

Company No: 4081 M

**INSAS BERHAD
(Incorporated in Malaysia)
REPORTS AND FINANCIAL STATEMENTS
30 JUNE 2009**

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

**INSAS BERHAD
(Incorporated in Malaysia)**

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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' Thong Kok Khee

Executive Director

Dr Tan Seng Chuan

Non-Executive Directors

Dato' Wong Gian Kui

Soon Li Yen

*Oh Seong Lye

AUDIT COMMITTEE

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

Soon Li Yen

*Oh Seong Lye

COMPANY SECRETARIES

Ms Chow Yuet Kuen

Ms. Yau Jye Yee

REGISTERED OFFICE

No. 45-5, The Boulevard, Mid Valley City
Lingkar 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
Lingkar 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 of Grant Thornton International)
Chartered Accountants
Level 11, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

PRINCIPAL BANKERS

Affin Investment Bank Berhad
Credit Suisse, Singapore
Citibank, N.A.
EON Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad
Societe Generale Bank & Trust Singapore

SOLICITORS

R Thayalan
Raslan Loong
Shearn Delamore & Co.
Tee Bee Kim & Partners

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

Bursa Malaysia Securities Berhad, Main Board

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 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services. The principal activities of its subsidiary companies and its associate companies are disclosed in Note 48 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>57,097</u> | <u>66,919</u> |
| Attributable to : | | |
| Equity holders of the Company | 51,905 | 66,919 |
| Minority interests | <u>5,192</u> | <u>-</u> |
| | <u>57,097</u> | <u>66,919</u> |

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURES

During the financial year:

- (a) There were no changes in the authorised share capital of the Company; and
- (b) The Company increased its issued and paid up capital from RM618,966,467 to RM693,333,633 by way of conversion of 74,367,166 units of 8% Irredeemable Convertible Unsecured Loan Stocks 1999/2009 ("ICULS") on the basis of RM1 nominal amount of ICULS for every one (1) new ordinary share of RM1 each.

The above mentioned new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company except that the new shares shall not be entitled to any dividend or other distributions declared in respect of the financial period in which the ICULS are converted or any interim dividend declared prior to the date of conversion of the ICULS.

There were no debentures issued during the financial year.

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS AND WARRANTS

On 20 April 1999, a total of RM141,965,866 nominal amount of 8% Irredeemable Convertible Unsecured Loan Stocks 1999/2009 ("ICULS") were issued with 567,863,464 detachable Warrants on the basis of RM1 nominal amount of ICULS with 4 Warrants attached for every 4 existing ordinary shares of RM1 each held in the Company.

The terms of the conversion of the ICULS and the terms of the exercise of the Warrants are disclosed in Note 28 to the financial statements.

Pursuant to a Directors' resolution of the Company dated 25 June 2008, the Board has approved the cancellation of a total of RM29,400,700 nominal amount of ICULS held by the Group. The total ICULS in issue prior to the cancellation was RM103,767,866 nominal amount of ICULS. Pursuant to the Trust Deed dated 9 February 1999, any ICULS that remain in issue on the expiry date on 19 April 2009 shall be converted into fully paid ordinary shares of RM1 each in the Company by surrendering RM1 nominal amount of ICULS for 1 new ordinary share of RM1 each credited as fully paid in the capital of the Company. The aforesaid cancellation was completed on 5 August 2008. The total number of outstanding ICULS after the cancellation was RM74,367,166 nominal amount of ICULS.

On 13 April 2009, a total of RM1,250 nominal amount of ICULS which were converted into new ordinary shares of RM1 each of the Company, was granted listing and quotation on the Official List of Bursa Securities.

The remaining RM74,365,916 nominal amount of ICULS which were converted to new ordinary shares of RM1 each of the Company upon its expiry, was granted listing and quotation on the Official List of Bursa Securities on 4 May 2009.

INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements 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 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 realise in the ordinary course of business including their value 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 as 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 twelve 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 its obligations as and when they fall due.

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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 49 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO BALANCE SHEET DATE

Significant event subsequent to the balance sheet date is disclosed in Note 50 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 except as 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' Thong Kok Khee
Dato' Wong Gian Kui
Dr Tan Seng Chuan
Soon Li Yen (appointed on 6.3.2009)
Oh Seong Lye (appointed on 18.3.2009)
Mr Melwani Ashok Bhagwandas (resigned on 6.3.2009)
Dato' Thong Kok Yoon (resigned on 18.3.2009)
Mr Michael Lim Hee Kiang (resigned on 18.3.2009)
Mr Cheong Eng Tick (resigned on 29.5.2009)

In accordance with Article 96 of the Company's Articles of Association, Dr Tan Seng Chuan retires at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

In accordance with Article 101 of the Company's Articles of Association, Soon Li Yen and Oh Seong Lye retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS (CONT'D)

The shares, ICULS and Warrants holdings in the Company and the shareholdings in its related corporations of those who were Directors at the financial year end are as follows:

| Interest in the Company | <u>Ordinary shares of RM1 each</u> | | | | At 30.6.2009 |
|---|------------------------------------|---------------|---------------------|-------------|-------------------------|
| | At 1.7.2008 | Bought | Allotted#(i) | Sold | |
| <u>Direct Interest</u> | | | | | |
| Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP | 115,000 | - | - | - | 115,000 |
| Dato' Thong Kok Khee | 500,000 | - | 1,125,000 | - | 1,625,000 |
| Dato' Wong Gian Kui | 200,000 | 73,000 | 100,000 | - | 373,000 |

Deemed interest

| | | | | | |
|---|-------------|---------|------------|---|-------------|
| Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP | 2,441,856 | - | - | - | 2,441,856 |
| Dato' Thong Kok Khee | 137,946,352 | - | 28,234,273 | - | 166,180,625 |
| Dato' Wong Gian Kui | 755,000 | 225,000 | - | - | 980,000 |

| Interest in subsidiary companies | <u>Ordinary shares of RM1 each</u> | | | At 30.6.2009 |
|---|------------------------------------|---------------|-------------|-------------------------|
| | At 1.7.2008 | Bought | Sold | |
| <u>Insas Properties Sdn Bhd</u> | | | | |
| <u>Direct interest</u> | | | | |
| Dato' Wong Gian Kui | 80,000 | - | - | 80,000 |
| <u>Segar Raya Development Sdn Bhd</u> | | | | |
| <u>Direct interest</u> | | | | |
| Dato' Wong Gian Kui | 129,999 | - | - | 129,999 |
| <u>Deemed interest</u> | | | | |
| Dato' Wong Gian Kui | 80,000 | - | - | 80,000 |
| <u>Premium Yield Sdn Bhd</u> | | | | |
| <u>Deemed interest</u> | | | | |
| Dato' Wong Gian Kui | 49,999 | - | - | 49,999 |
| <u>Dellmax Worldwide Sdn Bhd</u> | | | | |
| <u>Deemed interest</u> | | | | |
| Dato' Wong Gian Kui | 8,000 | - | - | 8,000 |

DIRECTORS (CONT'D)

| Interest in subsidiary companies | <u>Ordinary shares of RM1 each</u> | | | | At 30.6.2009 | |
|---|------------------------------------|--------|---------------|---------------|-----------------|-----------------|
| | At 1.7.2008 | Bought | Sold | | | |
| <u>Deemed interest</u> | | | | | | |
| Dato' Thong Kok Khee | 80,000 | - | - | | 80,000 | |
| <u>Gryphon Asset Management Sdn Bhd</u> | | | | | | |
| <u>Deemed interest</u> | | | | | | |
| Dato' Thong Kok Khee | 500,000 | - | - | | 500,000 | |
| <u>Micromodule Pte Ltd</u> | | | | | | |
| <u>Direct interest</u> | | | | | | |
| <u>Number of Ordinary shares</u> | | | | | | |
| Dr Tan Seng Chuan | 315,161 | - | - | | 315,161 | |
| <u>ICULS of RM1 each</u> | | | | | | |
| Interest in the Company | At 1.7.2008 | Bought | Sold | Converted#(i) | Cancelled#(ii) | At 30.6.2009 |
| <u>Direct interest</u> | | | | | | |
| Dato' Thong Kok Khee | 1,125,000 | - | - | 1,125,000 | - | - |
| Dato' Wong Gian Kui | 100,000 | - | - | 100,000 | - | - |
| <u>Deemed interest</u> | | | | | | |
| Dato' Thong Kok Khee | 63,634,973 | 2,700 | 6,002,700 | 28,234,273 | 29,400,700 | - |
| <u>Unit of Warrants</u> | | | | | | |
| | At 1.7.2008 | Bought | Expired#(iii) | | At 30.6.2009 | |
| <u>Direct interest</u> | | | | | | |
| Y.A.M. Tengku Puteri Seri | | | | | | |
| Kemala Pahang | | | | | | |
| Tengku Hajjah Aishah | | | | | | |
| bte Sultan Haji Ahmad | | | | | | |
| Shah, DK(II), SIMP | | | | | | |
| Dato' Thong Kok Khee | 15,000 | - | 15,000 | | - | |
| Dato' Thong Kok Khee | 1 | - | 1 | | - | |
| <u>Deemed interest</u> | | | | | | |
| Dato' Thong Kok Khee | 92 | - | 92 | | - | |

- # (i) The ICULS was converted into new ordinary shares in the Company by surrendering RM1 nominal amount of ICULS for 1 new ordinary share of RM1 each upon the ICULS's expiry on 19 April 2009.
- (ii) A total of RM29,400,700 nominal amount of ICULS have been cancelled by the Company on 5 August 2008.

Company No : 4081 M

DIRECTORS (CONT'D)

- # (iii) The warrants lapsed and ceased to be exercisable upon its expiry on 17 April 2009.

By virtue of Dato' 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.

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.

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.

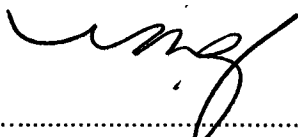
AUDITORS

Messrs SJ Grant Thornton has expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with the resolution of the Board of Directors dated 19 October 2009



.....
DATO' THONG KOK KHEE
Director



.....
DATO' WONG GIAN KUI
Director

Kuala Lumpur
19 October 2009

Company No : 4081 M

INSAS BERHAD
(Incorporated in Malaysia)

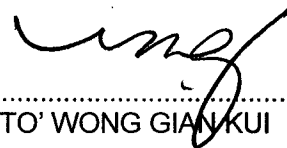
STATEMENT BY DIRECTORS

We, Dato' Thong Kok Khee and Dato' Wong Gian Kui, 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 the provision of the Companies Act, 1965 and Financial Reporting Standards 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 2009, results of the operations and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 19 October 2009



.....
DATO' THONG KOK KHEE



.....
DATO' WONG GIAN KUI

Kuala Lumpur
19 October 2009

STATUTORY DECLARATION

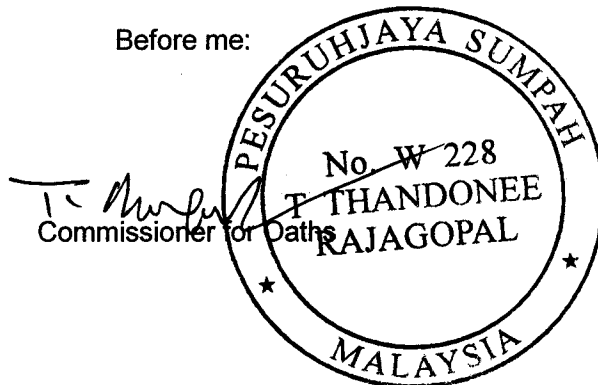
I, Dato' Thong Kok Khee, being the Director primarily responsible for the financial management of Insas Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct and I make this solemn declaration conscientiously believing 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)
19 October 2009)



.....
DATO' THONG KOK KHEE

Before me:



Lot LG 27B, Lower Ground Floor,
Wilayah Complex,
2, Jalan Munshi Abdullah,
50100 Kuala Lumpur,
MALAYSIA.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

INSAS BERHAD

(Incorporated in Malaysia)

Company No: 4081 M

SJ Grant Thornton (AF:0737)

Level 11, Faber Imperial Court

Jalan Sultan Ismail,

P. O. Box 12337

50774 Kuala Lumpur, Malaysia

T +6 (03) 2692 4022

F +6 (03) 2691 5229

www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Insas Berhad, which comprise the balance sheets of the Group and of the Company as at 30 June 2009, the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 14 to 88.

Directors' Responsibilities for the Financial Statements

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

Auditors' Responsibilities

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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.

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Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2009 and of their financial performance and cash flows for the financial year then ended.


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 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 financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, as disclosed in Note 48 to the financial statements.
- c) We are satisfied that the financial statements 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 auditors' reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Matters

This report is made solely to the 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



DATO' N. K. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/10(J/PH))

Kuala Lumpur
19 October 2009

INSAS BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 30 JUNE 2009

| | Note | Group | | Company | |
|---|-------|------------------|------------------|----------------|----------------|
| | | 2009 RM'000 | 2008 RM'000 | 2009 RM'000 | 2008 RM'000 |
| ASSETS | | | | | |
| Non-current Assets | | | | | |
| Property, plant and equipment | 6 | 66,527 | 46,523 | 258 | 285 |
| Prepaid land lease payments | 7 | 4,893 | 583 | - | - |
| Investment properties | 8 | 51,495 | 48,769 | - | - |
| Land held for development | 9 | 37,576 | 37,576 | - | - |
| Long term investments | 10 | 97,705 | 58,703 | 345 | 345 |
| Subsidiary companies | 11(a) | - | - | 141,089 | 221,089 |
| Associate companies | 12(a) | 15,140 | 15,838 | 1,184 | 1,224 |
| Intangible assets | 13 | 21,313 | 22,953 | - | - |
| Goodwill | 14 | 184 | 1,633 | - | - |
| Deferred tax assets | 15 | 1,570 | 3,992 | - | - |
| Total non-current assets | | 296,403 | 236,570 | 142,876 | 222,943 |
| Current Assets | | | | | |
| Property development costs | 16 | 42,298 | 30,543 | - | - |
| Inventories | 17 | 20,245 | 21,957 | - | - |
| Trade receivables | 18 | 169,118 | 204,549 | - | - |
| Accrued billings | 19 | 9,602 | 5,930 | - | - |
| Amount due from subsidiary companies | 11(b) | - | - | 648,854 | 533,250 |
| Amount due from associate companies | 12(b) | 4,761 | 3,416 | 109 | 110 |
| Other receivables, deposits and prepayments | 20 | 36,581 | 34,803 | 10,061 | 9,229 |
| Tax recoverable | | 4,366 | 9,820 | 802 | 6,168 |
| Short term investments | 21 | 59,204 | - | - | - |
| Marketable securities | 22 | 53,641 | 50,466 | - | - |
| Deposits with licensed banks and financial institutions | 23 | 430,611 | 376,775 | 24,004 | 1,687 |
| Cash and bank balances | 24 | 30,717 | 24,451 | 1,587 | 190 |
| Total current assets | | 861,144 | 762,710 | 685,417 | 550,634 |
| Non-current assets classified as held for sale | 25 | - | 16,753 | - | 9,453 |
| | | 861,144 | 779,463 | 685,417 | 560,087 |
| TOTAL ASSETS | | 1,157,547 | 1,016,033 | 828,293 | 783,030 |
| EQUITY AND LIABILITIES | | | | | |
| Equity Attributable to Equity Holders of the Company | | | | | |
| Share capital | 26 | 693,334 | 618,966 | 693,334 | 618,966 |
| Reserves | 27 | 67,969 | 68,103 | 55,082 | 56,262 |
| 8% Irredeemable convertible unsecured loan stocks 1999/2009 | 28 | - | 79,043 | - | 90,538 |
| Retained profit/(Accumulated losses) | | 13,436 | (38,377) | 702 | (77,620) |
| | | 774,739 | 727,735 | 749,118 | 688,146 |
| Minority interests | | 20,328 | 18,752 | - | - |
| TOTAL EQUITY | | 795,067 | 746,487 | 749,118 | 688,146 |
| Non-current Liabilities | | | | | |
| Loans and borrowings | 29 | 3,314 | 4,930 | - | - |
| Hire purchase payables | 30 | 8,232 | 8,840 | - | 8 |
| Deferred tax liabilities | 15 | 976 | 774 | - | - |
| Total non-current liabilities | | 12,522 | 14,544 | - | 8 |

INSAS BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 30 JUNE 2009 (CONT'D)

| | Note | Group | | Company | |
|-------------------------------------|-------|------------------|------------------|----------------|----------------|
| | | 2009 RM'000 | 2008 RM'000 | 2009 RM'000 | 2008 RM'000 |
| Current Liabilities | | | | | |
| Trade payables | | 210,746 | 204,063 | - | - |
| Progress billings | 31 | 63 | 5,622 | - | - |
| Amount due to subsidiary companies | 11(b) | - | - | 63,918 | 90,422 |
| Amount due to an associate company | 12(c) | 10,304 | - | 10,304 | - |
| Other payables and accruals | 32 | 48,361 | 32,895 | 953 | 4,454 |
| Loans and borrowings | 29 | 80,259 | 11,688 | 4,000 | - |
| Tax payable | | 225 | 734 | - | - |
| Total current liabilities | | <u>349,958</u> | <u>255,002</u> | <u>79,175</u> | <u>94,876</u> |
| TOTAL LIABILITIES | | <u>362,480</u> | <u>269,546</u> | <u>79,175</u> | <u>94,884</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>1,157,547</u> | <u>1,016,033</u> | <u>828,293</u> | <u>783,030</u> |

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 2009

| | Note | Group | | Company | |
|--|------|------------------|------------------|----------------|----------------|
| | | 2009 RM'000 | 2008 RM'000 | 2009 RM'000 | 2008 RM'000 |
| Revenue | 33 | 241,865 | 233,500 | 2,396 | 7,229 |
| Cost of sales | | <u>(186,781)</u> | <u>(177,124)</u> | <u>-</u> | <u>-</u> |
| Gross profit | | 55,084 | 56,376 | 2,396 | 7,229 |
| Other income | 34 | 28,107 | 21,232 | 7,849 | 10,162 |
| Administration expenses | 35 | (20,470) | (13,657) | (5,166) | (4,814) |
| Other operating expenses | 36 | (54,114) | (39,232) | - | - |
| Finance costs | 37 | (3,492) | (3,007) | (952) | (764) |
| Exceptional items | 38 | 56,302 | (1,703) | 62,346 | - |
| Share of profits less losses of associate companies | | <u>(284)</u> | <u>3,135</u> | <u>-</u> | <u>-</u> |
| Profit before taxation | | 61,133 | 23,144 | 66,473 | 11,813 |
| Taxation | 39 | <u>(4,036)</u> | <u>(2,345)</u> | <u>446</u> | <u>(1,097)</u> |
| Profit for the financial year | | <u>57,097</u> | <u>20,799</u> | <u>66,919</u> | <u>10,716</u> |
| Attributable to : | | | | | |
| Equity holders of the Company | | 51,905 | 16,566 | 66,919 | 10,716 |
| Minority interests | | <u>5,192</u> | <u>4,233</u> | <u>-</u> | <u>-</u> |
| Net profit for the financial year | | <u>57,097</u> | <u>20,799</u> | <u>66,919</u> | <u>10,716</u> |
| Earnings per share (sen) | | | | | |
| - Basic | 40 | <u>8.47</u> | <u>2.77</u> | | |
| - Diluted | 40 | <u>-</u> | <u>2.36</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 2009

| Group | ----- Attributable to Equity Holders of the Company -----> | | | | | | | | | |
|--|--|-------------------------|------------------------------------|------------------------|--|---------------------------|--|-----------------|------------------------------|------------------------|
| | Share capital RM'000 | Share premium RM'000 | ICULS - equity component RM'000 | Reserve fund RM'000 | Exchange translation reserve RM'000 | Treasury shares RM'000 | Retained profit/ (Accumulated losses) RM'000 | Total RM'000 | Minority interests RM'000 | Total Equity RM'000 |
| Balance at 1 July 2007 | 618,966 | 66,394 | 103,768 | 1,200 | 8,860 | (8,939) | (46,630) | 743,619 | 13,389 | 757,008 |
| Repurchase of shares | - | - | - | - | - | (1,193) | - | (1,193) | - | (1,193) |
| Purchase of ICULS by the Group | - | - | (24,725) | - | - | - | - | (24,725) | - | (24,725) |
| Advances from minority shareholders | - | - | - | - | - | - | - | - | 1,470 | 1,470 |
| Net gains/(losses) not recognised in the income statement | | | | | | | | | | |
| - Currency translation differences | - | - | - | - | 1,781 | - | - | 1,781 | (47) | 1,734 |
| - Distribution to holders of ICULS (Note 37) | - | - | - | - | - | - | (8,313) | (8,313) | - | (8,313) |
| Dividends paid to minority shareholders | - | - | - | - | - | - | - | - | (293) | (293) |
| Net profit for the financial year | - | - | - | - | - | - | 16,566 | 16,566 | 4,233 | 20,799 |
| Balance at 30 June 2008 | 618,966 | 66,394 | 79,043 | 1,200 | 10,641 | (10,132) | (38,377) | 727,735 | 18,752 | 746,487 |
| Conversion of ICULS to ordinary shares | 74,368 | - | (74,368) | - | - | - | - | - | - | - |
| Repurchase of shares | - | - | - | - | - | (1,180) | - | (1,180) | - | (1,180) |
| Net gains/(losses) not recognised in the income statement | | | | | | | | | | |
| - Currency translation differences | - | - | - | - | 1,046 | - | - | 1,046 | 53 | 1,099 |
| - Distribution to holders of ICULS (Note 37) | - | - | - | - | - | - | (4,767) | (4,767) | - | (4,767) |
| - Gain arising from cancellation of ICULS | - | - | (4,675) | - | - | - | 4,675 | - | - | - |
| Repayment of advances to minority shareholders | - | - | - | - | - | - | - | - | (1,470) | (1,470) |
| Subscription of redeemable convertible preference shares in a subsidiary company by a minority shareholder | - | - | - | - | - | - | - | - | 300 | 300 |
| Dividends paid to minority shareholders | - | - | - | - | - | - | - | - | (2,499) | (2,499) |
| Net profit for the financial year | - | - | - | - | - | - | 51,905 | 51,905 | 5,192 | 57,097 |
| Balance at 30 June 2009 | 693,334 | 66,394 | - | 1,200 | 11,687 | (11,312) | 13,436 | 774,739 | 20,328 | 795,067 |
| Company | | | | | | | | | | |
| Balance at 1 July 2007 | 618,966 | 66,394 | 103,768 | - | - | (8,939) | (80,023) | 700,166 | | |
| Repurchase of shares | - | - | - | - | - | (1,193) | - | (1,193) | | |
| Purchase of ICULS by the Company | - | - | (13,230) | - | - | - | - | (13,230) | | |
| Net losses not recognised in the income statement | | | | | | | | | | |
| - Distribution to holders of ICULS (Note 37) | - | - | - | - | - | - | (8,313) | (8,313) | | |
| Net profit for the financial year | - | - | - | - | - | - | 10,716 | 10,716 | | |
| Balance at 30 June 2008 | 618,966 | 66,394 | 90,538 | - | - | (10,132) | (77,620) | 688,146 | | |
| Conversion of ICULS to ordinary shares | 74,368 | - | (74,368) | - | - | - | - | - | | |
| Repurchase of shares | - | - | - | - | - | (1,180) | - | (1,180) | | |
| Net losses not recognised in the income statement | | | | | | | | | | |
| - Distribution to holders of ICULS (Note 37) | - | - | - | - | - | - | (4,767) | (4,767) | | |
| - Gain arising from cancellation of ICULS | - | - | (16,170) | - | - | - | 16,170 | - | | |
| Net profit for the financial year | - | - | - | - | - | - | 66,919 | 66,919 | | |
| Balance at 30 June 2009 | 693,334 | 66,394 | - | - | - | (11,312) | 702 | 749,118 | | |

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

INSAS BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009 (CONT'D)

| | Group | | Company | |
|--|-----------------|-----------------|------------------|-----------------|
| | 2009 RM'000 | 2008 RM'000 | 2009 RM'000 | 2008 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D) | | | | |
| Interest received | 6,723 | 7,011 | 4,245 | 2,130 |
| Interest paid | (8,259) | (11,320) | (9,076) | (8,305) |
| Tax refund | 3,820 | 2,800 | 5,987 | 4,337 |
| Net cash generated from/(used in) operating activities | <u>64,691</u> | <u>176,505</u> | <u>(131,866)</u> | <u>(49,518)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of property, plant and equipment (Note A) | (32,178) | (10,334) | (73) | (20) |
| Proceeds from disposal of property, plant and equipment | 752 | 626 | - | - |
| Subscription of shares in associate companies | (400) | (1,115) | - | - |
| Cash received from partial redemption of preference shares in an associate company | - | 2,400 | - | 2,400 |
| Cash received from capital reduction by a subsidiary company (Note 11) | - | - | 80,000 | 60,000 |
| Payment on investment properties | (6,550) | (1,280) | - | - |
| Proceeds from disposal of investment properties | 7,351 | 8,108 | - | - |
| Purchase of long term investments | (44,909) | - | - | - |
| Purchase of short term investments | (59,353) | - | - | (13,230) |
| Payment for development expenditure | (21) | (782) | - | - |
| Payment for intangible asset | (22) | (71) | - | - |
| Prepaid land lease payments | (4,378) | - | - | - |
| Dividend received | 2,797 | 4,199 | 1,000 | 1,000 |
| Proceeds from divestment of interest in an associate company | 62 | 471 | 62 | - |
| Proceeds from disposal of non-current assets held for sale | 73,323 | - | 71,777 | - |
| Net cash acquired on acquisition of equity interest in subsidiary companies (Note 43) | - | - | - | - |
| Net cash (used in)/generated from investing activities | <u>(63,526)</u> | <u>2,222</u> | <u>152,766</u> | <u>50,150</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Dividends paid to minority shareholders of subsidiary companies | (2,499) | (293) | - | - |
| Increase in monies held in trust | (7,191) | (16,187) | - | - |
| Increase in fixed deposits pledged | (34,727) | (3,960) | - | - |
| Increase in cash and bank balances pledged | - | (70) | - | - |
| Net cash used in share buyback | (1,180) | (1,193) | (1,180) | (1,193) |
| Drawdown of loans and borrowings | 106,772 | 16,849 | 4,000 | - |
| Repayment of loans and borrowings | (38,447) | (9,713) | - | - |
| (Repayment to)/advances received from minority shareholders | (1,470) | 1,470 | - | - |
| Subscription of redeemable convertible preference shares in a subsidiary company by a minority shareholder | 300 | - | - | - |
| Repayment of hire purchase payables | (3,827) | (3,240) | (31) | (29) |
| Net cash generated from/(used in) financing activities | <u>17,731</u> | <u>(16,337)</u> | <u>2,789</u> | <u>(1,222)</u> |

INSAS BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009 (CONT'D)

| | Group | | Company | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2009 RM'000 | 2008 RM'000 | 2009 RM'000 | 2008 RM'000 |
| CASH AND CASH EQUIVALENTS | | | | |
| Net changes | 18,896 | 162,390 | 23,689 | (590) |
| Brought forward | 209,747 | 46,585 | 1,877 | 2,353 |
| Exchange differences | 852 | 772 | 25 | 114 |
| | <u>229,495</u> | <u>209,747</u> | <u>25,591</u> | <u>1,877</u> |
| Carried forward (Note B) | <u>229,495</u> | <u>209,747</u> | <u>25,591</u> | <u>1,877</u> |

NOTES TO CASH FLOW STATEMENTS

A. PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM35,639,000 (2008:RM16,933,000) of which RM3,461,000 (2008:RM6,599,000) was acquired by means of hire purchase arrangements. Cash payments for the acquisition of property, plant and equipment amounted to RM32,178,000 (2008:RM10,334,000).

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of RM73,000 (2008:RM20,000) via cash.

B. CASH AND CASH EQUIVALENTS COMPRISE OF :-

| | Group | | Company | |
|---|-----------------|-----------------|----------------|----------------|
| | 2009 RM'000 | 2008 RM'000 | 2009 RM'000 | 2008 RM'000 |
| Overdrafts | (1,180) | (2,744) | - | - |
| Cash and bank balances | 30,717 | 24,451 | 1,587 | 190 |
| Deposits with licensed banks and financial institutions | <u>430,611</u> | <u>376,775</u> | <u>24,004</u> | <u>1,687</u> |
| | 460,148 | 398,482 | 25,591 | 1,877 |
| Less: | | | | |
| Cash and bank balances pledged | (70) | (70) | - | - |
| Remisiers' deposits and clients' trust monies | (185,459) | (178,268) | - | - |
| Fixed deposits pledged | <u>(45,124)</u> | <u>(10,397)</u> | <u>-</u> | <u>-</u> |
| | <u>229,495</u> | <u>209,747</u> | <u>25,591</u> | <u>1,877</u> |

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

INSAS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2009

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB").

(b) Basis of measurement

The financial statements of the Group and the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

(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 are rounded to the nearest thousand except when otherwise stated.

(d) The use of estimates and judgements

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

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

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

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

(i) Depreciation of property, plant and equipment and investment properties

Property, plant and equipment and investment properties are depreciated on a straight-line basis over their useful lives. The Group estimates the useful lives of property, plant and equipment and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and investment properties are reviewed on a periodical basis and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on the internal evaluation and experience with similar assets. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

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

The Group has developed certain criteria based on FRS 140 in making judgment 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) Property development revenue and costs

The Group recognises property development revenue and costs in the income statement using the stage of completion method. 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.

Significant judgment is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the project development costs. In making the judgment, the Group evaluates based on past experience and by relying on the work of the related project architects and surveyors.

(iv) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet 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.

1. BASIS OF PREPARATION (CONT'D)

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

(iv) Impairment of assets (cont'd)

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

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

(v) 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 recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(vi) 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.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to various financial risks such as foreign currency exchange risk, interest rate risk, market risk, credit risk and liquidity and cash flow risks. 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.

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:-

(a) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result of its investing and normal operating activities where the currency denomination differs from the local currency. The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by matching income and expenditure to minimise foreign exchange. The Group is also exposed to foreign currency risk as a result of its trade purchases and utilises foreign currency forward contracts to hedge the risk exposure.

(b) Interest rate risk

The Group's exposure to the risk of changes in the interest rates relates primarily to the Group's bank borrowings from licensed banks and financial institutions. The Group's policy is to manage its interest costs by obtaining the most favorable interest rates on its borrowings. Surplus funds of the Group are invested with licensed banks and financial institutions such as fixed deposits and repurchase agreements to generate interest income.

(c) 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 marketable securities and other long term quoted investments. The risk of loss in value of the Group's quoted securities and investments are minimized through thorough analysis before making investments and continuous monitoring of the performance of the investments.

(d) Credit risk

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.

(e) Liquidity and cash flow risks

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.

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 48 to the financial statements made up to the end of the financial year. The subsidiary companies are consolidated using purchase method except for M & A Securities Sdn Bhd, which is consolidated using the merger method of accounting in accordance with the provisions of Malaysian Accounting Standards No. 2.

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 statement.

Following the adoption of FRS No. 3, Business Combinations, the Group will comply with the required criteria for merger accounting as stipulated in the said standard prospectively with effect from 1 January 2006 for future acquisition of subsidiary companies.

Under the purchase method of accounting, the results of the subsidiary companies acquired or disposed off 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 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.

All significant 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.

Any exchange differences arising on translation of inter-company indebtedness are taken to the shareholders' interest in the consolidated financial statements.

Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

The total assets and liabilities of subsidiary companies are included in the consolidated balance sheet and the interest of minority shareholders in the net assets is stated separately.

(b) Property, plant and equipment

(i) Recognition and measurement

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(aa) 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.

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

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

(i) Recognition and measurement (cont'd)

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 statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(ii) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Properties under construction are also not depreciated until these assets are fully completed and brought into use.

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 – 5% |
| Plant, machinery, motor vehicles and renovation | 10 – 34% |
| Office furniture, fittings and equipment | 10 – 34% |
| Long term leasehold building | Over the unexpired period of the lease |

The depreciable amount is determined after deducting the residual value. The residual value, depreciation method and useful life 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 revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item if property, plant and equipment at least at each financial year end.

During the financial year, a subsidiary company has reviewed the useful lives of the property, plant and equipment and has revised the depreciation rates of the following items so as to reflect the future economic benefits to be derived by the subsidiary company from their use:-

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

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

(iii) Changes in estimates (cont'd)

| | <u>New rate</u> | <u>Old rate</u> |
|--|-----------------|-----------------|
| Plant, machinery and renovation | 33% | 10 – 20% |
| Office furniture, fittings and equipment | 20 – 33% | 10 – 20% |

The revision was accounted for prospectively as a change in accounting estimates and as a result, the depreciation charge for the Group increased by RM4.13 million for the current financial year.

(c) Prepaid land lease payments

Leasehold land that has an indefinite economic life with title that is not expected to pass to the Group by end of the lease term is classified as operating lease. The up front payments for the right to use the leasehold land over a predetermined period are accounted for as prepaid land lease payments. Prepaid land lease payments are stated at cost less accumulated amortisation and impairment losses. The Group's prepaid land lease payments are amortised on a straight line basis over the remaining period of the lease of 45 years. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(aa) to the financial statements.

(d) 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.

(i) Measurement basis

Investment properties are stated at cost less depreciation and impairment losses. The cost of investment properties includes expenditure that is directly attributable to the acquisition of the asset.

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

Investment properties are derecognised when either they have been disposed off 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 statement in the financial year in which they arise.

(ii) Depreciation

Freehold land is not depreciated.

Depreciation is calculated to write off the depreciable amount of other investment properties on a straight-line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost of the investment property.

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

(d) Investment properties (cont'd)

(ii) Depreciation (cont'd)

The principal annual depreciation rates used are as follows:

| | |
|-------------------------------|---|
| Freehold buildings | 2 % |
| Long term leasehold buildings | Over the unexpired period of the lease |

The residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each balance sheet date.

(e) Land held for development

Land held for development consists of cost of land on which no significant development activities have been carried out or where development activities is not expected to be completed within the Group's normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(aa) to the financial statements.

Included in land held for development is cost associated with the acquisition of land and all related costs incurred on activities necessary to put the land in a condition ready for development. Land held for development is transferred to property development costs within current asset at the point when development activities commence and where it can be demonstrated that the development activities can be completed with the Group's normal operating cycle.

(f) Investments

(i) Government guarantee bonds and unquoted corporate bonds

Government guarantee bonds and unquoted corporate bonds are stated at cost adjusted for amortisation of premiums or accretion of discounts calculated on an effective yield basis from the date of purchase to their maturity dates. The amortisation of premiums and accretion of discounts are charged or credited to income statement.

On the maturity or disposal of investment in bonds, the difference between the redemption amount or net disposal proceeds and its carrying amount is recognised in the income statement.

Investments in bonds with maturity dates greater than 12 months from the balance sheet date are classified as long term investments in the balance sheet. Allowance for diminution in value will be made if, in the opinion of the Directors, such diminution is of a permanent nature. The diminution is charged to the income statement.

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

(f) Investments (cont'd)

(ii) Dual currency investments

Dual currency investments are yield enhancing investments that provide higher guaranteed return than regular foreign currency deposits. In exchange for higher guaranteed returns, on maturity date, the financial institution has the right to return the investment amount in the original currency or the alternate currency based on pre-agreed foreign exchange rates which are determined on the investment start date.

Dual currency investments are classified as short term investments in the balance sheet and are stated at cost.

(iii) Other long term investments

Other investments which are held on long term basis are stated at cost less accumulated amortisation and allowance for diminution in value. Allowance for diminution in value of long-term investment will be made if, in the opinion of the Directors, such diminution is of a permanent nature. The diminution is charged to the income statement.

On the disposal of an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

(g) Subsidiary companies

Subsidiary companies are those companies over which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investment 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(aa) to the financial statement.

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

(h) Associate companies

Associate companies are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associate companies are accounted for in the consolidated financial statements using the equity method of accounting.

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

(h) Associate companies (cont'd)

Under the equity method, the investment in associate company is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate company. The Group's share of the net profit or loss of the associate company is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate company, the Group recognises its share of such changes in equity. In applying the equity method, unrealised gains and losses on transaction between the Group and the associate company are eliminated to the extent of the Group's interest in the associate company. After the application of the equity method, the Group determines whether it is necessary to recognise any additional impairment losses with respect to the Group's net investment in the associate company. The associate company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate company.

Goodwill relating to an associate company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate company's identifiable assets and liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate company's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate company equals or exceeds its interest in the associate company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate companies.

The most recent available audited and/or management financial statements of the associated companies are used by the Group in applying equity method of accounting.

In the Company's separate financial statements, investments in associate companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(aa) to the financial statement.

On the disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(i) Intangible asset

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.

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

(i) Intangible asset (cont'd)

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 at each balance sheet 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.

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

The stock broking dealer's license was acquired by M & A Securities Sdn Bhd, a wholly-owned subsidiary of the Group to operate a branch office in Kuala Lumpur and is recognised as an intangible asset in the balance sheet.

The intangible asset is stated at cost less accumulated amortisation and impairment losses. The intangible asset is amortised on a straight line basis over a period of 20 years, being the estimated life of the asset. The carrying value is reviewed annually by the Directors to ensure it is not in excess of the recoverable value. The recoverable amount is assessed on the basis of the expected cash flows which will be received from the employment of the intangible asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(aa) to the financial statements.

(ii) Intangible asset - 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 technical feasibility of completing the intangible asset so that it will be available for use or sale;
- 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, 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.

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

(i) Intangible asset (cont'd)

(ii) Intangible asset - Development expenditure (cont'd)

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 statement when incurred.

The expenditure on development activities are stated at cost less accumulated amortisation and impairment losses. This expenditure is to be amortised on a straight line basis over its expected useful lives.

The policy for measurement and recognition of impairment losses is in accordance with Note 3(aa).

(iii) Intangible asset - Trademark

The initial cost incurred on the search and application for registration of the 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 is to be granted.

The policy for measurement and recognition of impairment losses is in accordance with Note 3(aa).

(j) Goodwill

Goodwill on consolidation represents the excess of the purchase consideration paid for the shares in the subsidiary companies over the fair value of the underlying net assets of the subsidiary companies acquired. Goodwill on consolidation is stated at cost less impairment losses.

Negative goodwill represents the excess of the fair value of the underlying net assets of the subsidiary companies acquired over the purchase consideration paid for the shares in the subsidiary companies. With the adoption of FRS 3 beginning 1 January 2006, negative goodwill is recognised immediately in the income statement.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the goodwill may be impaired. The policy for the recognition and measurement of impairment losses of goodwill is in accordance with Note 3(aa) to the financial statements.

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

(k) Non-current assets 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 off 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 classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in the income statement.

(l) Property development cost

Property development costs 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.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenditure are recognised in the income statement by using the stage of completion method. 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 expenses in the period in which they are incurred.

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

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within the consolidated balance sheet.

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

(m) Inventories

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

Cost is determined using the first in first out method, the 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 unsold properties held under inventories comprises cost associated with the acquisition of land and buildings, 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) Receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off when they are identified. Specific allowance is made for debts that are considered doubtful of collection based on a review of all outstanding amounts as at the balance sheet date.

(o) Marketable securities

Marketable securities are stated at the lower of cost and market value on an aggregate portfolio basis. Cost is determined on the weighted average basis while market value is determined based on reference to quoted selling prices at the close of business on the balance sheet date. Increases or decreases in the carrying value are credited or charged to the income statement.

On the disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(p) Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, bank balances and deposits at call 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 companies and cash and fixed deposits pledge to licensed banks and financial institutions from its cash and cash equivalents.

(q) Share capital

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.

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

(r) Minority interests

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair values of identifiable assets and liabilities of the acquiree and advances received from the minority shareholders.

Minority interests are presented in the consolidated balance sheets and statements of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority 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 minority interests and the equity shareholders of the Company.

Where losses applicable to the minority interests exceed the minority's interest in the equity of a subsidiary company, the excess and any further losses applicable to the minority are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary company subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(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 agreements are allocated to income statement over the period of the respective agreements.

(t) Payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services rendered. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to other entity.

(u) 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 balance sheet 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.

(v) Contingent liabilities

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

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

(v) Contingent liabilities (cont'd)

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company treats the guarantee as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(w) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of repayments.

(x) Financial instruments

Financial instruments are recognised in the balance sheets when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(y) Income tax

Income tax on the profit or loss 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 at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet 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 the 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 balance sheet date. Deferred tax is recognised in the income statement, 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.

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

(z) Revenue recognition

(i) Sale of development properties

Revenue from sale of development properties represents the proportionate sales value of development properties sold attributable to the percentage of development work performed during the financial year.

(ii) 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.

(iii) Sale of marketable securities

Revenue from sale of marketable securities are recognised based on the contracted value net of brokerages expenses and stamp duties.

(iv) Revenue from broking activities

Revenue from broking activities are recognised upon execution of contracts. Brokerage income is accounted for net of remisiers' commission and dealers' incentives.

(v) Rental income

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

(vi) 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.

(vii) 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 dual currency investments are recognised on a time proportion basis that takes into account the effective yield of the assets.

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

(z) Revenue recognition (cont'd)

(viii) Revenue from services and fee income

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

Revenue on fee income from sale of customised goods and services and contract maintenance are recognised on completion of each stage of assignments.

(aa) Impairment of assets

(i) Impairment of goodwill

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 is 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 statement 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 assessments 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.

(ii) Impairment of non financial assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment.

If such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset is less than its carrying amount. Recoverable amount of an asset 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 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.

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

(aa) Impairment of assets (cont'd)

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

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognised impairment losses for an 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 asset recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised for the asset in prior financial years.

All reversals of impairment losses are recognised as income immediately in the income statement unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the income statement is treated as revaluation increase. After such a reversal, the depreciation charge is 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.

(bb) 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, which is also the Company's functional currency.

(ii) Foreign currency transaction 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 balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet 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 that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of transaction.

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

(bb) Foreign currencies (cont'd)

(ii) Foreign currency transaction and balances (cont'd)

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in the income statement for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement 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 balance sheet date. Exchange differences arising from these translations are transferred directly to exchange translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity on or after 1 January 2006 and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments that arose in the acquisition of foreign subsidiary companies before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

The principal exchange rates used for each respective unit of foreign currency ruling at balance sheet date are as follows :-

| | <u>2009</u> | <u>2008</u> |
|---------------------|-------------|-------------|
| | RM | RM |
| 1 Australian Dollar | 2.86 | 3.14 |
| 1 US Dollar | 3.53 | 3.26 |
| 1 Sterling Pound | 5.86 | 6.51 |
| 1 Hong Kong Dollar | 0.46 | 0.42 |
| 1 Singapore Dollar | 2.43 | 2.40 |
| 1 Euro | 4.98 | 5.15 |
| 1 Taiwanese Dollar | 0.11 | 0.11 |
| 1 Japanese Yen | 0.04 | 0.03 |
| 1 Mongolia Tugrik | 0.002466 | 0.002814 |
| 1 Swiss Franc | 3.27 | 3.20 |

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

(cc) 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 statement on a straight-line basis over the term of the relevant lease.

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 statement immediately.

(dd) Borrowing costs

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

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

(ee) Employee benefits

(i) Short term benefits

Wages, salaries, allowances, bonuses and social security contributions are recognised as an expense 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.

(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 statement as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund. Some of the Group's foreign subsidiaries make contributions to their respective countries statutory pension schemes.

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

(ff) Segmental reporting

The Group adopts business segment analysis as its primary reporting format and geographical segment analysis as its secondary reporting format.

Segment reporting is presented for enhanced assessment of the Group's risk and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segment. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environment. Segment revenues, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment.

4. **ADOPTION OF FINANCIAL REPORTING STANDARDS ("FRSs")**

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 FRSs, the approved accounting standards for entities other than private entities issued by the MASB.

The Group and the Company has not early adopted the following new/revised Standards and IC Interpretations ("IC Int") that have been issued by the MASB:-

Effective for accounting period beginning on or after 1 July 2009

FRS 8 Operating Segments

Effective for accounting period beginning on or after 1 January 2010

| | |
|-----------------------|---|
| FRS 4 | Insurance Contracts |
| FRS 7 | Financial Instruments : Disclosures |
| FRS 123 | Borrowing Costs |
| FRS 139 | Financial Instruments : Recognition and Measurement |
| Amendments to FRS 1 | First-time Adoption of Financial Reporting Standards |
| Amendments to FRS 2 | Share-based Payment – Vesting Conditions and Cancellations |
| Amendments to FRS 127 | Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate |
| IC Int 09 | Reassessment of Embedded Derivatives |
| IC Int 10 | Interim Financial Reporting and Impairment |
| IC Int 11 | FRS 2 – Group and Treasury Share Transactions |
| IC Int 13 | Customer Loyalty Programmes |
| IC Int 14 | FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |

The initial application of the above standards and IC Interpretations are not expected to have any material financial impact on the financial statements of the Group and of the Company.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

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 and its associate companies are disclosed in Note 48 to the financial statements. There were no significant changes in the Group's activities during the financial year other than the acquisition of subsidiary companies as disclosed in Note 43 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board 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 19 October 2009.

6. PROPERTY, PLANT AND EQUIPMENT

| Group Cost | Land and buildings RM'000 | Plant and machinery RM'000 | Motor vehicles RM'000 | Renovation RM'000 | Office furniture, fittings and equipment RM'000 | Capital work in progress RM'000 | Total 2009 RM'000 | Total 2008 RM'000 |
|--|------------------------------|-------------------------------|--------------------------|----------------------|--|------------------------------------|----------------------|----------------------|
| At beginning of financial year | 15,814 | 20,837 | 30,454 | 3,663 | 12,754 | 1,372 | 84,894 | 69,644 |
| Additions | 5,974 | 19,984 | 4,301 | 2,186 | 3,194 | - | 35,639 | 16,933 |
| Disposals | - | - | (2,519) | - | (30) | - | (2,549) | (2,071) |
| Exchange differences | - | 142 | 1 | 6 | 30 | - | 179 | 648 |
| Expensed off | - | - | - | - | - | - | - | (139) |
| Reclassification from other receivable | - | - | - | - | - | 588 | 588 | - |
| Reclassification to investment properties | - | - | - | - | - | (1,960) | (1,960) | - |
| Transfer | - | (38) | - | - | 38 | - | - | - |
| Written off | - | - | (133) | - | (420) | - | (553) | (121) |
| At end of financial year | 21,788 | 40,925 | 32,104 | 5,855 | 15,566 | - | 116,238 | 84,894 |
| Accumulated depreciation | | | | | | | | |
| At beginning of financial year | 2,288 | 11,207 | 13,398 | 1,624 | 9,854 | - | 38,371 | 32,965 |
| Charge for the financial year | 357 | 7,112 | 4,268 | 912 | 1,282 | - | 13,931 | 6,586 |
| Disposals | - | - | (2,292) | - | (17) | - | (2,309) | (1,712) |
| Exchange differences | - | 140 | 1 | 5 | 28 | - | 174 | 637 |
| Written off | - | - | (38) | - | (418) | - | (456) | (105) |
| At end of financial year | 2,645 | 18,459 | 15,337 | 2,541 | 10,729 | - | 49,711 | 38,371 |
| Net book value | | | | | | | | |
| 2009 | 19,143 | 22,466 | 16,767 | 3,314 | 4,837 | - | 66,527 | - |
| 2008 | 13,526 | 9,630 | 17,056 | 2,039 | 2,900 | 1,372 | - | 46,523 |
| Depreciation charged for the financial year ended 30 June 2008 | | | | | | | | |
| | 290 | 1,361 | 3,651 | 460 | 824 | - | - | 6,586 |

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

Analysis of land and buildings:-

| Group Cost | <u>Freehold land</u> RM'000 | <u>Freehold building</u> RM'000 | <u>Short term leasehold buildings</u> RM'000 | <u>Total 2009</u> RM'000 | <u>Total 2008</u> RM'000 |
|--|--------------------------------|------------------------------------|---|-----------------------------|-----------------------------|
| At beginning of financial year | 1,530 | 12,290 | 1,994 | 15,814 | 15,805 |
| Addition | - | - | 5,974 | 5,974 | 9 |
| At end of financial year | 1,530 | 12,290 | 7,968 | 21,788 | 15,814 |
| Accumulated depreciation | | | | | |
| At beginning of financial year | - | 2,208 | 80 | 2,288 | 1,998 |
| Charge for the financial year | - | 246 | 111 | 357 | 290 |
| At end of financial year | - | 2,454 | 191 | 2,645 | 2,288 |
| Net book value | | | | | |
| 2009 | 1,530 | 9,836 | 7,777 | 19,143 | - |
| 2008 | 1,530 | 10,082 | 1,914 | - | 13,526 |
| Depreciation charged for the financial year ended 30 June 2008 | - | 246 | 44 | - | 290 |

| Company Cost | <u>Motor vehicle</u> RM'000 | <u>Renovation</u> RM'000 | <u>Furniture and fittings</u> RM'000 | <u>Computer equipment</u> RM'000 | <u>Office equipment</u> RM'000 | <u>Total 2009</u> RM'000 | <u>Total 2008</u> RM'000 |
|--|--------------------------------|-----------------------------|---|-------------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| At beginning of financial year | 185 | 7 | 577 | 153 | 246 | 1,168 | 1,148 |
| Additions | - | - | 26 | 40 | 7 | 73 | 20 |
| At end of financial year | 185 | 7 | 603 | 193 | 253 | 1,241 | 1,168 |
| Accumulated depreciation | | | | | | | |
| At beginning of financial year | 139 | 4 | 473 | 104 | 163 | 883 | 783 |
| Charge for the financial year | 37 | 2 | 22 | 20 | 19 | 100 | 100 |
| At end of financial year | 176 | 6 | 495 | 124 | 182 | 983 | 883 |
| Net book value | | | | | | | |
| 2009 | 9 | 1 | 108 | 69 | 71 | 258 | - |
| 2008 | 46 | 3 | 104 | 49 | 83 | - | 285 |
| Depreciation charged for the financial year ended 30 June 2008 | 37 | 1 | 22 | 18 | 22 | - | 100 |

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

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

| | Group | | Company | |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Freehold land and buildings | 11,366 | 11,612 | - | - |
| Short term leasehold building | 1,869 | - | - | - |
| | <u>13,235</u> | <u>11,612</u> | <u>-</u> | <u>-</u> |

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

| | Group | | Company | |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Motor vehicles | 13,963 | 16,161 | 9 | 46 |
| Plant and machinery | 1,991 | - | - | - |
| | <u>15,954</u> | <u>16,161</u> | <u>9</u> | <u>46</u> |

7. **PREPAID LAND LEASE PAYMENTS**

| | Group | |
|-------------------------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Cost | | |
| At beginning of financial year | 607 | 607 |
| Additions | 4,378 | - |
| At end of financial year | <u>4,985</u> | <u>607</u> |
| Accumulated amortisation | | |
| At beginning of financial year | 24 | 11 |
| Amortised during the financial year | 68 | 13 |
| At end of financial year | <u>92</u> | <u>24</u> |
| Net book value | <u>4,893</u> | <u>583</u> |
| Analysed as:- | | |
| Short term leasehold land | <u>4,893</u> | <u>583</u> |

Included in prepaid land lease payments is net book value of RM569,000 (2008: RM Nil) pledged to a licensed bank for banking facilities granted to a subsidiary company.

8. INVESTMENT PROPERTIES

| Group Cost | Freehold | Freehold | Long | Leasehold | Total 2009 | Total 2008 |
|--|----------|----------|-----------|--------------|---------------|---------------|
| | land | land and | term | land and | | |
| | RM'000 | building | leasehold | building | | |
| | | RM'000 | land and | under | | |
| | | | buildings | construction | RM'000 | RM'000 |
| At beginning of financial year | 5,277 | 18,717 | 16,554 | 10,693 | 51,241 | 59,478 |
| Additions | - | 7,281 | - | - | 7,281 | 1,280 |
| Disposals | - | (5,270) | - | - | (5,270) | (8,502) |
| Reclassification from property, plant and equipment | - | - | 1,960 | - | 1,960 | - |
| Transfer to non-current assets classified as held for sale | - | - | - | - | - | (1,574) |
| Exchange differences | - | 132 | - | - | 132 | 559 |
| At end of financial year | 5,277 | 20,860 | 18,514 | 10,693 | 55,344 | 51,241 |
| Accumulated depreciation | | | | | | |
| At beginning of financial year | - | 1,497 | 975 | - | 2,472 | 1,567 |
| Charge for the financial year | - | 310 | 167 | - | 477 | 1,460 |
| Disposals | - | (94) | - | - | (94) | (489) |
| Transfer to non-current assets classified as held for sale | - | (5) | - | - | (5) | (66) |
| Exchange differences | - | 15 | - | - | 15 | - |
| At end of financial year | - | 1,723 | 1,142 | - | 2,865 | 2,472 |
| Accumulated impairment losses | | | | | | |
| At beginning of financial year | - | - | - | - | - | 463 |
| Allowance/(Writeback) for the financial year | - | 984 | - | - | 984 | (329) |
| Disposals | - | - | - | - | - | (155) |
| Exchange differences | - | - | - | - | - | 21 |
| At end of financial year | - | 984 | - | - | 984 | - |
| Net book value | | | | | | |
| 2009 | 5,277 | 18,153 | 17,372 | 10,693 | 51,495 | - |
| 2008 | 5,277 | 17,220 | 15,579 | 10,693 | - | 48,769 |
| Depreciation charged for the financial year ended 30 June 2008 | - | 1,293 | 167 | - | - | 1,460 |

Included in the cost of investment properties is interest expenses capitalised of RM231,000 (2008:RM 231,000).

The net book value of investment properties pledged to licensed banks for banking facilities granted are as follows:-

| | Group | | Company | |
|--|--------|--------|---------|--------|
| | 2009 | 2008 | 2009 | 2008 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Freehold land and buildings | 17,618 | 17,406 | - | - |
| Long term leasehold land and buildings | 15,412 | 15,579 | - | - |
| | 33,030 | 32,985 | - | - |

9. LAND HELD FOR DEVELOPMENT

| | Group | |
|--|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| At beginning of financial year | | |
| Leasehold land, at cost | 25,558 | 25,558 |
| Development cost and incidental expenses | 12,018 | 12,160 |
| | 37,576 | 37,718 |
| Development cost and incidental expenses charged to income statement during the financial year | - | (142) |
| At end of financial year | | |
| Leasehold land, at cost | 25,558 | 25,558 |
| Development cost and incidental expenses | 12,018 | 12,018 |
| | 37,576 | 37,576 |

Included in development cost and incidental expenses is interest and financing cost of RM11,989,000 (2008 : RM11,989,000).

10. LONG TERM INVESTMENTS

| | Group | | Company | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Unquoted corporate bonds, at cost | | | | |
| - in Malaysia | 1,004 | - | - | - |
| - outside Malaysia | 43,164 | - | - | - |
| Unquoted investment in Malaysia, at cost | 1,585 | 1,585 | - | - |
| Quoted securities, at cost | | | | |
| - in Malaysia | 37,895 | 39,923 | - | - |
| - outside Malaysia | 22,727 | 22,405 | - | - |
| Other investments, at cost | 2,104 | 3,169 | 345 | 345 |
| | 108,479 | 67,082 | 345 | 345 |
| Add/(Less): | | | | |
| Accretion of discounts | 206 | - | - | - |
| Amortisation of premiums | (21) | - | - | - |
| Allowance for diminution in value | (12,380) | (11,415) | - | - |
| Exchange differences | 1,616 | 3,195 | - | - |
| Accumulated amortisation | (195) | (159) | - | - |
| | 97,705 | 58,703 | 345 | 345 |

10. LONG TERM INVESTMENTS (CONT'D)

| | Group | | Company | |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Market value of quoted securities | | | | |
| - in Malaysia | 37,895 | 39,521 | - | - |
| - outside Malaysia | 14,627 | 17,185 | - | - |
| | <u>52,522</u> | <u>56,706</u> | <u>-</u> | <u>-</u> |

The investments in unquoted bonds outside Malaysia have been pledged to a licensed financial institution for banking facilities granted to a subsidiary company.

11. SUBSIDIARY COMPANIES

| | Company | |
|---|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| (a) Unquoted shares, at cost | | |
| At beginning of financial year | 262,469 | 322,469 |
| Less: | | |
| Capital reduction in a subsidiary company (Note 49) | (80,000) | (60,000) |
| Accumulated impairment losses | (41,380) | (41,380) |
| | <u>141,089</u> | <u>221,089</u> |

The Company's equity interest in subsidiary companies, their respective principal activities and countries of incorporation are shown in Note 48 to the financial statements.

| | Company | |
|--|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| (b) Amount due from subsidiary companies | 653,665 | 538,061 |
| Less: Allowance for doubtful debts | (4,811) | (4,811) |
| | <u>648,854</u> | <u>533,250</u> |

The amount due from/(to) subsidiary companies are interest bearing (except for certain advances which are interest free) and have no fixed terms of repayment.

12. ASSOCIATE COMPANIES

| | Group | | Company | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| (a) Unquoted shares, at cost | 8,737 | 17,830 | 1,184 | 10,677 |
| Less: | | | | |
| Group's share of post acquisition profits less losses and reserves | 6,403 | 13,253 | - | - |
| Transfer to non-current assets classified as held for sale | - | (15,245) | - | (9,453) |
| | <u>15,140</u> | <u>15,838</u> | <u>1,184</u> | <u>1,224</u> |

Represented by :-

| | | |
|---------------------------|---------------|---------------|
| Share of net assets | 13,773 | 14,471 |
| Goodwill on consolidation | <u>1,367</u> | <u>1,367</u> |
| | <u>15,140</u> | <u>15,838</u> |

The Group and the Company's equity interest in the associate companies, their respective principal activities and countries of incorporation are shown in Note 48 to the financial statements.

- (b) The amount due from associate companies is interest free and have no fixed terms of repayment.
- (c) The amount due to an associate company is interest bearing. The amount was repaid subsequent to the balance sheet date.

13. INTANGIBLE ASSETS

| Group Cost | Stock broking dealer's license | Development expenditure capitalised | Trademarks | Total 2009 | Total 2008 |
|--|--------------------------------|-------------------------------------|------------|---------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of financial year | 45,500 | 144 | 71 | 45,715 | 45,685 |
| Additions | - | 21 | 22 | 43 | 78 |
| Transfer to inventories | - | - | - | - | (48) |
| At end of financial year | <u>45,500</u> | <u>165</u> | <u>93</u> | <u>45,758</u> | <u>45,715</u> |
| Accumulated amortisation | | | | | |
| At beginning of financial year | 10,309 | 53 | - | 10,362 | 8,707 |
| Charge for the financial year | <u>1,628</u> | <u>43</u> | <u>12</u> | <u>1,683</u> | <u>1,655</u> |
| At end of financial year | <u>11,937</u> | <u>96</u> | <u>12</u> | <u>12,045</u> | <u>10,362</u> |
| Accumulated impairment losses | | | | | |
| At beginning and end of financial year | <u>12,400</u> | - | - | <u>12,400</u> | <u>12,400</u> |

13. INTANGIBLE ASSETS (CONT'D)

| Group | Stock broking dealer's license RM'000 | Development expenditure capitalised RM'000 | Trademarks RM'000 | Total 2009 RM'000 | Total 2008 RM'000 |
|-----------------------|--|---|----------------------|-------------------------|-------------------------|
| Net book value | | | | | |
| 2009 | 21,163 | 69 | 81 | 21,313 | - |
| 2008 | 22,791 | 91 | 71 | - | 22,953 |

Impairment testing of stock broking dealer's license

The stock broking dealer's license had been allocated to the Kuala Lumpur branch of the stock broking subsidiary cash generating unit ("CGU"), a reportable segment for impairment testing. The recoverable amount of the Kuala Lumpur branch CGU has been determined based on value in use calculation using cash flow projections approved by the management of the stock broking subsidiary. The discount rate applied to the cash flow projections is 9%. The recoverable amount of the Kuala Lumpur branch CGU is compared to the total carrying value of the dealers' license.

Key assumptions used in value in use calculation of Kuala Lumpur Branch CGU

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

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

This is determined based on the CGU's past performance and the management's expectation for the market development.

(ii) **Operational costs**

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

14. GOODWILL

| | Group | |
|---|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| At beginning of financial year | 1,633 | 1,633 |
| Less: | | |
| Impairment loss during the financial year | (1,449) | - |
| At end of financial year | 184 | 1,633 |

The goodwill represents the excess of the purchase consideration paid for the shares in the subsidiary companies over the Group's interest in the fair value of the identifiable net assets of the subsidiary companies acquired. For purposes of impairment testing, the carrying amount of goodwill is allocated to the Group's respective cash generating units which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of the goodwill is based on value-in-use calculations, using pre-tax cash flow projections based on financial budgets covering a period of 5 years.

14. **GOODWILL (CONT'D)**

The key assumptions used in the value in use calculations are :

| | |
|--------------------------------|------------|
| Revenue annual growth rate | 10% to 20% |
| Expenses annual increment rate | 5% to 10% |
| Pre-tax discount rate | 9% |

The above key assumptions were based on past performance and its expectations of future trends in the industry and expected market developments. The discount rate used is pre-tax and reflect the risks relating to the cash generating units and is estimated based on the current market assessment of time-value of money. The key assumptions are sensitive to the changes in percentage point in the discount rate used and future planned revenue not materialising.

The Directors do not expect any reasonable possible changes in key assumptions to have a significant impact on the carrying value of goodwill to exceed its recoverable amount.

15. **DEFERRED TAX ASSETS/(LIABILITIES)**

| | Group | | Company | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| At beginning of financial year | 3,218 | 4,170 | - | - |
| Recognised in the income statement (Note 39) | (2,624) | (951) | - | - |
| Exchange differences | - | (1) | - | - |
| | <u>594</u> | <u>3,218</u> | <u>-</u> | <u>-</u> |
| At end of financial year | <u>594</u> | <u>3,218</u> | <u>-</u> | <u>-</u> |

Presented after appropriate offsetting as follows:-

| | Group | | Company | |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Deferred tax assets | 1,570 | 3,992 | - | - |
| Deferred tax liabilities | (976) | (774) | - | - |
| | <u>594</u> | <u>3,218</u> | <u>-</u> | <u>-</u> |

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

Deferred tax assets

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Unutilised tax losses | 1,398 | 3,882 | - | - |
| Unabsorbed capital allowances | 156 | 97 | - | - |
| Temporary differences between depreciation and capital allowances | 16 | 13 | - | - |
| | <u>1,570</u> | <u>3,992</u> | <u>-</u> | <u>-</u> |

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

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.

Deferred tax liabilities

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Temporary differences between depreciation and capital allowances | (976) | (774) | - | - |
| | <u>(976)</u> | <u>(774)</u> | <u>-</u> | <u>-</u> |

As at balance sheet date, the Group and Company have deferred tax assets not recognised in the financial statements as follows:-

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Tax effect of:- | | | | |
| - temporary differences between depreciation and capital allowances | 368 | 96 | 45 | 59 |
| - unutilised tax losses | (28,497) | (31,040) | - | - |
| - unabsorbed capital allowances | (2,213) | (2,178) | - | - |
| | <u>(30,342)</u> | <u>(33,122)</u> | <u>45</u> | <u>59</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.

16. PROPERTY DEVELOPMENT COSTS

| | Group | |
|--|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Freehold land, at cost | 8,600 | 8,100 |
| Leasehold land, at cost | 10,000 | 10,000 |
| Development and construction costs | <u>46,445</u> | <u>20,162</u> |
| At beginning of financial year | <u>65,045</u> | <u>38,262</u> |
| Additions | | |
| - Freehold land, at cost | 317 | 500 |
| - Development and construction costs | <u>53,662</u> | <u>26,283</u> |
| Costs incurred during the financial year | <u>53,979</u> | <u>26,783</u> |

16. **PROPERTY DEVELOPMENT COSTS (CONT'D)**

| | Group | |
|---|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Freehold land, at cost | 8,917 | 8,600 |
| Leasehold land, at cost | 10,000 | 10,000 |
| Development and construction costs | 100,107 | 46,445 |
| | <hr/> 119,024 | <hr/> 65,045 |
| Costs recognised as expense in income statement | | |
| - in previous financial years | (34,502) | (8,690) |
| - current financial year | (42,224) | (25,812) |
| | <hr/> (76,726) | <hr/> (34,502) |
| At end of financial year | <hr/> <u>42,298</u> | <hr/> <u>30,543</u> |

17. **INVENTORIES**

| | Group | |
|---|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| At cost, | | |
| Terrace houses | - | 828 |
| Consumables | 23 | 23 |
| Electronic, multimedia and computer devices, components and peripherals | 14,014 | 15,382 |
| Wine | 5,523 | 5,223 |
| | <hr/> 19,560 | <hr/> 21,456 |
| At net realisable value, | | |
| Electronic, multimedia and computer devices, components and peripherals | 538 | 416 |
| Wine | 147 | 85 |
| | <hr/> 685 | <hr/> 501 |
| | <hr/> <u>20,245</u> | <hr/> <u>21,957</u> |

18. **TRADE RECEIVABLES**

| | Group | |
|------------------------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Trade receivables | 243,919 | 266,645 |
| Less: Allowance for doubtful debts | (74,801) | (62,096) |
| | <hr/> 169,118 | <hr/> 204,549 |

19. ACCRUED BILLINGS

| | Group | |
|--------------------------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Revenue recognised as income to-date | 49,613 | 23,105 |
| Less: Progress billings to-date | (40,011) | (17,175) |
| | <u>9,602</u> | <u>5,930</u> |

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | Group | | Company | |
|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Sundry receivables | 15,647 | 21,231 | 182 | 209 |
| Deposits | 19,491 | 12,385 | 9,853 | 9,020 |
| Prepayments | 1,443 | 1,187 | 26 | - |
| | <u>36,581</u> | <u>34,803</u> | <u>10,061</u> | <u>9,229</u> |

21. SHORT TERM INVESTMENTS

| | Group | |
|---|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Dual currency investments, at cost | 39,435 | - |
| Unquoted corporate bonds outside Malaysia, at cost | 19,847 | - |
| | <u>59,282</u> | <u>-</u> |
| Add/(Less): | | |
| Accretion of discounts | 12 | - |
| Allowance for diminution in value | (90) | - |
| | <u>59,204</u> | <u>-</u> |

The investments in unquoted bonds outside Malaysia have been pledged to licensed financial institutions for banking facilities granted to the Group.

22. MARKETABLE SECURITIES

| | Group | |
|-----------------------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Quoted securities, at cost | | |
| - in Malaysia | 60,412 | 69,211 |
| - outside Malaysia | 28,967 | 14,950 |
| | <u>89,379</u> | <u>84,161</u> |
| Add/(Less): | | |
| Allowance for diminution in value | (35,682) | (33,661) |
| Exchange differences | (56) | (34) |
| | <u>53,641</u> | <u>50,466</u> |
| Market value of quoted shares | | |
| - in Malaysia | 35,694 | 40,440 |
| - outside Malaysia | 17,998 | 10,026 |
| | <u>53,692</u> | <u>50,466</u> |

23. DEPOSITS WITH LICENSED BANKS AND FINANCIAL INSTITUTIONS

| | Group | | Company | |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Deposits placed with :- | | | | |
| - licensed banks | 288,356 | 172,923 | - | 1,687 |
| - licensed financial institutions | 142,255 | 203,852 | 24,004 | - |
| | <u>430,611</u> | <u>376,775</u> | <u>24,004</u> | <u>1,687</u> |

Included under deposits with licensed banks and financial institutions are remisiers' and dealers' deposits and clients' trust monies received of RM182,528,000 (2008: RM171,118,000) and fixed deposits of RM45,124,000 (2008: RM10,397,000) which has been pledged to licensed banks as security for banking and credit facilities granted to the subsidiary companies of the Group.

24. CASH AND BANK BALANCES

- (a) Included in the cash and bank balances of the Group is an amount of RM2,930,000 (2008: RM7,149,000) which represents remisiers' and dealers' deposits and clients' trust monies received.
- (b) Included in the cash and bank balances of the Group is an amount of RM3,150,000 (2008: RM1,426,000) 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 the housing development account is restricted to property development costs incurred in respect of the development project.
- (c) Included in cash and bank balances of the Group is an amount of RM70,000 (2008: RM70,000) pledged to a licensed bank for banking facilities granted to a subsidiary company.

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

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

| | Group | | Company | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| <u>Investment property</u> | | | | |
| At cost | - | 1,574 | - | - |
| Less : Accumulated depreciation | - | (66) | - | - |
| | <u>-</u> | <u>1,508</u> | <u>-</u> | <u>-</u> |
| <u>Associate company</u> | | | | |
| Unquoted shares, at cost | - | 9,453 | - | 9,453 |
| Share of post acquisition profits less losses and reserve | - | 5,792 | - | - |
| | <u>-</u> | <u>15,245</u> | <u>-</u> | <u>9,453</u> |
| | <u>-</u> | <u>16,753</u> | <u>-</u> | <u>9,453</u> |

- (a) On 14 April 2008, a wholly-owned subsidiary company entered into a Sale and Purchase Agreement with a third party for the disposal of its investment property.

The disposal was completed during the financial year.

- (b) On 1 July 2008, the Company entered into a Conditional Sale and Purchase Agreement with a third party for the disposal of its entire 20% equity interest in an associate company, Gleneagles Hospital (Kuala Lumpur) Sdn Bhd.

The disposal was completed during the financial year.

26. **SHARE CAPITAL**

| | Group and Company | |
|--|--------------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Authorised: | | |
| Ordinary shares of RM1 each | <u>1,500,000</u> | <u>1,500,000</u> |
| Issued and fully paid up: | | |
| Ordinary shares of RM1 each | | |
| At beginning of financial year | 618,966 | 618,966 |
| Shares issued pursuant to conversion of ICULS (Note 28) | <u>74,368</u> | <u>-</u> |
| At end of financial year | <u>693,334</u> | <u>618,966</u> |

27. RESERVES

| | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2009 RM'000 | 2008 RM'000 | 2009 RM'000 | 2008 RM'000 |
| Non-distributable: | | | | |
| Reserve fund | 1,200 | 1,200 | - | - |
| Share premium | 66,394 | 66,394 | 66,394 | 66,394 |
| Exchange translation reserve | 11,687 | 10,641 | - | - |
| Distributable: | | | | |
| Treasury shares, at cost | (11,312) | (10,132) | (11,312) | (10,132) |
| | <u>67,969</u> | <u>68,103</u> | <u>55,082</u> | <u>56,262</u> |

Reserve fund

The reserve fund is maintained in compliance with the provisions of the Rules of Bursa Malaysia Securities Berhad Relating to Participating Organisations.

Treasury shares

The shareholders of the Company had by an ordinary resolution passed at the Annual General Meeting held on 15 December 2008, approved the Company's plan to purchase its own shares up to a maximum of 61,896,000 ordinary shares of RM1 each representing approximately 10% of the total issued and fully paid up share capital of the Company on the Bursa Malaysia Securities Berhad.

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

| <u>2009</u> | <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 |
| At beginning of financial Year | 22,394,300 | 10,132,321 | 0.86 | 0.29 | 0.45 |
| Purchases during the financial year | | | | | |
| - October 2008 | 100,000 | 27,701 | 0.28 | 0.28 | 0.28 |
| - December 2008 | 3,692,500 | 1,129,381 | 0.31 | 0.28 | 0.31 |
| - January 2009 | 74,400 | 22,108 | 0.30 | 0.30 | 0.30 |
| - April 2009 | 2,700 | 690 | 0.24 | 0.24 | 0.24 |
| At end of financial year | <u>26,263,900</u> | <u>11,312,201</u> | <u>0.86</u> | <u>0.24</u> | <u>0.43</u> |

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

28. **8% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 1999/2009**

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| ICULS 1999/2009 at nominal value of RM1.00 each | 103,768 | 103,768 | 103,768 | 103,768 |
| Less : ICULS purchased by the Group/Company | (24,725) | (24,725) | (13,230) | (13,230) |
| Gain arising from cancellation of ICULS | (4,675) | - | (16,170) | - |
| Converted into ordinary shares in the Company | (74,368) | - | (74,368) | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At end of financial year | <u>-</u> | <u>79,043</u> | <u>-</u> | <u>90,538</u> |

On 20 April 1999, the Company issued and allotted RM141,965,866 nominal amount of 8% Irredeemable Convertible Unsecured Loan Stocks 1999/2009 ("ICULS") with 567,863,464 detachable Warrants on the basis of RM1 nominal amount of ICULS with 4 Warrants for every 4 existing ordinary shares of RM1 each held in the Company.

The ICULS was reclassified as a component of equity in accordance with the provisions of FRS No. 132 Financial Instruments: Disclosure and Presentation and the ICULS interest is treated as a distribution to the holders of the ICULS and disclosed as a distribution of equity.

The ICULS was constituted by a Trust Deed dated 9 February 1999 between the Company and the Trustee for the holders of the ICULS. The main features of the ICULS were as follows:-

- (i) The ICULS shall be convertible into ordinary shares of the Company during the period from 20 April 1999 to the maturity date on 19 April 2009 at the rate of RM1.00 nominal value of ICULS for one new ordinary shares of RM1.00 each in the Company.
- (ii) Upon conversion of the ICULS into new ordinary shares in the Company, such shares shall rank pari passu in all respects with the ordinary shares of the Company in issue at the time of conversion except that they shall not be entitled to any dividend or other distributions declared in respect of a financial period prior to the financial period in which the ICULS are converted or any interim dividend declared prior to the date of conversion of the ICULS.
- (iii) Any ICULS outstanding at the expiry date on 19 April 2009 shall automatically be converted into fully paid ordinary shares of RM1.00 each of the Company at the conversion price.
- (iv) The interest on the ICULS is payable semi-annually in arrears.

The Company's Warrants was constituted by a Deed Poll dated 9 February 1999 between the Company and the holders of the Warrants.

28. **8% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 1999/2009 (CONT'D)**

The main features of the Warrants were as follows:-

- (i) the exercise price for the Warrants is RM1.20 for each new ordinary share of RM1 each in the Company. The exercise price of the Warrants is subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.
- (ii) the exercise period for the Warrants shall commence from the date of issue of the Warrants and ends on 17 April 2009. Warrants not exercised during this period will lapse and will cease thereafter to be valid for any purpose.
- (iii) the registered holder of the Warrants will have the rights at any time to subscribe for new ordinary shares of RM1 each in the Company at the exercise price during the exercise period.

Pursuant to a Directors' Resolution of the Company dated 25 June 2008, the Board of Directors of the Company has approved the cancellation of a total of RM29,400,700 nominal amount of ICULS held by the Group. The total ICULS that remain in issue prior to the cancellation was RM103,767,866 nominal amount of ICULS. The aforesaid cancellation of the ICULS was completed on 5 August 2008 and the total number of outstanding ICULS after the cancellation was RM74,367,166 nominal amount of ICULS.

A notice dated 16 March 2009 was sent to the ICULS holders to inform them the balance of RM74,367,166 nominal amount of ICULS shall expire on 19 April 2009 and the ICULS holders who have not converted all or any part of his or her ICULS as at the expiry date will render the ICULS to be automatically converted into new ordinary shares of RM1 each of the Company and the ICULS will be removed from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") on 20 April 2009.

On 13 April 2009, a total of RM1,250 nominal amount of ICULS which were converted into new ordinary shares of RM1 each of the Company, was granted listing and quotation on the Official List of Bursa Securities.

The remaining RM74,365,916 nominal amount of ICULS which were converted to new ordinary shares of RM1 each of the Company upon its expiry, was granted listing and quotation on the Official List of Bursa Securities on 4 May 2009.

The warrants lapsed and ceased to be exercisable upon its expiry on 17 April 2009.

29. **LOANS AND BORROWINGS**

| | Group | | Company | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| <u>Current – repayable within 1 financial year</u> | | | | |
| Bankers' acceptances | 425 | - | - | - |
| Bank overdraft | 1,180 | 2,744 | - | - |
| Term loans | 72,654 | 7,944 | - | - |
| Revolving credit facilities | 6,000 | 1,000 | 4,000 | - |
| | 80,259 | 11,688 | 4,000 | - |

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

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| <u>Non-current – repayable after 1 financial year</u> | | | | |
| Term loans | 3,314 | 4,930 | - | - |
| | <u>83,573</u> | <u>16,618</u> | <u>4,000</u> | <u>-</u> |

The revolving credit facility of the Company is secured against the following :

- (i) fixed charge over certain landed properties of the Group;
- (ii) a deed of assignment over certain landed properties of a subsidiary company; and
- (iii) assignment of rental proceeds from letting out of certain landed properties of the Group into an escrow account.

The loans and borrowings of the Group are secured against the following :

- (i) fixed charge over certain landed properties and development land of the Group;
- (ii) certain quoted and unquoted securities and fixed deposits of the Group; and
- (iii) corporate guarantee of the Company.

The effective interest rates per annum as at 30 June on the bank borrowings were as follows:

| | Group | | Company | |
|-----------------------------|----------------------|----------------------|----------------------|-------------|
| | <u>2009</u> | <u>2008</u> | <u>2009</u> | <u>2008</u> |
| Bankers' acceptances | 3.60% - 3.62% | - | - | - |
| Bank overdraft | 7.30% - 10.46% | 7.58% - 10.73% | - | - |
| Term loans | 0.82% - 8.25% | 5.45% - 8.25% | - | - |
| Revolving credit facilities | <u>4.35% - 5.84%</u> | <u>5.40% - 5.55%</u> | <u>4.58% - 5.84%</u> | <u>-</u> |

30. **HIRE PURCHASE PAYABLES**

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Payable within 1 financial year | 4,297 | 3,964 | 8 | 32 |
| Payable after 1 financial year but not later than 5 financial years | 9,402 | 10,110 | - | 8 |
| | 13,699 | 14,074 | 8 | 40 |
| Less: Interest in suspense | <u>(1,756)</u> | <u>(1,767)</u> | <u>-</u> | <u>(1)</u> |
| Present value of hire purchase payables | <u>11,943</u> | <u>12,307</u> | <u>8</u> | <u>39</u> |
| Present value of hire purchase payables | | | | |
| - within 1 financial year (Note 32) | 3,711 | 3,467 | 8 | 31 |
| - after 1 financial year but not later than 5 financial years | 8,232 | 8,840 | - | 8 |
| | <u>11,943</u> | <u>12,307</u> | <u>8</u> | <u>39</u> |

Company No: 4081 M**30. HIRE PURCHASE PAYABLES (CONT'D)**

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

31. PROGRESS BILLINGS

| | Group | |
|--|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Progress billings to-date | 32,717 | 21,761 |
| Less: Revenue recognised as income to-date | (32,654) | (16,139) |
| | <u>63</u> | <u>5,622</u> |

32. OTHER PAYABLES AND ACCRUALS

The other payables and accruals consist of the followings:-

| | Group | | Company | |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Hire purchase payables (Note 30) | 3,711 | 3,467 | 8 | 31 |
| Accrued expenses | 12,867 | 4,114 | 676 | 143 |
| Deposits received | 4,301 | 3,340 | - | - |
| Accrued interest | 362 | 4,168 | 29 | 4,145 |
| Other payables | 27,120 | 17,806 | 240 | 135 |
| | <u>48,361</u> | <u>32,895</u> | <u>953</u> | <u>4,454</u> |

33. REVENUE

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

| | Group | | Company | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Manufacture of electronic and telecommunication products, parts and services | 123,337 | 100,219 | - | - |
| Property development revenue | 43,023 | 29,299 | - | - |
| Sale of goods and services | 29,797 | 29,721 | - | - |
| Interest income | 15,542 | 16,270 | - | - |
| Sale of marketable securities | 12,906 | 39,338 | - | - |
| Car rental | 8,949 | 7,682 | - | - |
| Brokerage commissions | 3,368 | 8,852 | - | - |
| Rental income from letting out of properties | 2,204 | 2,015 | - | - |
| Dividend income | 241 | 7 | 1,700 | 5,220 |
| Management fees | - | 97 | 696 | 2,009 |
| Others | 2,498 | - | - | - |
| | <u>241,865</u> | <u>233,500</u> | <u>2,396</u> | <u>7,229</u> |

34. **OTHER INCOME**

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

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Accretion of discounts on investments | 218 | - | - | - |
| Gain on disposal of property, plant and equipment | 515 | 270 | - | - |
| Gain on disposal of investment properties | 2,175 | - | - | - |
| Gain on exchange differences | | | | |
| - realised | 2,109 | 1,055 | - | - |
| - unrealised | 8,054 | 1,554 | 18 | 114 |
| Gross dividends from investments | | | | |
| - quoted in Malaysia | 1,748 | 2,789 | - | - |
| - quoted outside Malaysia | 95 | - | - | - |
| Interest received and receivable from | | | | |
| - subsidiary companies | - | - | 3,586 | 7,917 |
| - others | 6,723 | 7,011 | 4,245 | 2,130 |
| Reversal of allowance for doubtful debts | 190 | 40 | - | - |
| Writeback of allowance for diminution in value of marketable securities | 6,049 | 1,553 | - | - |

35. **ADMINISTRATION EXPENSES**

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

| | Group | | Company | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Auditors' remuneration:- | | | | |
| SJ Grant Thornton | | | | |
| Statutory audit fees | | | | |
| - current financial year | 166 | 116 | 20 | 20 |
| - underprovision in prior financial years | 27 | 35 | - | 2 |
| Special audits | | | | |
| - current financial year | 21 | - | 20 | - |
| Other external auditors | | | | |
| Statutory audit fees | | | | |
| - current financial year | 63 | 68 | - | - |
| - underprovision in prior financial years | 3 | 3 | - | - |
| Depreciation of property, plant and equipment | 540 | 243 | 100 | 100 |
| Lease rental payable to a subsidiary company | - | - | 107 | 282 |
| Loss on divestment of interest in an associate company | - | 29 | - | - |
| Loss on exchange differences | | | | |
| - realised | 176 | 1 | 132 | - |
| - unrealised | 303 | - | - | - |

35. **ADMINISTRATION EXPENSES (CONT'D)**

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Loss on disposal of property, plant and equipment | 3 | - | - | - |
| Preliminary expenses written off | - | 3 | - | - |
| Rental of premises | 779 | 478 | 50 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |

36. **OTHER OPERATING EXPENSES**

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

| | Group | | Company | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Amortisation of development expenditure | 43 | 27 | - | - |
| Allowance for diminution in value of marketable securities | 8,039 | 7,431 | - | - |
| Allowance for diminution in value of short term investment | 90 | - | - | - |
| Allowance for obsolete inventories | 386 | - | - | - |
| Allowance for slow moving inventories | - | 419 | - | - |
| Allowance for doubtful debts | 12,843 | 6,426 | - | - |
| Amortisation of intangible assets | 1,640 | 1,628 | - | - |
| Amortisation of long term investment | 22 | 20 | - | - |
| Amortisation of premium on long term investment | 21 | - | - | - |
| Amortisation of prepaid land lease payments | 68 | 13 | - | - |
| Auditors' remuneration:- | | | | |
| Other external auditors | | | | |
| Statutory audit fees | | | | |
| - current financial year | 50 | 46 | - | - |
| Bad debts written off | 1 | 40 | - | - |
| Depreciation | | | | |
| - property, plant and equipment | 13,391 | 6,343 | - | - |
| - investment properties | 477 | 1,460 | - | - |
| Hire of equipment | 447 | 507 | - | - |
| Impairment loss on goodwill | 1,449 | - | - | - |
| Impairment loss on investment properties | 984 | - | - | - |
| Inventories written off | 4 | - | - | - |
| Long term investment written off | 1,956 | - | - | - |
| Loss on exchange differences | | | | |
| - realised | 572 | 2,018 | - | - |
| - unrealised | 2,973 | 4,713 | - | - |

36. OTHER OPERATING EXPENSES (CONT'D)

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Loss on disposal of property, plant and equipment | - | 3 | - | - |
| Property, plant and equipment written off | 97 | 16 | - | - |
| Rental of motor vehicle | 86 | 131 | - | - |
| Rental of premises | 50 | 271 | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

37. FINANCE COSTS

Finance costs comprise of the following expenses:-

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Interest expenses | | | | |
| - subsidiary companies | - | - | 759 | 761 |
| - an associate company | 83 | - | 83 | - |
| - interest on loan and bankers' acceptance facilities | 2,258 | 2,175 | - | - |
| - bank overdraft interest | 185 | 288 | - | - |
| - revolving credit facilities | 380 | 28 | 109 | - |
| - minority shareholders' advances | 44 | 50 | - | - |
| - hire purchase interest | 542 | 466 | 1 | 3 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | <u>3,492</u> | <u>3,007</u> | <u>952</u> | <u>764</u> |

The ICULS were classified as part of equity in accordance with the provisions of FRS 132 Financial Instruments: Disclosure and Presentation. The payment of ICULS interest of RM4,767,000 (2008:RM8,313,000) at the Company and Group level are disclosed as a distribution of equity as set out in the Statement of Changes in Equity.

38. EXCEPTIONAL ITEMS

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Gain on disposal of associate Companies | (56,782) | - | (62,346) | - |
| Gain on disposal of investment properties | (364) | (780) | - | - |
| Allowance for diminution in value of long term quoted investments | 844 | 2,812 | - | - |
| Reversal of impairment loss on investment property | - | (329) | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | <u>(56,302)</u> | <u>1,703</u> | <u>(62,346)</u> | <u>-</u> |

39. TAXATION

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| <u>Income tax :</u> | | | | |
| Provision for current financial year | | | | |
| - Malaysia income tax | 1,070 | 1,389 | 113 | 1,097 |
| - Overseas income tax | 230 | 207 | - | - |
| Under/(Over)provision in previous financial years | 112 | (202) | (559) | - |
| <u>Deferred tax :</u> | | | | |
| Transfer from deferred taxation (Note 15) | 2,624 | 951 | - | - |
| | <u>4,036</u> | <u>2,345</u> | <u>(446)</u> | <u>1,097</u> |

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

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Profit before taxation | <u>61,133</u> | <u>23,144</u> | <u>66,473</u> | <u>11,813</u> |
| Income tax at the Malaysian statutory tax rate of 25% (2008:26%) | 15,283 | 6,017 | 16,618 | 3,071 |
| Tax effect in respect of : | | | | |
| Allowable expenses - ICULS interest paid taken direct to reserve | (1,192) | (2,161) | (1,192) | (2,161) |
| Double deduction of expenses | (9) | (28) | - | - |
| Non-allowable expenses | 2,054 | 1,716 | 50 | 447 |
| Income not subject to tax | (14,793) | (4,182) | (15,837) | (260) |
| Effect of income subject to the tax rate of 20% for small – medium enterprises | - | 770 | - | - |
| Effect of different tax rates in other countries | 526 | (139) | - | - |
| Overseas tax paid for dividend income | 169 | 181 | - | - |
| Tax savings from utilisation of capital allowances | (554) | (687) | - | - |
| Tax savings from utilisation of tax losses | (3,976) | (2,513) | - | - |
| Deferred taxation not recognised in the financial statements | <u>6,416</u> | <u>3,573</u> | <u>474</u> | <u>-</u> |
| Tax expenses for current financial year | 3,924 | 2,547 | 113 | 1,097 |
| Under/(over)provision for taxation in previous financial years | <u>112</u> | <u>(202)</u> | <u>(559)</u> | <u>-</u> |
| Tax expense for the financial year | <u>4,036</u> | <u>2,345</u> | <u>(446)</u> | <u>1,097</u> |
| Unutilised tax losses carried forward subject to agreement of the tax authorities | <u>119,581</u> | <u>134,316</u> | <u>-</u> | <u>-</u> |
| Unabsorbed capital allowances carried forward subject to agreement of the tax authorities | <u>9,475</u> | <u>8,753</u> | <u>-</u> | <u>-</u> |

39. **TAXATION (CONT'D)**

The Malaysian Budget 2008 introduced a single tier income tax system with effect from year of assessment 2008. Companies without Section 108 tax credit will automatically move to the new single tier dividend system on 1 January 2008 whilst companies with such credit are given an irrevocable option to elect for a switch to the new system during the transitional period of six years. All the companies will be in the new system on 1 January 2014. Under the new system, tax on profits of companies is a final tax and dividend distributed will be exempted from tax in the hands of shareholders.

The Company has available Section 108 tax credit and has not opt to switch over to the single tier system. The Company may use the available S108 tax credit for purpose of dividend distribution during the transitional period of six years.

40. **EARNINGS PER SHARE**

(a) 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 equity holders of the Company of RM51,905,000 (2008 : RM16,566,000) divided by the weighted average number of ordinary shares in issue during the financial year of 612,897,000 shares (2008 : 597,618,000 shares), after taking into consideration the movement of shares bought back by the Company.

(b) Diluted earnings per share

No diluted earnings per share is calculated for the financial year as there is no dilutive potential on the ordinary shares of the Company as at year end pursuant to the completion of the conversion of the ICULS into ordinary shares prior to the ICULS's expiry on 19 April 2009.

Diluted earnings per share for the previous financial year is calculated based on the Group's profit for the previous financial year attributable to the equity holders of the Company of RM16,566,000 divided by the adjusted weighted average number of ordinary shares in issue in the previous financial year of 701,386,000 which assumed the conversion of 103,767,866 nominal amount of 8% ICULS into ordinary shares at the beginning of the previous financial year.

41. **DIRECTORS' REMUNERATION**

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

| | Group | | Company | |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Executive Directors:- | | | | |
| Salaries and other emoluments | 2,172 | 2,115 | 570 | 720 |
| Defined contribution plan | 123 | 146 | 68 | 86 |
| Fees | 177 | 36 | - | - |
| Benefits-in-kind | 70 | 84 | 70 | 58 |
| | <u>2,542</u> | <u>2,381</u> | <u>708</u> | <u>864</u> |

41. **DIRECTORS' REMUNERATION (CONT'D)**

| | Group | | Company | |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Non-Executive Directors:- | | | | |
| Salaries and other emoluments | 82 | 36 | 36 | 36 |
| Defined contribution plan | 10 | 4 | 4 | 4 |
| Fees | 72 | 72 | 72 | 72 |
| Benefits-in-kind | 20 | 16 | 20 | 16 |
| | <u>184</u> | <u>128</u> | <u>132</u> | <u>128</u> |
| | <u>2,726</u> | <u>2,509</u> | <u>840</u> | <u>992</u> |

42. **STAFF COSTS**

| | Group | | Company | |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Salaries, wages and allowances | 36,801 | 27,027 | 3,326 | 3,091 |
| Social security cost | 259 | 214 | 19 | 18 |
| Defined contribution plan | 2,413 | 2,198 | 308 | 344 |
| Other staff related expenses | 98 | 545 | - | - |
| | <u>39,571</u> | <u>29,984</u> | <u>3,653</u> | <u>3,453</u> |

Included in staff cost of the Group and the Company are executive and non-executive directors' remuneration amounting to RM2,636,000 (2008 : RM2,409,000) and RM750,000 (2008 : RM918,000) respectively as disclosed in Note 41 to the financial statements.

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 company acquired by the Group during the financial year are as follows:-
- (i) Insas Technology Berhad, a wholly-owned subsidiary company, had on 21 July 2008 acquired two (2) ordinary shares of RM1 each, representing 100% equity interest in Simfoni Bistari Sdn Bhd ("Simfoni") for a cash consideration of RM2. Simfoni was incorporated on 18 February 2003 as a private limited company under the Companies Act, 1965. Simfoni was a dormant company when acquired. Subsequent to the acquisition, Simfoni commenced operations and its principal activities are in the investment holding and letting out of properties.

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

(a) Details of the subsidiary company acquired by the Group during the financial year are as follows (cont'd):-

(ii) On 13 March 2009, the Company acquired two (2) ordinary shares of RM1 each, representing 100% equity interest in Insas Mobile Sdn Bhd ("Insas Mobile") (formerly known as Magna Saujana Sdn Bhd) for a cash consideration of RM2. Insas Mobile was incorporated on 7 June 2005 as a private limited company under the Companies Act, 1965. Insas Mobile is a dormant company and has not commenced operations since its incorporation.

(iii) In the previous financial year, Dawnfield Pte Ltd, an indirect wholly-owned subsidiary company, incorporated the following subsidiary company which details are as follows:-

| <u>Name of company</u> | <u>% Effective equity interest</u> | <u>Principal activities</u> |
|------------------------|------------------------------------|--|
| Cellar-1 (S) Pte Ltd | 100 | Trading of alcoholic and non-alcoholic beverages |

(b) The effect of the acquisition of Simfoni and Insas Mobile (2008: Acquisition of Cellar-1 (S) Pte Ltd) on the financial results of the Group during the financial year were as follows:-

| | Group | |
|--------------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Revenue | - | - |
| Cost of sales | (92) | - |
| Gross loss | (92) | - |
| Other income | 2 | - |
| Administration expenses | (14) | (5) |
| Other operating expenses | (181) | - |
| Loss before taxation | <u>(285)</u> | <u>(5)</u> |

(c) The effect of the acquisition of Simfoni and Insas Mobile (2008: Acquisition of Cellar-1 (S) Pte Ltd) on the financial position of the Group as at the end of the financial year were as follows:-

| | Group | |
|---|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Property, plant and equipment | 7,681 | - |
| Prepaid land lease payments | 3,115 | - |
| Other receivables, deposits and prepayments | 5 | - |
| Cash and bank balances | 2 | - |
| Trade payables | (26) | - |
| Other payables and accruals | (222) | (5) |
| Group's share of net assets/(liabilities) | <u>10,555</u> | <u>(5)</u> |

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

(d) The details of net assets acquired, goodwill and cash flow as at the date of acquisition arising from the acquisition of Simfoni and Insas Mobile (2008 : Acquisition of Cellar-1 (S) Pte Ltd) were as follows:-

| | Group | |
|---|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Purchase consideration | · | - |
| Less : Cash and bank balances acquired | # | - |
| | <hr/> | <hr/> |
| Net cash acquired on acquisition of equity interest in subsidiary companies | <u>-</u> | <u>-</u> |

· represents RM4

represents RM(4)

44. **CONTINGENT LIABILITIES**

| | Group | | Company | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Unsecured :- | | | | |
| Guarantees to secure banking and credit facilities of subsidiary companies | - | - | 49,900 | 87,679 |
| Invoices under dispute | <u>178</u> | <u>178</u> | <u>-</u> | <u>-</u> |
| | <u>178</u> | <u>178</u> | <u>49,900</u> | <u>87,679</u> |

The Directors are of the opinion that the above contingent liabilities of the Group and of the Company will not crystallise.

45. **COMMITMENTS**

| | Group | |
|--|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Authorised and contracted for | | |
| - Acquisition of investment properties | 1,050 | 1,050 |
| - Acquisition of property, plant and equipment | 875 | 2,263 |
| - Acquisition of investments | <u>28,384</u> | <u>22,019</u> |
| | <u>30,309</u> | <u>25,332</u> |

46. **SEGMENTAL REPORTING – GROUP**

(a) Primary Segmental Reporting - Business Segments

| 2009 | Financial services and credit & leasing RM'000 | Property investment and development RM'000 | Investment holding and trading RM'000 | Retail trading and car rental RM'000 | Information technology related services RM'000 | Eliminations RM'000 | Group RM'000 |
|--|---|---|--|---|---|------------------------|------------------------|
| Revenue | | | | | | | |
| External revenue | 17,862 | 44,758 | 25,982 | 9,336 | 143,927 | - | 241,865 |
| Inter-segment revenue | <u>5,888</u> | <u>4,222</u> | <u>2,913</u> | <u>538</u> | <u>12,239</u> | <u>(25,800)</u> | <u>-</u> |
| Total segment revenue | <u><u>23,750</u></u> | <u><u>48,980</u></u> | <u><u>28,895</u></u> | <u><u>9,874</u></u> | <u><u>156,166</u></u> | <u><u>(25,800)</u></u> | <u><u>241,865</u></u> |
| Results | | | | | | | |
| Segment (loss)/profit from operations | (9,555) | 2,316 | (2,873) | 844 | 13,111 | (1,959) | 1,884 |
| Interest income | | | | | | | 6,723 |
| Finance costs | | | | | | | (3,492) |
| Share of profits less losses of associate companies | - | - | 938 | (1,222) | - | - | (284) |
| Exceptional items | - | 364 | 55,938 | - | - | - | <u>56,302</u> |
| Profit before taxation | | | | | | | 61,133 |
| Taxation | | | | | | | <u>(4,036)</u> |
| Profit after taxation | | | | | | | 57,097 |
| Minority interests | | | | | | | <u>(5,192)</u> |
| Net profit attributable to equity holders of the Company | | | | | | | <u><u>51,905</u></u> |

46. **SEGMENTAL REPORTING – GROUP (CONT'D)**

(a) Primary Segmental Reporting - Business Segments (cont'd)

| 2009 | Financial services and credit & leasing RM'000 | Property investment and development RM'000 | Investment holding and trading RM'000 | Retail trading and car rental RM'000 | Information technology related services RM'000 | Group RM'000 |
|---|--|--|---|---|--|------------------------|
| Other information | | | | | | |
| Segment assets | 522,492 | 139,513 | 336,435 | 25,158 | 107,928 | 1,131,526 |
| Share of net assets of associate companies | - | - | 2,677 | 17,224 | - | 19,901 |
| Tax assets | 4,214 | 407 | 1,187 | 30 | 98 | 5,936 |
| Unallocated corporate assets | | | | | | 184 |
| Total assets | | | | | | <u>1,157,547</u> |
| Segment liabilities | 197,480 | 25,191 | 80,847 | 12,532 | 45,229 | 361,279 |
| Tax liabilities | 412 | - | - | - | 789 | 1,201 |
| Total liabilities | | | | | | <u>362,480</u> |
| Capital expenditure on property, plant and equipment | 141 | - | 206 | 4,174 | 31,118 | 35,639 |
| Depreciation | 486 | 347 | 689 | 4,066 | 8,820 | 14,408 |
| Amortisation | 1,650 | - | 21 | - | 123 | 1,794 |
| Non cash expenses other than depreciation and amortisation | 14,649 | - | 11,947 | 403 | 1,677 | 28,676 |

46. **SEGMENTAL REPORTING – GROUP (CONT'D)**

(a) Primary Segmental Reporting - Business Segments (cont'd)

| 2008 | Financial services and credit & leasing RM'000 | Property investment and development RM'000 | Investment holding and trading RM'000 | Retail trading and car rental RM'000 | Information technology related services RM'000 | Eliminations RM'000 | Group RM'000 |
|--|---|---|--|---|---|------------------------|------------------------|
| Revenue | | | | | | | |
| External revenue | 24,019 | 33,167 | 42,018 | 8,173 | 126,123 | - | 233,500 |
| Inter-segment revenue | <u>2,014</u> | <u>4,121</u> | <u>7,721</u> | <u>1,346</u> | <u>5,944</u> | <u>(21,146)</u> | <u>-</u> |
| Total segment revenue | <u><u>26,033</u></u> | <u><u>37,288</u></u> | <u><u>49,739</u></u> | <u><u>9,519</u></u> | <u><u>132,067</u></u> | <u><u>(21,146)</u></u> | <u><u>233,500</u></u> |
| Results | | | | | | | |
| Segment profit/(loss) from operations | 10,200 | 8,331 | (13,458) | 1,152 | 13,457 | (1,974) | 17,708 |
| Interest income | | | | | | | 7,011 |
| Finance costs | | | | | | | (3,007) |
| Share of profits less losses of associate companies | - | - | 2,878 | 257 | - | - | 3,135 |
| Exceptional items | - | 780 | (2,483) | - | - | - | <u>(1,703)</u> |
| Profit before taxation | | | | | | | 23,144 |
| Taxation | | | | | | | <u>(2,345)</u> |
| Profit after taxation | | | | | | | 20,799 |
| Minority interests | | | | | | | <u>(4,233)</u> |
| Net profit attributable to equity holders of the Company | | | | | | | <u><u>16,566</u></u> |

46. **SEGMENTAL REPORTING – GROUP (CONT'D)**

(a) Primary Segmental Reporting - Business Segments (cont'd)

| 2008 | Financial services and credit & leasing RM'000 | Property investment and development RM'000 | Investment holding and trading RM'000 | Retail trading and car rental RM'000 | Information technology related services RM'000 | Group RM'000 |
|--|---|---|--|---|---|------------------------|
| Other information | | | | | | |
| Segment assets | 562,937 | 135,048 | 171,674 | 24,384 | 72,046 | 966,089 |
| Share of net assets of associate companies | - | - | 16,093 | 18,406 | - | 34,499 |
| Tax assets | 6,916 | 141 | 6,549 | 125 | 81 | 13,812 |
| Unallocated corporate assets | | | | | | <u>1,633</u> |
| Total assets | | | | | | <u>1,016,033</u> |
| Segment liabilities | 197,194 | 23,944 | 10,310 | 14,342 | 22,248 | 268,038 |
| Tax liabilities | 454 | 54 | - | - | 1,000 | <u>1,508</u> |
| Total liabilities | | | | | | <u>269,546</u> |
| Capital expenditure on property, plant and equipment | 174 | 1,443 | 20 | 7,496 | 7,800 | 16,933 |
| Depreciation | 713 | 423 | 1,563 | 3,368 | 1,979 | 8,046 |
| Amortisation | 1,628 | - | - | - | 40 | 1,668 |
| Non cash expenses other than depreciation and amortisation | 8,606 | 16 | 10,664 | 127 | 4,681 | 24,094 |

Segmental information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment assets consist primarily of property, plant and equipment, prepaid land lease payments, investment properties, land held for development, long term investments, associate companies, intangible asset, marketable securities, property development costs, inventories, receivables and operating cash and deposits at bank but exclude tax assets, which is disclosed separately. Unallocated corporate asset consists of goodwill on consolidation. Segment liabilities comprise operating liabilities but exclude tax liabilities, which is disclosed separately.

Capital expenditure comprises additions to property, plant and equipment during the financial year.

46. **SEGMENTAL REPORTING – GROUP (CONT'D)**

(a) Primary Segmental Reporting - Business Segments (cont'd)

Segment revenue, expenses and results also include transfers between segments. The prices charged on inter segment transactions are on arms length basis under terms and conditions not materially different from transactions with unrelated parties. These transactions are eliminated on consolidation.

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

| <u>Business segment</u> | <u>Business activities</u> |
|---|---|
| Financial services and credit & leasing | Stockbroking and dealing in securities, 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 holding and investment, project management and property management and development. |
| Investment holding and trading | Investment holding and trading of shares and other related financial instruments. |
| Retail trading and car rental | Retail and trading of high fashion wear, leather goods and other lifestyle-related products, wine merchants, operating food and beverages outlets and car rental services. |
| Information technology related services | Design, manufacturing, distribution and sales of smartcards, semi-conductor products and equipment, produce wireless microwave telecommunication products, wireless broadcast card and electronic manufacturing services, manufacture and distribution of computer peripherals, design and development of software and web applications and provision of communication and networking services, provision of sales and services for mobile wireless and fixed line broadband solutions and devices and related peripherals, provision of voice call, data and multimedia products and services, provision of secure payment gateway services for e-commerce community, computer hardware dealers and maintenance, sale of multimedia and electronic products and IT consultancy services. |

46. **SEGMENTAL REPORTING – GROUP (CONT'D)**

(b) Secondary Segmental Reporting - Geographical Segment

| | Revenue RM'000 | Carrying Amount of Segment Assets RM'000 | Additions to Property, Plant and Equipment RM'000 |
|-------------|-------------------|---|---|
| 2009 | | | |
| Malaysia | 212,463 | 872,927 | 35,475 |
| Overseas | 29,402 | 284,620 | 164 |
| | 241,865 | 1,157,547 | 35,639 |
| 2008 | | | |
| Malaysia | 182,100 | 839,288 | 16,826 |
| Overseas | 51,400 | 176,745 | 107 |
| | 233,500 | 1,016,033 | 16,933 |

47. **SIGNIFICANT RELATED PARTY TRANSACTIONS**

(a) The Group has the following transactions with the following related parties during the financial year:-

| | <u>Group</u> | |
|---|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Design and printing costs paid to Catalyst Creatives, a firm related to a Director of the Company | 136 | 146 |
| Fees charged by/(charged to) Syarikat Agensi Pekerjaan ER Services Sdn Bhd, a company related to certain Directors of the Company:- | | |
| - recruitment and human resources administration services fees | 124 | 106 |
| - secretarial fees | (1) | (1) |
| - rental of office premises | (9) | (9) |
| Purchases from/(Sales to) Vanskee Enterprise (S) Pte Ltd, a company related to certain directors and a minority shareholder of a subsidiary company:- | | |
| - purchase of raw material | 22 | 71 |
| - sale of goods and services | (37) | (19) |
| - purchase of property, plant and equipment | - | 5 |
| Purchases of raw material from Vanskee Enterprise Co. Ltd., a company related to certain directors and a minority shareholder of a subsidiary company | 461 | 412 |
| Professional fees paid to Shearn Delamore & Co., a legal firm in which a Director of the Company is a partner | - | 15 |
| (Services provided to)/Cost payable to Ceedtec Sdn Bhd, a company related to a director and a minority shareholder of a subsidiary company | | |
| - Sale of goods and services | (301) | (7) |
| - Research cost paid/payable | - | 33 |
| - Royalty expense paid/payable | 44 | 13 |
| Renovation and maintenance works provided to companies, which related to a Director of the Company | | |
| - Immobiliare Holdings Sdn Bhd | 28 | 29 |
| - Baktihan Sdn Bhd | 15 | 2 |

47. **SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)**

- (a) The Group has the following transactions with the following related parties during the financial year (cont'd):-

| | <u>Group</u> | |
|--|--------------|-------------|
| | <u>2009</u> | <u>2008</u> |
| | RM'000 | RM'000 |
| Sale of wine by a subsidiary company to a director of the subsidiary company | 32 | - |
| Interest expense paid/payable to minority shareholders of a subsidiary company | 44 | 50 |

- (b) The Company has the following transactions with the following related parties during the financial year:-

| | <u>Company</u> | |
|---|----------------|-------------|
| | <u>2009</u> | <u>2008</u> |
| | RM'000 | RM'000 |
| Management fees charged to subsidiary companies* | 696 | 2,009 |
| Dividends received from subsidiary companies:- | | |
| - M & A Securities Sdn Bhd | - | 4,220 |
| - Insas Technology Berhad | 700 | - |
| Dividend received from Gleneagles Hospital (Kuala Lumpur) Sdn Bhd, an associate company | 1,000 | 1,000 |
| Interest expenses paid/payable to M & A Securities Sdn Bhd, a subsidiary company | 759 | 761 |
| Interest expenses paid/payable to Brickfield Properties Pty Ltd, an associate company | 83 | - |
| Lease rental paid/payable to Insas Pacific Rent-A-Car Sdn Bhd, a subsidiary company | 107 | 282 |
| Interest charged to subsidiary companies* | 3,585 | 7,917 |

The Directors are of the opinion that the above transactions were entered into in the normal course of business and have been established on a negotiated basis under terms and conditions that are not materially different from that obtained in transactions with third parties.

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

- (c) Remuneration of Key Management Personnel

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

47. **SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)**

(c) Remuneration of Key Management Personnel (cont'd)

| | Group | | Company | |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Salaries, allowances and bonus | 5,206 | 4,003 | 570 | 720 |
| Defined contribution plan | 393 | 338 | 68 | 86 |
| Fees | 213 | 72 | - | - |
| Social security cost | 10 | 11 | - | - |
| Benefits-in-kind | 70 | 84 | 70 | 58 |
| | <u>5,892</u> | <u>4,508</u> | <u>708</u> | <u>864</u> |

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

| | Group | | Company | |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> RM'000 | <u>2008</u> RM'000 | <u>2009</u> RM'000 | <u>2008</u> RM'000 |
| Directors' remuneration (Note 41) | <u>2,542</u> | <u>2,381</u> | <u>708</u> | <u>864</u> |

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

48. **LIST OF SUBSIDIARY AND ASSOCIATE COMPANIES**

| <u>Name of company</u> | % Effective equity interest | | <u>Principal activities</u> | <u>Country of incorporation</u> |
|------------------------------|-----------------------------|-------------|--|---------------------------------|
| | <u>2009</u> | <u>2008</u> | | |
| SUBSIDIARY COMPANIES: | | | | |
| Cellar-One Sdn Bhd | 100 | 100 | Wine merchant | Malaysia |
| Cellar-1 (S) Pte Ltd * | 100 | 100 | General trading including trading of alcoholic and non-alcoholic beverages | Singapore |
| Contibina Sdn Bhd | 60 | 60 | Investment holding | Malaysia |
| Dawnfield Pte Ltd * | 100 | 100 | Investment holding, investment trading and investment and rental of properties | Singapore |
| Dellmax Worldwide Sdn Bhd | 58.5 | 58.5 | Investment holding | Malaysia |
| Delta Crest Sdn Bhd* | 100 | 100 | Property investment | Malaysia |
| Desa Juara Sdn Bhd | 100 | 100 | Property development | Malaysia |
| Filmont Development Sdn Bhd | 100 | 100 | Investment holding, property development and project management | Malaysia |

48. LIST OF SUBSIDIARY AND ASSOCIATE COMPANIES (CONT'D)

| <u>Name of company</u> | <u>% Effective equity interest</u> | | <u>Principal activities</u> | <u>Country of incorporation</u> |
|--|------------------------------------|-------------|---|---------------------------------|
| | <u>2009</u> | <u>2008</u> | | |
| SUBSIDIARY COMPANIES: | | | | |
| Gryphon Asset Management Sdn Bhd | 66 | 66 | Fund management and investment holding | Malaysia |
| Hastanas Development Sdn Bhd | 65.3 | 65.3 | Property development | Malaysia |
| Inari Technology Sdn Bhd | 51 | 51 | Produce wireless microwave telecommunication products, wireless broadcast card and to provide electronic manufacturing services | Malaysia |
| Insas Construction Sdn Bhd | 100 | 100 | Construction, landscaping, renovation and other related works | Malaysia |
| Insas Corporate Services Sdn Bhd | 100 | 100 | Provision of management services and investment holding | Malaysia |
| Insas Credit & Leasing Sdn Bhd | 100 | 100 | Credit, leasing and other related financing activities | Malaysia |
| Insas Mobile Sdn Bhd (formerly known as Magna Saujana Sdn Bhd) | 100 | - | Dormant | Malaysia |
| Insas Plaza Sdn Bhd | 100 | 100 | Investment holding, investment trading and property trading/property investment | Malaysia |
| Insas Project Management Sdn Bhd | 100 | 100 | Property and project management and consultants | 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 information technology consultancy services, provision of management 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 |

48. LIST OF SUBSIDIARY AND ASSOCIATE COMPANIES (CONT'D)

| <u>Name of company</u> | <u>% Effective equity interest</u> | | <u>Principal activities</u> | <u>Country of incorporation</u> |
|---|------------------------------------|-------------|--|---------------------------------|
| | <u>2009</u> | <u>2008</u> | | |
| SUBSIDIARY COMPANIES: | | | | |
| Jia Sdn Bhd (formerly known as Success Crest Sdn Bhd) | 100 | 100 | Restaurant operator | Malaysia |
| Langdale E3 Pte Ltd * | 100 | 100 | Provide telecommunication services such as voice over internet protocol (VOIP) services, electronic components sourcing and distribution and sale of routers and modems for wireless broadband network | 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 | Futures broking | Malaysia |
| M & A Financial Services Inc. | 100 | 100 | Investment holding and provision of credit and related financing activities | 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 | Malaysia |
| M & A Securities Sdn Bhd * | 100 | 100 | Stockbroking | Malaysia |
| M & A Securities (HK) Limited * | 93 | 93 | Stockbroking (Temporary ceased operations) | Hong Kong |
| Magxo Sdn Bhd | 100 | 100 | Mobile virtual network operations | Malaysia |
| Megapolitan Nominees (Tempatan) Sdn Bhd | 100 | 100 | Nominee agent and Registration services | Malaysia |
| Megapolitan Management Services Sdn Bhd | 100 | 100 | Provision of corporate secretarial, share registration and management services | Malaysia |

Company No: 4081 M

48. LIST OF SUBSIDIARY AND ASSOCIATE COMPANIES (CONT'D)

| <u>Name of company</u> | <u>% Effective equity interest</u> | | <u>Principal activities</u> | <u>Country of incorporation</u> |
|----------------------------------|------------------------------------|-------------|---|---------------------------------|
| | <u>2009</u> | <u>2008</u> | | |
| SUBSIDIARY COMPANIES: | | | | |
| Media Lang Limited* | 100 | 100 | Sale of multimedia and electronic products | Hong Kong |
| Montania Development Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| Micromodule Pte Ltd * | 52.4 | 52.4 | Design, manufacture, distribute, sales, maintenance and other supporting activities related to manufacture of equipment, sub assemblies, semi and finished products for all types of semiconductor products and equipment | Singapore |
| Montego Assets Limited | 100 | 100 | Investment holding and trading | British Virgin Islands |
| Noble Builders Sdn Bhd | 75 | 75 | Property investment and theme restaurant (Inactive) | Malaysia |
| Pan Asian Assets Inc. | 100 | 100 | Investment trading | British Virgin Islands |
| Parkfair Development Sdn Bhd | 63 | 63 | Investment holding | Malaysia |
| Premium-One Sdn Bhd | 100 | 100 | Restaurant operator (Ceased operations) | Malaysia |
| Premium Parking Sdn Bhd | 100 | 100 | Car park management (Temporary ceased operations) | Malaysia |
| Premium Yield Sdn Bhd | 65.3 | 65.3 | Investment holding | Malaysia |
| Segar Raya Development Sdn Bhd | 60.3 | 60.3 | Real property and housing developer | Malaysia |
| Simfoni Bistari Sdn Bhd | 100 | - | Investment holding and property investment | Malaysia |
| Southgroup Investments Limited * | 100 | 100 | Investment holding | Hong Kong |
| Teraju Usaha Sdn Bhd | 100 | 100 | Provision of consultancy and advisory services and commission agent | Malaysia |
| Topacres Sdn Bhd | 100 | 100 | Investment holding | Malaysia |

48. LIST OF SUBSIDIARY AND ASSOCIATE COMPANIES (CONT'D)

| <u>Name of company</u> | <u>% Effective equity interest</u> | | <u>Principal activities</u> | <u>Country of incorporation</u> |
|---|------------------------------------|-------------|--|---------------------------------|
| | <u>2009</u> | <u>2008</u> | | |
| SUBSIDIARY COMPANIES: | | | | |
| True Blue Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| Valencia Homes Sdn Bhd | 90 | 90 | Property development | Malaysia |
| Vigcashlimited LLC | 100 | 100 | Provision of secure payment gateway services for e-commerce communities | Mongolia |
| VigSys Sdn Bhd | 100 | 100 | Manufacture and distribution of mobile wireless and fixed line broadband solution, 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 | Engaged in the provision of sales and services for mobile wireless and fixed line broadband solutions and devices and related peripherals, provision of voice call, data and multimedia products and services and provision of smartcard software and system integration | Malaysia |
| Xota Communications Sdn Bhd | 100 | 100 | Provision of information technology consultancy services, provision of voice call services and trading in all related products | Malaysia |
| ASSOCIATE COMPANIES : | | | | |
| Brickfields Properties Pty Ltd* | 25 | 25 | Property development (Ceased operations) | Australia |
| Centreplus Sdn Bhd | 35 | 35 | Improving and leasing of landed property | Malaysia |
| Diffusion Fashions Sdn Bhd | 43.4 | 43.4 | Dormant | Malaysia |
| Dome Cafe Sdn Bhd | 43.4 | 43.4 | Restaurant operator | Malaysia |
| Gleneagles Hospital (Kuala Lumpur) Sdn Bhd* | - | 20 | Hospital and medical services | Malaysia |

48. LIST OF SUBSIDIARY AND ASSOCIATE COMPANIES (CONT'D)

| <u>Name of company</u> | <u>% Effective equity interest</u> | | <u>Principal activities</u> | <u>Country of incorporation</u> |
|--|------------------------------------|-------------|---|---------------------------------|
| | <u>2009</u> | <u>2008</u> | | |
| ASSOCIATE COMPANIES: | | | | |
| Gleneagles Medical Centre (Kuala Lumpur) Sdn Bhd * | 20 | 20 | Development and investment in medical centers | Malaysia |
| Gleneagles Academy of Nursing (M) Sdn Bhd* | - | 20 | Academy for training of nursing care | Malaysia |
| Good-Life Foods Sdn Bhd | 43.4 | 43.4 | Restaurant operator | Malaysia |
| Island Cafe Sdn Bhd | 36 | 36 | Restaurant operator | Malaysia |
| Lifestyle Foods Sdn Bhd | 37.7 | 37.7 | Food and beverage Restaurant | 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 | 22.1 | 22.1 | Retailer of Asian made products | Malaysia |
| Melium Aseana Pte Ltd * | - | 22.1 | Company struck off during the financial year | Singapore |
| Roset Limousines Services Pte Ltd* | 41 | 41 | Provision of premium limousines services | Singapore |
| Winfields Development Sdn Bhd | 40 | - | Investment holding and rental of properties | Malaysia |

* Companies not audited by SJ Grant Thornton.

49. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 1 July 2008, the Company entered into a conditional Sale and Purchase Agreement (“SPA”) with Tan & Tan Developments Berhad (“TTDB”) and Pantai Irama Ventures Sdn Bhd (“PIVSB”) for the Company to, together with TTDB, dispose their collective 50% equity in Gleneagles Hospital (Kuala Lumpur) Sdn Bhd (“GH”) to PIVSB for a total consideration of RM171,630,000, subject to revision based on the debt and cash position of GH on the completion date.

Of the collective 50%, the Company’s equity interest in GH is 20% comprising of 4,225,000 ordinary shares of RM1 each and 5,100,000 redeemable preference shares of RM0.05 each.

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

(i) (cont'd)

PIVSB is a private limited company incorporated in Malaysia and a subsidiary company of Khazanah Nasional Berhad.

TTDB is a public limited company incorporated in Malaysia and a wholly-owned subsidiary of IGB Corporation Berhad.

On 19 November 2008, the Company announced that it has completed the disposal of its 20% equity interest in GH for a cash consideration of RM71.78 million. Accordingly, GH has ceased to be an associate company of the Company.

(ii) On 7 August 2008, M & A Securities Sdn Bhd ("M & A Securities"), a wholly-owned subsidiary company, passed a special resolution in an Extraordinary General Meeting for its shareholders' approval for a proposed capital reduction of its paid up share capital ("Proposed Capital Reduction").

The Proposed Capital Reduction will reduce the fully paid up share capital of M & A Securities from RM140 million divided into 140 million ordinary shares of RM1 each to RM60 million divided into 60 million ordinary shares of RM1 each by cancellation of 80 million fully paid ordinary shares of RM1 each subject to the confirmation of the High Court of Malaya pursuant to Section 64 of the Companies Act, 1965, provisions of Article 34 of M & A Securities' Articles of Association and approval of Bursa Malaysia Securities Berhad, Securities Commission and all relevant authorities. The Proposed Capital Reduction shall be effected by distributing in cash to all the entitled shareholders.

On 12 December 2008, the High Court of Malaya granted an order reducing the issued and paid up share capital of M & A Securities as petitioned.

Subsequently on 6 January 2009, a Certificate of Lodgement of Order of High Court Confirming Reduction of Share Capital was issued by the Companies Commission of Malaysia as confirmation that the Order of the High Court has been duly lodged in accordance with Section 64 of the Companies Act, 1965.

The Proposed Capital Reduction has been completed during the financial year.

(iii) On 23 October 2008, the Company announced that Topacres Sdn Bhd ("Topacres"), a wholly-owned subsidiary company, had subscribed for 40,000 ordinary shares of RM1 each, representing 40% of the total issued and paid up share capital of Winfields Development Sdn Bhd ("Winfields"). On 23 January 2009, Topacres subscribed for a further 360,000 ordinary shares of RM1 each representing 40% of the increased issued and paid up share capital in Winfields. Winfields was incorporated on 30 March 2006 as a private limited company under the Companies Act, 1965. The principal activities of Winfields are investment holding and rental of properties.

(iv) On 1 June 2009, the Company's Board of Directors had approved the disposal of its 20% equity interest in Gleneagles Academy of Nursing (M) Sdn Bhd ("Gleneagles Nursing") representing 40,000 ordinary shares of RM1 each for a cash consideration of RM61,539. Accordingly, Gleneagles Nursing has ceased to be an associate company of the Company.

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

- (v) On 23 June 2009, Montego Assets Limited, a wholly-owned indirect subsidiary company, entered into a Members' Agreement made between Clan (CH) LLP, Native Land Limited, Montego Assets Limited and Chantrey House LLP to invest in 99.5% of the equity funding requirements in Eccleston Belgravia LLP, a limited liability partnership registered in England and Wales.

On the same date, Montego Assets Limited entered into a Members' Agreement made between Clan (CH) LLP, Native Land Limited, Montego Assets Limited, Chantrey House LLP and Eccleston Belgravia LLP for Eccleston Belgravia LLP to acquire and own a property known as Chantrey House situated at Eccleston Street, London SW1 for a cash consideration of GBP 20,750,000.

The transaction has been completed on 6 July 2009.

50. **SIGNIFICANT EVENT SUBSEQUENT TO BALANCE SHEET DATE**

On 7 August 2009, M & A Securities Sdn Bhd ("M & A Securities"), a wholly-owned subsidiary company, increased its issued and fully paid-up share capital from RM60 million to RM90 million by way of the issuance of 30 million ordinary shares of RM 1 each at an issue price of RM1 each which was fully subscribed by the Company.

On 23 September 2009, the Company announced that the Securities Commission has on 18 September 2009, approved the admission of M&A Securities to the Approved List of Principal Advisers Submitting Specific Corporate Proposals pursuant to Chapter 3 of the Securities Commission's Principal Adviser Guidelines. With the admission to the Approved List, M&A Securities may act as a principal adviser for initial public offerings, reverse take-overs, restructurings and all type of other corporate proposals except for those involving private debt securities, Islamic securities and structured products.

51. **FINANCIAL INSTRUMENTS**

- (a) Interest rate risk

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rates, and the effective interest rates on classes of financial assets and financial liabilities are as follows :-

| | Less than 1 financial year RM'000 | 1 to 5 financial years RM'000 | Total RM'000 | Effective interest rate during the financial year % per annum |
|---|--|--|-----------------|--|
| 2009 Group | | | | |
| <u>Financial assets</u> | | | | |
| Deposits with licensed banks and financial institutions | 430,611 | - | 430,611 | 0.10% - 7.33% |
| <u>Financial liabilities</u> | | | | |
| Loans and borrowings | 80,259 | 3,314 | 83,573 | 0.82% - 10.46% |
| Amount due to an associate company | 10,304 | - | 10,304 | 4.20% |

51. FINANCIAL INSTRUMENTS (CONT'D)

(a) Interest rate risk (cont'd)

| | Less than 1 financial year RM'000 | 1 to 5 financial years RM'000 | Total RM'000 | Effective interest rate during the financial year % per annum |
|---|--|--|-----------------|--|
| 2009 Company | | | | |
| <u>Financial assets</u> | | | | |
| Deposits with licensed banks and financial institutions | 24,004 | - | 24,004 | 1.85% - 3.54% |
| Amount due from subsidiary companies | 648,854 | - | 648,854 | 2.50% - 3.0% |
| <u>Financial liabilities</u> | | | | |
| Loans and borrowings | 4,000 | - | 4,000 | 4.58% - 5.84% |
| Amount due to subsidiary companies | 63,918 | - | 63,918 | 5.0% |
| Amount due to an associate company | 10,304 | - | 10,304 | 4.20% |
| 2008 Group | | | | |
| <u>Financial assets</u> | | | | |
| Deposits with licensed banks and financial institutions | 376,775 | - | 376,775 | 0.43% - 7.46% |
| <u>Financial liabilities</u> | | | | |
| Loans and borrowings | 11,688 | 4,930 | 16,618 | 1.31% - 12.0% |
| 2008 Company | | | | |
| <u>Financial assets</u> | | | | |
| Deposits with licensed banks and financial institutions | 1,687 | - | 1,687 | 3.30% - 7.30 % |
| Amount due from subsidiary companies | 533,250 | - | 533,250 | 3.30% - 12.0% |
| <u>Financial liabilities</u> | | | | |
| Amount due to subsidiary companies | 90,422 | - | 90,422 | 5.0% |

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

(b) Credit risk

The Group has no significant concentration of credit risk with any single counterparty. The maximum exposure to credit risk for the Group is the carrying amount of each financial asset.

Trade receivables

The Group's normal trade credit terms ranges from 30 to 90 days (2008 : 30 to 90 days) except for a subsidiary company whose credit terms is 3 market days according to the Bursa Malaysia Fixed Delivery and Settlement System Trading Rules. Other credit terms are assessed and approved on a case-by-case basis.

The Group's normal credit term in relation to rental receivables is 7 days (2008: 7 days).

Trade payables

The normal trade credit terms granted to the Group ranges from 30 to 90 days (2008 : 30 to 90 days) except for a subsidiary company whose credit terms is 3 market days according to the Bursa Malaysia Fixed Delivery and Settlement System Trading Rules.

(c) Foreign currency exchange risk

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

| Group | US Dollar RM'000 | Singapore Dollar RM'000 | Euro RM'000 | Sterling Pound RM'000 | Australian Dollar RM'000 | Hong Kong Dollar RM'000 | Other currencies RM'000 | Total RM'000 |
|---|---------------------------------|--|------------------------|--------------------------------------|---|--|--|-------------------------|
| 2009 | | | | | | | | |
| Trade receivables | 24,489 | 30 | 1,815 | 16 | 19 | - | - | 26,369 |
| Other receivables, deposits and prepayments | 603 | 858 | 1,106 | 22 | 319 | 33 | - | 2,941 |
| Deposits with licensed banks and financial institutions | 724 | 1,364 | 3,802 | 11,427 | 32,374 | - | - | 49,691 |
| Cash and bank balances | 3,308 | 6,517 | 6,296 | 320 | 22 | 228 | - | 16,691 |
| Loans and borrowings | (35,110) | (9,484) | - | - | (18,315) | - | - | (62,909) |
| Trade payables | (12,140) | (100) | (481) | (26) | - | - | 228 | (12,519) |
| Other payables and accruals | (2,285) | (445) | (31) | (34) | (63) | (27) | (219) | (3,104) |
| Net financial assets/(liabilities) | (20,411) | (1,260) | 12,507 | 11,725 | 14,356 | 234 | 9 | 17,160 |

51. FINANCIAL INSTRUMENTS (CONT'D)

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

| Group (cont'd) 2008 | US | Singapore | Euro | Sterling | Australian | Hong | Other | Total |
|---|----------|-----------|--------|----------|------------|--------|------------|----------|
| | Dollar | Dollar | Euro | Pound | Dollar | Kong | currencies | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade receivables | 16,226 | 23 | 2,658 | 45 | - | - | - | 18,952 |
| Other receivables, deposits and prepayments | 353 | 229 | 369 | 23 | - | 1,831 | - | 2,805 |
| Deposits with licensed banks and financial institutions | 14,536 | 9,750 | 137 | 2,877 | 2,146 | - | - | 29,446 |
| Cash and bank balances | 2,081 | 5,278 | 5,017 | 240 | 19 | 128 | - | 12,763 |
| Trade payables | (10,441) | (1,055) | - | - | - | - | (68) | (11,564) |
| Other payables and accruals | (2,724) | (425) | - | (138) | - | (22) | - | (3,309) |
| Net financial assets | 20,031 | 13,800 | 8,181 | 3,047 | 2,165 | 1,937 | (68) | 49,093 |

(d) Fair values estimation for disclosure purposes

The carrying amounts of financial assets and liabilities of the Group at the balance sheet date approximated their fair values except as set out below:-

| | Note | Group | |
|------------------------------------|------|---------------------------|----------------------|
| | | Carrying amount RM'000 | Fair value RM'000 |
| 2009 | | | |
| <u>Financial asset</u> | | | |
| Long term investments | | | |
| - Unquoted investments in Malaysia | 10 | 1,585 | * |
| - Quoted investments in Malaysia | 10 | 34,895 | 47,706** |
| 2008 | | | |
| <u>Financial asset</u> | | | |
| Long term investments | | | |
| - Unquoted investments in Malaysia | 10 | 1,585 | * |
| - Quoted investments in Malaysia | 10 | 36,923 | 48,922** |

* It is not practicable within the constraints of timeliness and cost to estimate these fair values reliably.

** The fair value of these investments are based on the latest audited net tangible assets per share.

52. **COMPARATIVE FIGURES**

The following comparative figures have been restated to conform with current financial year's presentation as follows:-

| Group | As previously <u>reported</u> RM'000 | As <u>restated</u> RM'000 |
|--------------------------|---|---------------------------------|
| Income Statement | | |
| Cost of sales | 172,443 | 177,124 |
| Administrative expenses | 6,592 | 13,657 |
| Other operating expenses | <u>50,978</u> | <u>39,232</u> |