Malaysia and vice versa is to be made through licensed onshore banks.

The Company is to also submit the information required by a licensed onshore bank to enable the bank to make the relevant payments on behalf of the Company to non-resident shareholders, for each redemption and dividends of more than RM200,000 or the equivalent in a foreign currency.

In the event the non-resident shareholders enter into hedging contracts to manage the risk of exposure against Ringgit Malaysia denominated borrowings, the hedging contracts may only be performed by licensed onshore banks.

56. **FINANCIAL INSTRUMENTS**

(a) Financial risk management and policies

The Group and the Company are exposed to financial risks arising from the use of financial instruments. The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their interest rate, credit, foreign currency exchange, liquidity and market risks. The Group and the Company operate within guidelines approved by the Board and the Group's and the Company's policies are not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

56. **FINANCIAL INSTRUMENTS (CONT'D)**

(a) Financial risk management and policies (cont'd)

(i) Interest rate risk (cont'd)

The Group and the Company are not significantly exposed to interest rate risk except for the floating rate borrowings and deposits placed with licensed banks and financial institutions. The interest rates applicable on the Group's amount due from an associate company, held to maturity investments, trade receivables, other payables and hire purchase payables are mainly fixed rate in nature and are not exposed to interest rate risk.

The interest rate profiles of the Group's and of the Company's financial assets and financial liabilities that are exposed to interest rate risk are set out as follows:-

2014	<u>Floating rates instruments</u> RM'000	<u>Fixed rates instruments</u> RM'000	<u>Total</u> RM'000	Effective interest rate during the <u>financial year</u> % per annum
Group				
<u>Financial assets</u>				
Amount due from an associate company	-	3,150	3,150	12.00%
Held to maturity investments	-	36,165	36,165	3.10% - 10.25%
Trade receivables	-	210,364	210,364	6.30% - 15.00%
Deposits placed with licensed banks and financial institutions	319,585	-	319,585	0.001% - 3.16%
<u>Financial liabilities</u>				
Other payables	-	18,345	18,345	7.50% - 8.50%
Loans and borrowings	245,153	-	245,153	0.35% - 9.10%
Hire purchase payables	-	37,186	37,186	2.41% - 9.50%
Company				
<u>Financial assets</u>				
Amount due from subsidiary companies	-	196,748	196,748	1.80% - 12.00%
Deposits placed with licensed banks	1,073	-	1,073	2.20% - 2.85%
<u>Financial liabilities</u>				
Loans and borrowings	51,300	-	51,300	4.89% - 5.98%
Hire purchase payables	-	100	100	2.42%

56. **FINANCIAL INSTRUMENTS (CONT'D)**

(a) Financial risk management and policies (cont'd)

(i) Interest rate risk (cont'd)

The interest rate profiles of the Group's and of the Company's financial assets and financial liabilities that are exposed to interest rate risk are set out as follows (cont'd):-

2013	<u>Floating</u> rates	<u>Fixed</u> rates	<u>Total</u>	<u>Effective interest</u> rate during the <u>financial year</u>
Group	<u>instruments</u> RM'000	<u>instruments</u> RM'000	<u>RM'000</u>	<u>% per annum</u>
<u>Financial assets</u>				
Held to maturity investments	-	32,595	32,595	3.10% - 10.25%
Trade receivables	-	223,191	223,191	6.30% - 15.00%
Deposits placed with licensed banks and financial institutions	322,403	-	322,403	0.01% - 4.65%
<u>Financial liabilities</u>				
Other payables	-	18,889	18,889	7.50% - 8.50%
Loans and borrowings	145,665	-	145,665	0.19% - 9.10%
Hire purchase payables	-	24,251	24,251	2.42% - 5.34%
Company				
<u>Financial assets</u>				
Amount due from subsidiary companies	-	275,226	275,226	1.50% - 14.50%
Deposits placed with licensed banks	1,046	-	1,046	2.55% - 2.60%
<u>Financial liabilities</u>				
Loans and borrowings	33,700	-	33,700	4.78% - 5.94%
Hire purchase payables	-	125	125	2.42%

56. **FINANCIAL INSTRUMENTS (CONT'D)**

(a) Financial risk management and policies (cont'd)

(i) Interest rate risk (cont'd)

The Group's and the Company's exposure to interest rate risk for a 1% increase/(decrease) in interest rate on the financial assets and liabilities with floating interest rates at the reporting date would result in a corresponding effect to the profit for the financial year as follows:-

	<u>Profit for the financial year</u> RM'000
Group	
<u>2014</u>	
Variable rates	
- increase by 1%	744
- decrease by 1%	<u>(744)</u>
<u>2013</u>	
Variable rates	
- increase by 1%	1,767
- decrease by 1%	<u><u>(1,767)</u></u>
Company	
<u>2014</u>	
Variable rates	
- increase by 1%	(502)
- decrease by 1%	<u>502</u>
<u>2013</u>	
Variable rates	
- increase by 1%	(327)
- decrease by 1%	<u>327</u>

The assumed movement in interest rate of 1% for the interest rate sensitivity analysis is based on the prudent estimate of the current market environment.

(ii) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group and the Company do not have significant concentration of credit risk with any single counterparty.

The Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables and amount due from subsidiary companies and related companies in the statements of financial position.

The credit risk for cash and cash equivalents are considered negligible since the counterparties are reputable banks with high credit rating.

56. **FINANCIAL INSTRUMENTS (CONT'D)**

(a) Financial risk management and policies (cont'd)

(ii) Credit risk (cont'd)

Trade and other receivables

The Group's normal trade credit terms to trade receivables ranges from 30 to 90 days (2013: 30 to 90 days) except for a subsidiary company whose credit terms is 3 market days according to the Bursa Malaysia Securities Berhad's Fixed Delivery and Settlement System Trading Rules. The Group's normal credit term in relation to rental receivables is 7 days (2013: 7 days). Other credit terms are assessed and approved on a case-by-case basis. As at the reporting date, the management is of the opinion that all necessary impairment that is required has been provided for and the trade receivables that have not been impaired are creditworthy debtors whereby impairment is not needed.

Other receivables which are neither past due nor impaired refers to balances that are deemed recoverable.

Intercompany advances

The Group provides advances to its associate companies and controls the credit risk via monitoring procedures.

The Company provides advances to its associate and subsidiary companies and controls the credit risk via monitoring procedures.

As at the reporting date, there was no indication of default on payment for advances granted to the associate and subsidiary companies and adequate impairment have been accounted for those impaired balances due from the associate and subsidiary companies.

Investments and other financial assets

The Group and the Company hold securities and deposits placed with sound credit rating counterparties and financial institutions.

As at the reporting date, there was no indication that any investments and deposits are not recoverable.

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies and monitored the results of repayments by the subsidiary companies closely. As at the reporting date, there was no indication that any subsidiary company will default on payment.

56. **FINANCIAL INSTRUMENTS (CONT'D)**

(a) Financial risk management and policies (cont'd)

(iii) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to foreign currency risk on their sales, purchases, investments and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are principally Hong Kong Dollar, Australian Dollar, Singapore Dollar, US Dollar, Sterling Pound and Euro Dollar.

The Group is also exposed to currency translation risk arising from its net assets of the respective foreign subsidiary companies.

The net unhedged financial assets and liabilities of companies within the Group and the Company that are not denominated in their respective functional currencies are as follows:-

2014 Group	US Dollar RM'000	Singapore Dollar RM'000	Euro Dollar RM'000	Sterling Pound RM'000	Australian Dollar RM'000	Hong Kong Dollar RM'000	Other currencies RM'000	Total RM'000
Available for sale investments	11,304	3,703	-	595	290	-	-	15,892
Held to maturity investments	27,768	1,944	-	-	6,453	-	-	36,165
Trade receivables	1,126	2,764	4	253	-	108	-	4,255
Other receivables, deposits and prepayments	150	1,698	34	8	302	32	-	2,224
Financial assets at fair value through profit or loss	29,757	19,075	-	12,024	-	69,002	4,674	134,532
Deposits with licensed banks and financial institutions	499	662	2,357	37,665	141,848	-	-	183,031
Cash and bank balances	4,255	5,223	788	2,107	10,168	581	174	23,296
Loans and borrowings	(112,646)	(46,669)	(7,300)	-	43,922	(45,431)	-	(168,124)
Derivative financial liabilities	(180)	(2,811)	-	-	18	(900)	-	(3,873)
Trade payables	(76)	(702)	-	-	-	-	-	(778)
Hire purchase payables	-	(9,571)	-	-	-	-	-	(9,571)
Other payables and accruals	(1,338)	(1,974)	(438)	(30)	-	(67)	-	(3,847)
Net financial (liabilities)/assets	(39,381)	(26,658)	(4,555)	52,622	203,001	23,325	4,848	213,202

56. **FINANCIAL INSTRUMENTS (CONT'D)**

(a) Financial risk management and policies (cont'd)

(iii) Foreign currency exchange risk (cont'd)

The net unhedged financial assets and liabilities of companies within the Group and the Company that are not denominated in their respective functional currencies are as follows (cont'd):-

	US Dollar RM'000	Singapore Dollar RM'000	Euro Dollar RM'000	Sterling Pound RM'000	Australian Dollar RM'000	Hong Kong Dollar RM'000	Other currencies RM'000	Total RM'000
2014 (cont'd) Company								
Available for sale investments	-	-	-	595	-	-	-	595
Cash and bank balances	-	-	-	-	13	-	-	13
Amount due from subsidiary companies	2,021	11,790	825	(8,481)	(772)	5,364	7,248	17,995
Amount due to subsidiary companies	-	-	-	-	-	(45,768)	-	(45,768)
Net financial assets/(liabilities)	2,021	11,790	825	(7,886)	(759)	(40,404)	7,248	(27,165)
2013 Group								
Available for sale investments	11,181	875	-	310	-	-	-	12,366
Held to maturity investments	16,273	6,648	2,220	-	6,453	-	-	31,594
Trade receivables	957	1,978	1,241	16	275	36	-	4,503
Other receivables, deposits and prepayments	100	816	80	7	433	32	-	1,468
Financial assets at fair value through profit or loss	18,518	14,304	-	5,842	105	45,411	4,305	88,485
Deposits with licensed banks and financial institutions	1,432	2,810	8,373	42,255	74,426	-	2,367	131,663
Cash and bank balances	26,860	1,511	2,153	1,322	22,268	(22,995)	40	31,159
Loans and borrowings	(40,007)	(19,110)	-	(1,454)	(3,406)	(12,898)	-	(76,875)
Derivative financial liabilities	(13,898)	(6,193)	-	-	-	-	-	(20,091)
Trade payables	(3)	(425)	(403)	-	-	(105)	-	(936)
Hire purchase payables	-	(6,306)	-	-	-	-	-	(6,306)
Other payables and accruals	(325)	(6,078)	(17)	(25)	-	(26)	-	(6,471)
Net financial assets/(liabilities)	21,088	(9,170)	13,647	48,273	100,554	9,455	6,712	190,559

56. **FINANCIAL INSTRUMENTS (CONT'D)**

(a) Financial risk management and policies (cont'd)

(iii) Foreign currency exchange risk (cont'd)

The net unhedged financial assets and liabilities of companies within the Group and the Company that are not denominated in their respective functional currencies are as follows (cont'd):-

2013 (cont'd) Company	<u>US Dollar</u> RM'000	<u>Singapore Dollar</u> RM'000	<u>Euro Dollar</u> RM'000	<u>Sterling Pound</u> RM'000	<u>Australian Dollar</u> RM'000	<u>Hong Kong Dollar</u> RM'000	<u>Other currencies</u> RM'000	<u>Total</u> RM'000
Available for sale investments	-	-	-	310	-	-	-	310
Cash and bank balances	-	-	-	-	13	-	-	13
Amount due from subsidiary companies	2,808	28,131	10,008	28,574	66,025	9,569	10,562	155,677
Amount due to subsidiary companies	-	-	-	-	-	(45,251)	-	(45,251)
Net financial assets/(liabilities)	2,808	28,131	10,008	28,884	66,038	(35,682)	10,562	110,749

A 5% strengthening of Ringgit Malaysia ("RM") against the following major foreign currencies at the reporting date would (decrease)/increase the Group's and the Company's profit for the financial year and equity by the amounts shown below with all other variables held constant:-

2014	<u>Group's profit for the financial year</u> RM'000	<u>Company's profit for the financial year</u> RM'000
US Dollar/RM - strengthened 5%	(1,969)	101
Singapore Dollar/RM - strengthened 5%	(1,333)	590
Euro Dollar/RM - strengthened 5%	(228)	41
Sterling Pound/RM - strengthened 5%	2,631	(394)
Australian Dollar/RM - strengthened 5%	10,150	(38)
Hong Kong Dollar/RM - strengthened 5%	1,166	(2,020)
2013		
US Dollar/RM - strengthened 5%	1,054	140
Singapore Dollar/RM - strengthened 5%	(459)	1,407
Euro Dollar/RM - strengthened 5%	682	500
Sterling Pound/RM - strengthened 5%	2,414	1,444
Australian Dollar/RM - strengthened 5%	5,028	3,302
Hong Kong Dollar/RM - strengthened 5%	473	(1,784)

56. **FINANCIAL INSTRUMENTS (CONT'D)**

(a) Financial risk management and policies (cont'd)

(iii) Foreign currency exchange risk (cont'd)

The assumed movement in foreign currency exchange rate of 5% for the foreign currency exchange rate sensitivity analysis is based on the prudent estimate of the current market environment.

(iv) Liquidity risk

Liquidity risk is the risk that the Group and the Company are unable to meet their financial obligations when they fall due as a result of shortage of funds. The Group's and the Company's liquidity risk exposure mainly arise from various payables, derivative liabilities, loans and borrowings and amount due to subsidiary companies and associate companies.

The Group and the Company monitor and maintain sufficient level of cash and cash equivalent to ensure adequate financing of the Group's operations. The Group and the Company also ensures the availability of funding through adequate amount of committed credit facilities.

The normal trade credit terms granted to the Group ranges from 30 to 90 days (2013: 30 to 90 days) except for a subsidiary company whose credit terms is 3 market days according to the Bursa Malaysia Securities Berhad's Fixed Delivery and Settlement System Trading Rules.

The table below summarised the maturity profile of the Group's and of the Company's financial liabilities based on contractual undiscounted repayment obligations:-

	Less than <u>1 year</u> RM'000	1 to 5 <u>years</u> RM'000	After <u>5 years</u> RM'000	<u>Total</u> RM'000
2014				
Group				
<u>Financial liabilities</u>				
Derivative financial liabilities	3,873	-	-	3,873
Trade and other payables	114,209	-	-	114,209
Loans and borrowings	228,875	10,341	5,937	245,153
Hire purchase payables	11,850	28,431	470	40,751
Company				
<u>Financial liabilities</u>				
Amount due to subsidiary companies	61,789	-	-	61,789
Other payables	445	-	-	445
Loans and borrowings	51,300	-	-	51,300
Hire purchase payables	30	78	-	108
2013				
Group				
<u>Financial liabilities</u>				
Derivative financial liabilities	20,091	-	-	20,091
Trade and other payables	89,063	-	-	89,063
Loans and borrowings	138,487	1,753	5,425	145,665
Hire purchase payables	8,367	17,963	204	26,534
Amount due to associate companies	45,060	-	-	45,060

56. **FINANCIAL INSTRUMENTS (CONT'D)**

(a) Financial risk management and policies (cont'd)

(iv) Liquidity risk (cont'd)

The table below summarised the maturity profile of the Group's and of the Company's financial liabilities based on contractual undiscounted repayment obligations (cont'd):-

2013 (cont'd) Company	Less than <u>1 year</u> RM'000	1 to 5 <u>years</u> RM'000	After <u>5 years</u> RM'000	<u>Total</u> RM'000
<u>Financial liabilities</u>				
Amount due to subsidiary companies	61,627	-	-	61,627
Other payables	622	-	-	622
Loans and borrowings	33,700	-	-	33,700
Hire purchase payables	30	109	-	139

(v) Market risk

Market risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market price of quoted securities held as available for sale investments and financial assets/liabilities at fair value through profit or loss.

	Group	
	<u>2014</u> RM'000	<u>2013</u> RM'000
Available for sale investments - quoted securities in Malaysia	84,598	70,830
Financial assets at fair value through profit or loss		
- quoted securities in Malaysia	153,642	60,769
- quoted securities outside Malaysia	134,532	88,485
	288,174	149,254
Derivative financial liabilities	3,873	20,091

56. **FINANCIAL INSTRUMENTS (CONT'D)**

(a) Financial risk management and policies (cont'd)

(v) Market risk (cont'd)

If prices of quoted securities and financial derivatives change by 5% with other variables held constant, the effects of the change on profit for the financial year and equity will be as below:-

	<u>Profit for the financial year</u> RM'000	<u>Equity for the financial year</u> RM'000
Group		
2014		
Available for sale investments		
- increase by 5%	-	4,230
- decrease by 5%	-	(4,230)
 Financial assets at fair value through profit or loss and financial derivatives		
- increase by 5%	14,215	-
- decrease by 5%	(14,215)	-
	<hr/>	<hr/>
2013		
Available for sale investments		
- increase by 5%	-	3,542
- decrease by 5%	-	(3,542)
 Financial assets at fair value through profit or loss and financial derivatives		
- increase by 5%	6,458	-
- decrease by 5%	(6,458)	-
	<hr/>	<hr/>

The assumed movement in market price of quoted securities and financial derivatives of 5% for the market price sensitivity analysis is based on the prudent estimate of the current market environment.

56. **FINANCIAL INSTRUMENTS (CONT'D)**

(b) Fair values of financial instruments

Fair value is the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced and liquidation sale.

(i) Financial instruments not carried at fair value but fair value is disclosed

The Group and the Company do not have any financial instruments not carried at fair value but fair value is disclosed.

(ii) Financial instruments not carried at fair value

Financial assets of the Group and of the Company that are not carried at fair value or whose carrying amounts are not approximation of fair value at the reporting date are as follows:-

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2014					
<u>Financial assets</u>					
Available for sale investments					
- Unquoted investments in Malaysia	8	5,000	*	-	-
- Unquoted investments outside Malaysia	8	14,422	*	-	-
- Other investments	8	2,221	*	940	*
Held to maturity investments					
- Unquoted corporate bonds outside Malaysia	9	36,165	*	-	-
2013					
<u>Financial assets</u>					
Available for sale investments					
- Unquoted investments in Malaysia	8	12,075	*	-	-
- Unquoted investments outside Malaysia	8	11,181	*	-	-
- Other investments	8	1,936	*	655	*
Held to maturity investments					
- Unquoted corporate bonds in Malaysia	9	1,001	*	-	-
- Unquoted corporate bonds outside Malaysia	9	31,594	*	-	-

56. **FINANCIAL INSTRUMENTS (CONT'D)**

(b) Fair values of financial instruments (cont'd)

(ii) Financial instruments not carried at fair value (cont'd)

* Fair value information has not been disclosed and is carried at cost because fair value cannot be measured reliably and/or it is impractical to use valuation techniques to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Group and the Company do not intend to dispose off these instruments in the near future.

(iii) Financial instruments carried at fair value

Financial assets and liabilities of the Group that are carried at fair value are as follows:-

- Available for sale investments - quoted securities in Malaysia
- Financial assets at fair value through profit or loss
- Derivatives financial liabilities

Other than the above, the carrying amounts of the remaining financial instruments in the statements of financial position are reasonable approximation of fair value due to their relatively short term nature and the insignificant impact of discounting.

The following methods and assumptions summarised are used to determine the fair values of each class of financial instruments:-

(i) Quoted securities

The fair value of quoted securities is determined by reference to their published market closing price or the quoted closing bid price at the reporting date.

(ii) Derivatives

The fair values of outstanding derivative transactions is obtained from major financial institutions.

(iii) Financial assets and liabilities with short term maturity

The carrying amounts of these financial assets and liabilities at the reporting date are reasonable approximation of their fair values due to their short term nature and therefore have insignificant impact on discounting.

(iv) Other fixed interest rates financial assets and liabilities

The fair value of these financial assets and liabilities are estimated by discounted future cash flow at market incremental lending rate for similar investment and borrowing arrangements at the reporting date.

(v) Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability was estimated by taking into account the likelihood of the guaranteed party default in payment within the guaranteed period together with its estimated loss exposure.

56. **FINANCIAL INSTRUMENTS (CONT'D)**

(c) Fair value hierarchy of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
Group 2014				
<u>Available for sale investments</u>				
Quoted securities	84,598	-	-	84,598
<u>Financial assets at fair value through profit or loss</u>				
Quoted securities	288,174	-	-	288,174
	<u>372,772</u>	<u>-</u>	<u>-</u>	<u>372,772</u>
Derivative financial liabilities	-	3,873	-	3,873
2013				
<u>Available for sale investments</u>				
Quoted securities	70,830	-	-	70,830
<u>Financial assets at fair value through profit or loss</u>				
Quoted securities	149,254	-	-	149,254
	<u>220,084</u>	<u>-</u>	<u>-</u>	<u>220,084</u>
Derivative financial liabilities	-	20,091	-	20,091

Policy on transfer between levels

The fair value of the financial instruments to be transferred between levels are determined as of the date of the event or change in circumstances that caused the transfer.

There is no transfers between Level 1, 2 and 3 during the reporting period.

56. **FINANCIAL INSTRUMENTS (CONT'D)**

(d) Measurement of fair values of financial instruments

The following table show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used:-

Financial instruments carried at fair value

<u>Type</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Derivatives financial liabilities	Market comparison technique. The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable

57. **CAPITAL MANAGEMENT**

The primary objective of capital management is to ensure that an entity maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group and the Company manage their capital structure to safeguard their ability to continue as a going concern in order to maintain investors, creditors and market confidence and to sustain future business development. The Group's and the Company's overall strategy remain unchanged from the previous financial year. There were no externally imposed capital requirements that the Group and the Company need to be in compliance with for the financial years ended 30 June 2014 and 30 June 2013 except for the stockbroking subsidiary company which is supervised by the Securities Commission and Bursa Malaysia Securities Berhad and is required to maintain a number of minimum capital adequacy requirements, which the stockbroking subsidiary company has complied with.

The Group and the Company monitor capital using a gearing ratio, which is derived by dividing the amount of borrowings over equity. The Group's and the Company's policy is to keep the gearing ratio within manageable ratio.

The Group's and the Company's gearing ratio are summarised as below:-

	Group		Company	
	<u>2014</u> RM'000	<u>2013</u> RM'000	<u>2014</u> RM'000	<u>2013</u> RM'000
Total interest bearing borrowings	<u>282,339</u>	<u>169,916</u>	<u>51,400</u>	<u>33,825</u>
Total equity attributable to owners of the Company	<u>1,195,681</u>	<u>1,030,292</u>	<u>753,393</u>	<u>759,094</u>
Gearing ratio	<u>0.24</u>	<u>0.16</u>	<u>0.07</u>	<u>0.04</u>

INSAS BERHAD
(Incorporated in Malaysia)

SUPPLEMENTARY INFORMATION - 30 JUNE 2014

REALISED AND UNREALISED PROFITS AND LOSSES

On 25 March 2010 and 20 December 2010, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued directives to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised or unrealised profits or losses.

The breakdown of the Group’s and of the Company’s retained earnings into realised and unrealised profits are analysed as follows:-

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<u>Total retained earnings of the Company and its subsidiary companies</u>				
- Realised	198,890	77,243	24,510	34,084
- Unrealised	117,406	71,505	1,320	(5,929)
	316,296	148,748	25,830	28,155
<u>Total share of retained earnings of associate companies</u>				
- Realised	67,520	39,147	-	-
- Unrealised	7,993	2,836	-	-
	75,513	41,983	-	-
<u>Total share of retained earnings of joint ventures</u>				
- Realised	-	23,332	-	-
Add : Consolidated adjustments	14,760	38,302	-	-
Total retained earnings as per consolidated financial statements	406,569	252,365	25,830	28,155

The determination of realised and unrealised profits is complied based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.