Company No: 4081 M

INSAS BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

30 JUNE 2012

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

Company No: 4081 M

INSAS BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

30 JUNE 2012

CONTENTS	**PAGES**

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
Ms. Soon Li Yen
*Mr. Oh Seong Lye

AUDIT COMMITTEE
*Y.A.M.Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP
Ms. Soon Li Yen
*Mr. Oh Seong Lye

NOMINATION COMMITTEE
*Y.A.M.Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP
Ms. Soon Li Yen
*Mr. Oh Seong Lye

COMPANY SECRETARY
Ms. Chow Yuet Kuen

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

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

(*) - Independent Non-Executive Directors

INSAS BERHAD
(Incorporated in Malaysia)

CORPORATE INFORMATION (CONT'D)

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

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

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

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

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad

SECTOR
Finance

STOCK CODE
3379

INSAS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services. The principal activities of its subsidiary companies, associate companies and jointly controlled entities are disclosed in Note 55 to 57 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	10,699	7,343
Attributable to :		
Owners of the Company	12,601	7,343
Non-controlling interests	(1,902)	-
	10,699	7,343

DIVIDENDS

On 8 March 2012, the Company distributed share dividend by way of one treasury share for every fifty existing ordinary shares of RM1.00 each held in the Company wherein a total of 13,575,061 treasury shares were distributed to the shareholders.

Other than the above, 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 those disclosed in the Notes to the financial statements.

SHARE CAPITAL AND DEBENTURES

There were no shares or debentures issued during the financial year.

INFORMATION ON THE FINANCIAL STATEMENTS

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

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment and satisfied themselves that all known bad debts had been written off and adequate allowance for impairment had been made; and

(b) to ensure that any current assets which were unlikely to be realised 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 for bad debts or the amount of the allowance for impairment 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 other than those disclosed in the Notes to the financial statements.

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

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING DATE

Significant events during the financial year and subsequent to the reporting date are disclosed in Note 58 to the financial statements.

OTHER STATUTORY INFORMATION

The Directors state that:

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

In their opinion:

(a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the Notes to the financial statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

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

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

In accordance with Article 96 of the Company's Articles of Association, Ms. Soon Li Yen and Mr. Oh Seong Lye retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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

	Number of ordinary shares of RM1 each			
Interest in the Company	At 1.7.2011	Bought	Sold	At 30.6.2012
Direct interest				
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	119,600	2,392	-	121,992
Dato' Thong Kok Khee	2,337,920	46,758	-	2,384,678
Dato' Wong Gian Kui	387,920	7,758	-	395,678
Deemed interest				
Dato' Thong Kok Khee	154,004,889	2,927,595	-	156,932,484
Dato' Wong Gian Kui	1,031,680	20,632	-	1,052,312

DIRECTORS (CONT'D)

Interest in subsidiary companies	At 1.7.2011	Bought	Sold	At 30.6.2012
	Number of ordinary shares of RM1 each			
Insas Properties Sdn Bhd				
Direct interest				
Dato' Wong Gian Kui	80,000	-	-	80,000
Segar Raya Development Sdn Bhd				
Direct interest				
Dato' Wong Gian Kui	129,999	-	-	129,999
Deemed interest				
Dato' Wong Gian Kui	80,000	-	-	80,000
Premium Yield Sdn Bhd				
Deemed interest				
Dato' Wong Gian Kui	49,999	-	-	49,999
Dellmax Worldwide Sdn Bhd				
Deemed interest				
Dato' Wong Gian Kui	35,000	-	-	35,000
Gryphon Asset Management Sdn Bhd				
Deemed interest				
Dato' Thong Kok Khee	500,000	-	(500,000)	-

Micromodule Pte Ltd Direct interest	At 1.7.2011	Bought	Sold	At 30.06.2012
	Number of ordinary shares			
Dr. Tan Seng Chuan	315,161	-	-	315,161

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.

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

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits as disclosed in the Notes to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

AUDITORS

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

Signed on behalf of the Board in accordance with the resolution of the Board of Directors dated 18 October 2012.

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

....
DATO' THONG KOK KHEE
Director

Kuala Lumpur
18 OCT 2012

Company No: 4081 M

INSAS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP and Dato' Thong Kok Khee, being two of the Directors of Insas Berhad, do hereby state that in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with the provisions 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 2012, the financial performance and the cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 121 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 18 October 2012.

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

....
DATO' THONG KOK KHEE

Kuala Lumpur

18 OCT 2012

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 18 October 2012)
)
)
)

....
DATO' THONG KOK KHEE

PESURUHJAYA SUMPAH
W.490
S. ARULSAMY
MALAYSIA

Before me:

Commissioner for Oaths

16 - Tingkat Bawah Jalan Pudu,
55100 Kuala Lumpur.

Grant Thornton
An instinct for growth™

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

INSAS BERHAD
(Incorporated in Malaysia)
Company No: 4081 M

SJ Grant Thornton (AF:0737)
Level 11 Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Insas Berhad, which comprise the statements of financial position as at 30 June 2012 of the Group and of the Company, and the income statements, the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 120.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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 at 30 June 2012 and of their financial performance and cash flows for the financial year then ended.

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Company No: 4081 M

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 Malaysia 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 55 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 Reporting Responsibilities

The supplementary information set out in page 121 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Persuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

JOHN LAU TIANG HUA, DJN
CHARTERED ACCOUNTANT
(NO: 1107/03/14(J))
PARTNER

Kuala Lumpur
18 OCT 2012

Company No: 4081 M

INSAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	Group			Company	
			(Restated)	(Restated)		
		2012	2011	2010	**2012**	2011
		RM'000	RM'000	RM'000	**RM'000**	RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	6	**61,153**	39,551	62,460	**365**	468
Prepaid land lease payments	7	**-**	-	4,781	**-**	-
Investment properties	8	**92,435**	102,745	90,751	**-**	-
Land held for development	9	**37,576**	37,576	37,576	**-**	-
Available for sale investments	10	**74,555**	50,419	43,194	**345**	345
Held to maturity investments	11	**24,195**	41,585	53,260	**-**	-
Subsidiary companies	12(a)	**-**	-	-	**163,641**	162,689
Associate companies	13(a)	**50,383**	41,728	17,084	**1,184**	1,184
Jointly controlled entities	14	**52,610**	40,498	24,122	**-**	-
Intangible assets	15	**26,052**	26,126	26,156	**-**	-
Goodwill	16	**-**	-	-	**-**	-
Deferred tax assets	17	**4,187**	3,674	4,644	**-**	-
Total non-current assets		**423,146**	383,902	364,028	**165,535**	164,686
Current assets						
Property development costs	18	**5,222**	5,073	6,955	**-**	-
Inventories	19	**16,707**	18,849	33,584	**-**	-
Trade receivables	20	**306,428**	179,056	171,960	**-**	-
Accrued billings	21	-	-	5,918	**-**	-
Amount due from subsidiary companies	12(b)	**-**	-	-	**710,526**	644,808
Amount due from associate companies	13(b)	**7,772**	17,484	21,497	**117**	116
Other receivables, deposits and prepayments	22	**20,717**	32,436	29,469	**1,130**	9,796
Tax recoverable		**2,736**	2,478	2,293	**1,013**	746
Held to maturity investments	11	**15,802**	13,709	5,943	**-**	-
Financial assets at fair value through profit or loss	23	**181,624**	98,379	71,643	**-**	-
Deposits with licensed banks and financial institutions	24	**344,498**	442,304	525,999	**1,519**	-
Cash and bank balances	25	**36,341**	56,410	73,704	**806**	336
Total current assets		**937,847**	866,178	948,965	**715,111**	655,802
Non-current assets classified as held for sale	26	**8,046**	7,993	8,593	**-**	-
		945,893	874,171	957,558	**715,111**	655,802
TOTAL ASSETS		**1,369,039**	1,258,073	1,321,586	**880,646**	820,488
EQUITY AND LIABILITIES						
EQUITY						
Equity attributable to owners of the Company						
Share capital	27	**693,334**	693,334	693,334	**693,334**	693,334
Treasury shares	28	**(881)**	(4,887)	(2,963)	**(881)**	(4,887)
Reserves	29	**78,324**	69,051	56,471	**47,751**	54,489
Retained earnings		**196,882**	184,281	95,586	**33,551**	26,208
		967,659	941,779	842,428	**773,755**	769,144
Non-controlling interests		**3,755**	7,784	19,549	**-**	-
TOTAL EQUITY		**971,414**	949,563	861,977	**773,755**	769,144

INSAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012 (CONT'D)

		Group			Company	
			(Restated)	(Restated)		
	Note	**2012**	2011	2010	**2012**	2011
		RM'000	RM'000	RM'000	**RM'000**	RM'000
LIABILITIES						
Non-current liabilities						
Redeemable convertible preference shares		-	-	4,611	**-**	-
Loans and borrowings	30	**7,642**	-	6,260	**-**	-
Hire purchase payables	31	**11,975**	9,640	9,418	**-**	-
Deferred tax liabilities	17	**7,094**	8,273	6,886	**104**	104
Total non-current liabilities		**26,711**	17,913	27,175	**104**	104
Current liabilities						
Derivative financial liabilities	32	**10,982**	8,023	-	**-**	-
Trade payables		**86,948**	179,018	198,495	**-**	-
Amount due to subsidiary companies	12(b)	**-**	-	-	**61,459**	48,922
Other payables and accruals	33	**55,352**	51,625	40,589	**328**	2,318
Loans and borrowings	30	**217,270**	51,459	192,544	**45,000**	-
Tax payable		**362**	472	806	**-**	-
Total current liabilities		**370,914**	290,597	432,434	**106,787**	51,240
TOTAL LIABILITIES		**397,625**	308,510	459,609	**106,891**	51,344
TOTAL EQUITY AND LIABILITIES		**1,369,039**	1,258,073	1,321,586	**880,646**	820,488

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

Company No: 4081 M

INSAS BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		Group		Company	
			(Restated)		
	Note	**2012**	2011	**2012**	2011
		RM'000	RM'000	**RM'000**	RM'000
Revenue	34	**235,376**	235,861	**5,233**	4,888
Cost of sales	35	**(183,172)**	(180,698)	**-**	-
Gross profit		**52,204**	55,163	**5,233**	4,888
Other income	36	**32,661**	84,563	**5,520**	18,653
Administration expenses	37	**(13,640)**	(15,138)	**(3,423)**	(7,408)
Other operating expenses	38	**(75,975)**	(44,376)	**(6,058)**	-
Finance costs	39	**(10,742)**	(4,635)	**(1,914)**	-
Exceptional items	40	**14,263**	2,497	**9,151**	-
Share of profits less losses of associate companies		**1,366**	10,922	**-**	-
Share of profits less losses of jointly controlled entities		**11,179**	16,660	**-**	-
Profit before taxation		**11,316**	105,656	**8,509**	16,133
Taxation	41	**(617)**	(3,291)	**(1,166)**	(663)
Profit for the financial year		**10,699**	102,365	**7,343**	15,470
Attributable to : Owners of the Company		**12,601**	103,034	**7,343**	15,470
Non-controlling interests		**(1,902)**	(669)	**-**	-
Profit for the financial year		**10,699**	102,365	**7,343**	15,470
Earnings per share (sen) - Basic	42	**1.84**	15.02		

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

INSAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Group		Company	
		(Restated)		
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Profit for the financial year	**10,699**	102,365	**7,343**	15,470
Other comprehensive income/(loss) :				
Transfer of fair value gain on available for sale investment upon disposal	**-**	(323)	**-**	-
Unrealised gain on fair value changes on available for sale investments	**12,136**	9,003	**-**	-
Foreign currency translation	**4,087**	(2,941)	**-**	-
Total other comprehensive income for the financial year, net of tax	**16,223**	5,739	**-**	-
Total comprehensive income for the financial year, net of tax	**26,922**	108,104	**7,343**	15,470
Attributable to :				
Owners of the Company	**28,612**	108,854	**7,343**	15,470
Non-controlling interests	**(1,690)**	(750)	**-**	-
Total comprehensive income for the financial year	**26,922**	108,104	**7,343**	15,470

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 2012

	< ---------- Attributable to owners of the Company							---------- >		
		< ---------- Non-Distributable			---------- >	< ----Distributable----- >				
Group	Share capital RM'000	Share premium RM'000	Available for sale investments fair value reserve RM'000	Reserve fund RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1 July 2010										
- As previously reported	693,334	54,489	-	1,200	924	(2,963)	59,898	806,882	19,549	826,431
- Effects of changes in accounting policy for investment properties	-	-	-	-	(142)	-	29,176	29,034	-	29,034
- Effects of changes in accounting policy for intangible assets	-	-	-	-	-	-	6,512	6,512	-	6,512
As restated	693,334	54,489	-	1,200	782	(2,963)	95,586	842,428	19,549	861,977
- Effects of adopting FRS 139	-	-	6,760	-	-	-	(14,339)	(7,579)	-	(7,579)
	693,334	54,489	6,760	1,200	782	(2,963)	81,247	834,849	19,549	854,398
Total comprehensive income/(loss) for the financial year	-	-	8,680	-	(2,860)	-	103,034	108,854	(750)	108,104
<u>Transactions with owners :-</u>										
Repurchase of shares	-	-	-	-	-	(1,924)	-	(1,924)	-	(1,924)
Acquisition of equity interests in a subsidiary company (Note 46(c))	-	-	-	-	-	-	-	-	2,830	2,830
Capital repayment to non-controlling interests	-	-	-	-	-	-	-	-	(80)	(80)
Dilution of equity interests in subsidiary companies (Note 48(b))	-	-	-	-	-	-	-	-	(12,044)	(12,044)
Disposal of equity interests in subsidiary companies (Note 47(b))	-	-	-	-	-	-	-	-	(1,721)	(1,721)
Total transactions with owners	-	-	-	-	-	(1,924)	-	(1,924)	(11,015)	(12,939)
Balance at 30 June 2011 (restated)	693,334	54,489	15,440	1,200	(2,078)	(4,887)	184,281	941,779	7,784	949,563
Balance at 1 July 2011										
- As previously reported	**693,334**	**54,489**	**15,440**	**1,200**	**(2,078)**	**(4,887)**	**176,141**	**933,639**	**7,784**	**941,423**
- Effects of changes in accounting policy for intangible assets	**-**	**-**	**-**	**-**	**-**	**-**	**8,140**	**8,140**	**-**	**8,140**
As restated	**693,334**	**54,489**	**15,440**	**1,200**	**(2,078)**	**(4,887)**	**184,281**	**941,779**	**7,784**	**949,563**
Total comprehensive income/(loss) for the financial year	-	-	**12,136**	-	**3,875**	-	**12,601**	**28,612**	**(1,690)**	**26,922**
<u>Transactions with owners :-</u>										
Repurchase of shares	-	-	-	-	-	**(2,732)**	-	**(2,732)**	-	**(2,732)**
Acquisition of equity interests in a subsidiary company (Note 46(c))	-	-	-	-	-	-	-	-	**45**	**45**
Repayment of advances to non-controlling interests	-	-	-	-	-	-	-	-	**(937)**	**(937)**
Dilution of equity interests by non-controlling interests in subsidiary companies (Note 49)	-	-	-	-	-	-	-	-	**(1,447)**	**(1,447)**
Share dividends paid to owners of the Company (Note 45)	**-**	**(6,738)**	**-**	**-**	**-**	**6,738**	**-**	-	-	**-**
Total transactions with owners	**-**	**(6,738)**	**-**	**-**	**-**	**4,006**	**-**	**(2,732)**	**(2,339)**	**(5,071)**
Balance at 30 June 2012	**693,334**	**47,751**	**27,576**	**1,200**	**1,797**	**(881)**	**196,882**	**967,659**	**3,755**	**971,414**

Company No : 4081 M

INSAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012 (CONT'D)

	< ------------------ **Attributable to owners of the Company** ------------------ >				
		<--Non-distributable-->	<-----------Distributable----------->		
	Share capital	Share premium	Treasury shares	Retained earnings	Total
Company	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 July 2010	693,334	54,489	(2,963)	10,738	755,598
Total comprehensive income for the financial year	-	-	-	15,470	15,470
Transaction with owners :-					
Repurchase of shares	-	-	(1,924)	-	(1,924)
Total transaction with owners	-	-	(1,924)	-	(1,924)
Balance at 30 June 2011	**693,334**	**54,489**	**(4,887)**	**26,208**	**769,144**
Total comprehensive income for the financial year	-	-	-	**7,343**	**7,343**
Transactions with owners :-					
Repurchase of shares	-	-	**(2,732)**	-	**(2,732)**
Share dividends paid to owners of the Company (Note 45)	-	**(6,738)**	**6,738**	-	**-**
Total transactions with owners	-	**(6,738)**	**4,006**	-	**(2,732)**
Balance at 30 June 2012	**693,334**	**47,751**	**(881)**	**33,551**	**773,755**

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

INSAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Group		Company	
		(Restated)		
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	**11,316**	105,656	**8,509**	16,133
Adjustments for:				
Accretion of discount on held to maturity investments	**(408)**	(385)	**-**	-
Impairment/(Writeback of impairment) of financial assets at fair value through profit or loss	**17,970**	(20,126)	**-**	-
Impairment of held to maturity investments	**94**	167	**-**	-
Allowance for impairment	**267**	3,536	**3,214**	-
Allowance for impairment no longer required	**(2,400)**	(155)	**-**	-
Allowance for obsolete inventories	**641**	594	**-**	-
Allowance for diminution in value of inventories	**22**	-	**-**	-
Amortisation of development expenditure	**-**	25	**-**	-
Amortisation of prepaid land lease payments	**-**	21	**-**	-
Amortisation of intangible assets	**7**	18	**-**	-
Amortisation of premium on held to maturity investments	**11**	40	**-**	-
Amount due from a subsidiary company written off	**-**	-	**2**	-
Bad debts written off	**8**	-	**-**	-
Depreciation of property, plant and equipment	**8,112**	7,307	**104**	111
Gain on disposal of non-current assets classified as held for sale	**(578)**	-	**-**	-
Gain on capital repayment by an associate company	**(9,151)**	-	**(9,151)**	-
Gain on redemption of held to maturity investments	**(135)**	(732)	**-**	-
Gain on disposal of available for sale investments	**-**	(106)	**-**	-
Goodwill written off	**-**	284	**-**	-
Fair value loss/(gain) on derivatives	**2,945**	(4,995)	-	-
Fair value gain on investment properties	**(2,577)**	(11,192)	**-**	-
Intangible assets written off	**71**	-	**-**	-
Inventories written off	**-**	1	**-**	-
Loss on disposal of an associate company	**-**	73	**-**	-
Net gain on disposal of property, plant and equipment	**(1,414)**	(804)	**-**	-
Property, plant and equipment written off	**97**	86	**3**	6
Share of profits less losses of associate companies	**(1,366)**	(10,922)	**-**	-
Share of profits less losses of jointly controlled entities	**(11,179)**	(16,660)	**-**	-
Transfer from available for sale investments reserve	**-**	(323)	**-**	-
Unrealised foreign exchange (gain)/loss	**(3,627)**	(10,017)	**2,844**	(14,806)
Writeback of allowance for obsolete inventories	**(3)**	(153)	**-**	-
Dividend income	**(4,413)**	(2,515)	**-**	-
Interest expenses	**10,742**	4,635	**1,914**	-
Interest income	**(8,945)**	(10,647)	**(5,520)**	(3,847)
Gain on dilution of equity interest in associate companies	**(5,112)**	-	**-**	-
Gain on disposal of subsidiary companies (Note 47(b))	**-**	(2,209)	**-**	-
Gain on deemed disposal of subsidiary companies (Note 48(b))	**-**	(288)	**-**	-
Investment in a subsidiary company written off	**-**	-	**13,400**	-
Writeback of provision for impairment loss on investment in a subsidiary company	**-**	-	**(13,400)**	-
Operating profit/(loss) before working capital changes	**995**	30,214	**1,919**	(2,403)
Changes in working capital:-				
Property development costs	**(149)**	(1,338)	**-**	-
Inventories	**1,558**	2,735	**-**	-
Financial assets at fair value through profit or loss	**(98,582)**	(2,404)	**-**	-
Receivables	**(110,353)**	(29,831)	**(334)**	113
Accrued billings	**-**	5,918	**-**	-
Payables	**31,325**	25,597	**(1,990)**	1,929
Associate companies	**9,712**	14,682	**(123)**	(2)
Subsidiary companies	**-**	-	**(45,955)**	1,026
Net cash (used in)/generated from operations	**(165,494)**	45,573	**(46,483)**	663

Company No: 4081 M

INSAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012 (CONT'D)

	Group		Company	
		(Restated)		
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
Interest received	**8,945**	10,647	**253**	1,100
Interest paid	**(10,742)**	(4,635)	**(1,914)**	(5)
Tax paid	**(2,123)**	(1,532)	**(330)**	(3)
Net cash (used in)/generated from operating activities	**(169,414)**	50,053	**(48,474)**	1,755
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment (Note A)	**(7,049)**	(5,455)	**(4)**	(4)
Proceeds from disposal of property, plant and equipment	**3,130**	1,792	**-**	-
Subscription of shares in associate companies	**(6,773)**	(2,020)	**-**	-
Capital repayment by an associate company	**9,151**	-	**9,151**	-
Acquisition of equity interests in subsidiary companies from non-controlling interests (Note 49)	**(1,447)**	-	**(952)**	-
Purchase of investment properties	**(1,890)**	-	**-**	-
Purchase of available for sale investments	**(12,000)**	-	**-**	-
Purchase of held to maturity investments	**(5,108)**	(13,508)	**-**	-
Proceeds from disposal of available for sale investments	**-**	8,644	**-**	-
Proceeds from redemption and disposal of held to maturity investments	**20,936**	18,400	**-**	-
Payment for intangible asset	**(4)**	(13)	**-**	-
Dividends received	**8,401**	2,305	**-**	-
Proceeds from disposal of non-current assets classified as held for sale	**1,200**	1,843	**-**	-
Net cash (outflow)/inflow from acquisition of equity interest in subsidiary companies (Note 46(c))	**(55)**	1,799	**-**	-
Net cash outflow on disposal of equity interest in subsidiary companies (Note 47(b))	**-**	(960)	**-**	-
Net cash outflow on dilution of equity interest in subsidiary companies (Note 48(b))	**-**	(10,511)	**-**	-
Net cash generated from/(used in) investing activities	**8,492**	2,316	**8,195**	(4)
CASH FLOWS FROM FINANCING ACTIVITIES				
(Increase)/decrease in fixed deposits pledged	**(58,926)**	112,296	**(1,519)**	-
Decrease/(increase) in cash and bank balances pledged	**17,700**	(1,484)	**-**	-
Net cash used in share buyback	**(2,732)**	(1,924)	**(2,732)**	(1,924)
Drawdown of loans and borrowings	**329,599**	456,141	**45,000**	-
Repayment of loans and borrowings	**(188,604)**	(597,006)	**-**	-
Repayment of advances to non-controlling interests	**(937)**	-	**-**	-
Capital repayment to non-controlling interests	**-**	(80)	**-**	-
Repayment of hire purchase payables	**(6,737)**	(4,707)	**-**	-
Net cash generated from/(used in) financing activities	**89,363**	(36,764)	**40,749**	(1,924)

INSAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012 (CONT'D)

	Group		Company	
		(Restated)		
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
CASH AND CASH EQUIVALENTS				
Net changes	**(71,559)**	15,605	**470**	(173)
Brought forward	**183,931**	168,337	**336**	507
Exchange differences	**709**	(11)	**-**	2
Carried forward (Note B)	**113,081**	183,931	**806**	336

NOTES TO STATEMENTS OF CASH FLOWS

A. PROPERTY, PLANT AND EQUIPMENT

Group

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of **RM16,426,000** (2011:RM9,252,000) of which **RM9,377,000** (2011:RM3,797,000) was acquired by means of hire purchase arrangements. Cash payments for the acquisition of property, plant and equipment amounted to **RM7,049,000** (2011:RM5,455,000).

Company

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of **RM4,000** (2011:RM4,000) via cash.

B. CASH AND CASH EQUIVALENTS COMPRISE OF :

	Group		Company	
		(Restated)		
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Bank overdrafts	**(32,622)**	(864)	**-**	-
Cash and bank balances	**36,341**	56,410	**806**	336
Deposits with licensed banks and financial institutions	**344,498**	442,304	**1,519**	-
	348,217	497,850	**2,325**	336
Less:				
Cash and bank balances pledged	**(1,112)**	(18,812)	**-**	-
Remisiers' deposits and clients' trust monies	**(51,554)**	(171,563)	**-**	-
Fixed deposits pledged	**(182,470)**	(123,544)	**(1,519)**	-
	113,081	183,931	**806**	336

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

INSAS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of 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"). At the beginning of the current financial year, the Group and the Company have adopted the new and revised FRSs that were effective for financial periods beginning on or before 1 July 2011 as describe in Note 4 to the financial statements.

(b) Basis of measurement

The financial statements of the Group and of the Company have been 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 all values are rounded to the nearest thousand except when otherwise stated.

(d) The use of estimates and judgements

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

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

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

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

(i) Useful lives of depreciable assets

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

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

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

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

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

(iii) Property development revenue and costs

In the previous financial year, the Group recognised property development revenue and costs in the income statements using the stage of completion method. The stage of completion was determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement was 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 property development costs. In making the judgement, the Group evaluated based on past experience and by relying on the work of the related project architects and specialists.

A 10% difference in the estimated total property development revenue or costs resulted in approximately 0.77% variance in the Group's revenue and 0.68% variance in the Group's cost of sales in the previous financial year.

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

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

(iv) Impairment of assets

(a) Non-financial assets

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

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

(b) Financial assets

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

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

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

(ii) Available for sale investments

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

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

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

(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.

(vii) Product liability claim

One of the associate companies provided warranty for manufacturing defects on its products sold. The product warranty will be in effect based on the associate company's normal warranty period or 1 year from the date the products are sold and shipped to its customers, whichever is longer. The associate company provided for product liability claim calculated at 1.10% on its annual revenue from the sale of its products.

As the products manufactured by the associate company are constantly upgraded for technology developments, the level of manufacturing defects for the upgraded and/or new products may not necessary reflect past trends and in such circumstances, the original basis used to calculate the amount for product liability claim may need to be revised when it is appropriate.

(viii) Fair value of financial instruments

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

1. BASIS OF PREPARATION (CONT'D)

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

(ix) Classification of financial instruments

Held to maturity investments

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Available for sale investments

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

(x) Classification of leases

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

(xi) Fair value of derivatives financial instruments

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

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks are interest rate risk, credit risk, foreign currency exchange risk, liquidity risk and market 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. It is not the Group's policy to engage in speculative transactions.

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

(a) Interest rate risk

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

(b) Credit risk

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

(c) Foreign currency exchange risk

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

(d) Liquidity risk

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

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

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

(e) Market risk

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies as disclosed in Note 55 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 statements.

Following the adoption of FRS No. 3, Business Combinations, the Group will comply with the required criteria stipulated in the said standard to consolidate the financial statements using purchase method 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. The goodwill on consolidation is accounted for in accordance with the accounting policy for goodwill stated in Note 3(k) to the financial statements.

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 equity in the consolidated financial statements.

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

(a) Basis of consolidation (cont'd)

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

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

(b) Property, plant and equipment

(i) Recognition, measurement and derecognition

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

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

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

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

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

(ii) Depreciation

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

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

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

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

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

(ii) Depreciation (cont'd)

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

(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 lease term of 45 years. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(l)(ii) 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.

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

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

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

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

(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(l)(ii) 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) Financial assets

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

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

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

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

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

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

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

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

(f) Financial assets (cont'd)

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held to maturity investments

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

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

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

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

(f) Financial assets (cont'd)

(iv) Available for sale investments

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

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

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

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

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

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

(g) Subsidiary companies

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

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

(g) Subsidiary companies (cont'd)

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(l)(ii) to the financial statements.

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

(h) Associate companies

Associate companies are entities in which the Group has significant influence and that is neither a subsidiary company 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.

Under the equity method, the investment in associate company is carried in the consolidated statement of financial position 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Associate companies (cont'd)

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(l)(ii) to the financial statements.

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

(i) Jointly controlled entities

Jointly controlled entities are joint venture that involves the establishment of a separate entity in which the Group and each venture have interest and in which there is contractually agreed sharing of control. The Group's interest in jointly controlled entities is accounted for in the consolidated financial statements using the equity method of accounting.

Under the equity method of accounting, the Group's share of profits or losses of jointly controlled entities during the financial year is included in the consolidated income statement. The Group's interest in jointly controlled entities is carried in the consolidated statement of financial position at cost plus the Group's share of post-acquisition unappropriated profits or accumulated losses and other reserves and goodwill on acquisition.

Unrealised profits or losses arising from transactions between the Group and its jointly controlled entities are recognised only to the extent of that portion of the gain or loss which is attributable to the interests of other ventures. Unrealised losses are recognised in full when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in the income statements.

(j) Intangible assets

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

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

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

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

(j) Intangible assets (cont'd)

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

In pursuance with the Securities Commission's Policy Framework on the consolidation of the Stock broking Industry, M&A Securities Sdn Bhd ("M & A Securities"), a wholly-owned subsidiary company of the Company, had in financial year ended 30 June 2003 acquired an additional stock broking dealer's license to become a "1+1 Broker" and the acquisition cost is recognised as an intangible asset in the statements of financial position.

Prior to 1 July 2011, the intangible asset was stated at cost less accumulated amortisation and impairment losses. The intangible asset was amortised on a straight line basis over a period of 20 years, being the estimated life of the asset. The carrying value was reviewed annually by the Directors to ensure it was not in excess of the recoverable value. The recoverable amount was 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 was in accordance with Note 3(l)(ii) to the financial statements.

During the financial year, M&A Securities has reassessed and revised the useful life of the stock broking dealer's license from 20 years to indefinite useful life.

(ii) Intangible assets - Development expenditure

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

- the 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.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Intangible asset (cont'd)

(iii) Intangible assets – Trademarks and patents

The initial cost incurred on the search, application for registration and certification for the rights to use a trademark and patents 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 and patents is to be granted.

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

(k) Goodwill

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

Goodwill arising on the acquisition of subsidiary companies is presented separately in the consolidated statement of financial position while goodwill arising on the acquisition of associate companies and jointly controlled entities is included in the carrying amount of the investment in associate company and/or jointly controlled entities.

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 Business Combinations beginning 1 January 2006, negative goodwill is recognised immediately in the income statements.

Goodwill on consolidation is stated at cost less impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the goodwill may be impaired. For the purpose of impairment testing, goodwill 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 statements when the carrying amount of the cash generating unit including goodwill exceeds the recoverable amount of the cash generating unit. Recoverable amount of the cash generating unit is the higher of the cash generating unit's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market 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.

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

(l) Impairment of assets

(i) Impairment of financial assets

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

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

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

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

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

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

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

(l) Impairment of assets (cont'd)

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

(ii) Available for sale investments

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

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

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

(ii) Impairment of non financial assets

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the non-financial asset.

An impairment loss is recognised in the income statements.

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

(l) Impairment of assets (cont'd)

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

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

All reversals of impairment losses are recognised as income in the income statements. 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.

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

A component of the Group is classified as discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed 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 the initial recognition of the disposal group or the asset classified as held for sale, the carrying amounts of the assets are measured in accordance with applicable FRSs. Upon classification as held for sale, the disposal group and non-current assets is measured at the lower of carrying amount and fair value less costs to sell and is not depreciated. Any differences are recognised in the income statements.

(n) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Property development cost (cont'd)

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenditure are recognised in the income statements 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 expense 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 income statements over billings to purchasers is classified as accrued billings and the excess of billings to purchasers over revenue recognised in the income statements is classified as progress billings within the consolidated statement of financial position.

(o) Inventories

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

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

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

(p) Cash and cash equivalents

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial liabilities

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

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

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

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

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

(ii) Other financial liabilities

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Derivative financial instruments

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

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

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

(s) Equity

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

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

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

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

(t) Non-controlling interests

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

Non-controlling interests are presented in the consolidated statement of financial position and statements of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented on the face of the consolidated income statement as an allocation of the total profit or loss for the period between the non-controlling interests and the owners of the Company.

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

(t) Non-controlling interests (cont'd)

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

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

(u) Compound financial instruments

The compound financial instruments issued by the Group comprise redeemable convertible preference shares ("RCPS") that may be converted to ordinary shares at the option of the holders, and the number of shares to be issued does not vary with changes in their fair value.

The RCPS was recognised as a component of liability at its fair value in the statements of financial position, net of transaction costs. The RCPS dividends were recognised as interest expense in income statements using the effective interest rate method.

(v) 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 statements over the period of the respective agreements.

(w) Provision for liabilities

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

(x) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs such that the outflow is probable and can be measured reliably, they will then be recognised as a provision.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Financial guarantee contracts

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

(z) Income tax and deferred tax

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

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

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

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

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

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

(aa) Revenue recognition

(i) Sale of goods and trading activities

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

(ii) Sale of 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.

(iii) Sale of securities

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

(iv) Revenue from broking activities

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

(v) Rental income

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

(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 other income generating investments are recognised on a time proportion basis that takes into account the effective yield of the assets.

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

(aa) 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.

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

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

(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 functional currency of the Company.

(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 reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of initial transaction.

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

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

(bb) Foreign currencies (cont'd)

(iii) Foreign operations

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 January 2006 are treated as assets and liabilities of the foreign entity and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting 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 Ringgit Malaysia ("RM") at the rates prevailing at the date of acquisition.

(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 statements 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 statements immediately. The aggregate benefit of incentives provided by the lessor, if any, is recognised as a reduction of rental expense on a straight-line basis over the term of the lease.

(dd) Borrowing costs

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

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

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

(ee) Employee benefits

(i) Short term employee benefits

Wages, salaries, allowances, bonuses, incentives 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

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

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

(ff) Segmental reporting

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

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

4. ADOPTION OF 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 MASB, except for the adoption of the following new and revised FRSs, Amendments to FRSs and Issues Committee Interpretations ("IC Interpretations") issued by MASB that become effective and are relevant to the Group and the Company for the financial year beginning 1 July 2011:-

(a) Adoption of new and/or revised FRSs, amendments to FRSs and IC Interpretations by the Group and the Company

At the beginning of the financial year, the Group and the Company had adopted the following new/revised Standards and IC Interpretations which are relevant to the Group and the Company that have been issued by MASB :-

Effective for financial periods beginning on or after 30 August 2010

Amendment to IC Interpretation 15	Agreements for the Construction of Real Estate

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Business Combinations. Amendments relating to measurement of non-controlling interests and un-replaced and voluntarily replaced share-based payment awards
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 101	Presentation of Financial Statements. Amendments relating to clarification of statement of changes in equity
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates. Amendment relating to transition requirements for amendments arising as a result of FRS 127 Consolidated and Separate Financial Statements
Amendments to FRS 128	Investments in Associates. Amendment relating to transition requirements for amendments arising as a result of FRS 127 Consolidated and Separate Financial Statements
Amendments to FRS 131	Investments in Joint Ventures. Amendment relating to transition requirements for amendments arising as a result of FRS 127 Consolidated and Separate Financial Statements
Amendments to FRS 132	Financial Instruments : Presentation. Amendment relating to transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised FRS (consequential amendments arising from Improvements to FRSs (2010) – FRS 3)
Amendments to FRS 134	Interim Financial Reporting. Amendment relating to significant events and transactions
Amendments to FRS 139	Financial Instruments : Recognition and Measurements. Amendments relating to eligible hedged items, reclassification of financial assets and embedded derivatives

4. **ADOPTION OF FRSs (CONT'D)**

(a) Adoption of new and/or revised FRSs, amendments to FRSs and IC Interpretations by the Group and the Company (cont'd)

At the beginning of the financial year, the Group and the Company had adopted the following new/revised Standards and IC Interpretations which are relevant to the Group and the Company that have been issued by MASB (cont'd) :-

Effective for financial periods beginning on or after 1 January 2011 (cont'd)

IC Interpretation 4	Determining Whether an Arrangement contains a Lease
Amendments to IC Interpretation 13	Customer Loyalty Programmes (Improvements to FRS (2010))

Effective for financial periods beginning on or after 1 July 2011

IC Interpretation 19	Extinguishing Financial Liabilities with equity instruments

The adoption of the above Amendments to FRSs and IC Interpretations are not expected to have any material financial impact on the financial statements of the Group and of the Company.

(b) New MASB Approved Accounting Standards that are issued but not yet effective

To converge with International Financial Reporting Standards ("IFRSs") in 2012, MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional two years. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014. However, the Group and the Company do not qualify as Transitioning Entities and will therefore, adopt the MFRSs for the financial period beginning on or after 1 July 2012.

The Group and the Company have not early adopted the following MFRSs, Amendments to MFRSs and IC Interpretations which are relevant to the Group and the Company that have been issued but are not yet effective as at the date of this report :-

Effective for financial periods beginning on 1 January 2012

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based payment
MFRS 3	Business Combinations
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations

4. **ADOPTION OF FRSs (CONT'D)**

(b) New MASB Approved Accounting Standards that are issued but not yet effective (cont'd)

The Group and the Company have not early adopted the following MFRSs, Amendments to MFRSs and IC Interpretations which are relevant to the Group and the Company that have been issued but are not yet effective as at the date of this report (cont'd) :-

Effective for financial periods beginning on 1 January 2012 (cont'd)

MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events After the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, plant and equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investments in Associates
MFRS 131	Interests in Joint Ventures
MFRS 132	Financial Instruments: Presentation
MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments: Recognition and Measurement
MFRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 113	Jointly Controlled Entities – Non-Monetary Contributions by Ventures

4. **ADOPTION OF FRSs (CONT'D)**

(b) New MASB Approved Accounting Standards that are issued but not yet effective (cont'd)

The Group and the Company have not early adopted the following MFRSs, Amendments to MFRSs and IC Interpretations which are relevant to the Group and the Company that have been issued but are not yet effective as at the date of this report (cont'd) :-

Effective for financial periods beginning on 1 January 2012 (cont'd)

IC Interpretation 115	Operating Leases - Incentives
IC Interpretation 125	Income Taxes – Changes in the Tax Status of an Entity or its shareholders

Effective for financial periods beginning on 1 July 2012

Amendments to MFRS 101	Presentation of Financial Statement. Amendments in relation to Presentation of Items of Other Comprehensive Income

Effective for financial periods beginning on 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (as amended in 2011)
MFRS 127	Separate Financial Statements (as amended in 2011)
MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 7	Disclosure – Offset Financial Assets and Financial Liabilities

Effective for financial periods beginning on 1 July 2014

Amendments to MFRS 132	Offset Financial Assets and Financial Liabilities

Effective for financial periods beginning on 1 July 2015

MFRS 9	Financial Instruments

The Group and the Company have started a preliminary assessment of the differences between FRSs and accounting standards under the MFRSs Framework and are in the process of assessing the financial effects of the differences. Accordingly, the financial performance and financial position as disclosed in these financial statements for the financial year ended 30 June 2012 could be different if prepared under the MFRSs Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRSs Framework in the financial year ending 30 June 2013.

5. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company are investment holding and the provision of management services. The principal activities of its subsidiary companies, associate companies and jointly controlled entities are disclosed in Note 55 to 57 to the financial statements. There were no significant changes in the Group's activities during the financial year.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 18 October 2012.

6. PROPERTY, PLANT AND EQUIPMENT

Group

2012	Land and buildings	Plant and machinery	Motor vehicles	Renovation	Office furniture, fittings and equipment	Total
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At beginning of financial year	13,820	10,297	43,544	4,541	12,099	84,301
Additions	2,877	-	10,738	2,368	443	16,426
Transfer from investment properties	15,012	-	-	-	-	15,012
Disposals	-	(10,125)	(5,653)	(423)	(655)	(16,856)
Exchange differences	-	179	130	7	22	338
Written off	-	-	(265)	(7)	(102)	(374)
At end of financial year	31,709	351	48,494	6,486	11,807	98,847
Accumulated depreciation						
At beginning of financial year	2,946	10,157	20,198	1,720	9,729	44,750
Charge for the financial year	422	77	6,346	544	723	8,112
Disposals	-	(10,120)	(3,962)	(417)	(641)	(15,140)
Exchange differences	-	175	48	8	18	249
Written off	-	-	(172)	(7)	(98)	(277)
At end of financial year	3,368	289	22,458	1,848	9,731	37,694
Net carrying amount as at 30 June 2012	28,341	62	26,036	4,638	2,076	61,153

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

Group (cont'd)

Analysis of land and buildings:-

2012 Cost	Freehold land and buildings RM'000	Short term leasehold land and building RM'000	Long term leasehold land and buildings RM'000	Total RM'000
At beginning of financial year	13,820	-	-	13,820
Additions	-	2,877	-	2,877
Transfer from investment properties	190	-	14,822	15,012
At end of financial year	14,010	2,877	14,822	31,709
Accumulated depreciation				
At beginning of financial year	2,946	-	-	2,946
Charge for the financial year	250	7	165	422
At end of financial year	3,196	7	165	3,368
Net carrying amount as at 30 June 2012	10,814	2,870	14,657	28,341

2011 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	Total RM'000
At beginning of financial year	21,788	45,760	35,081	6,928	17,004	126,561
Additions	-	383	5,120	1,857	1,892	9,252
Disposals	-	-	(3,912)	(30)	(18)	(3,960)
Acquisition of subsidiary companies	-	-	7,459	237	4,770	12,466
Disposal of subsidiary companies	-	-	(131)	(159)	(5,204)	(5,494)
Exchange differences	-	507	104	26	34	671
Deconsolidation of subsidiary companies	(7,968)	(36,353)	(135)	(3,902)	(5,459)	(53,817)
Written off	-	-	(42)	(416)	(920)	(1,378)
At end of financial year	13,820	10,297	43,544	4,541	12,099	84,301
Accumulated depreciation						
At beginning of financial year	3,068	28,947	16,130	3,764	12,192	64,101
Charge for the financial year	283	955	4,831	472	766	7,307
Disposals	-	-	(2,930)	(29)	(13)	(2,972)
Acquisition of subsidiary companies	-	-	2,227	172	4,572	6,971
Disposal of subsidiary companies	-	-	(15)	(123)	(4,552)	(4,690)
Exchange differences	-	511	32	24	31	598
Deconsolidation of subsidiary companies	(405)	(20,256)	(45)	(2,212)	(2,355)	(25,273)
Written off	-	-	(32)	(348)	(912)	(1,292)
At end of financial year	2,946	10,157	20,198	1,720	9,729	44,750
Net carrying amount as at 30 June 2011	10,874	140	23,346	2,821	2,370	39,551

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

Group (cont'd)

Analysis of land and buildings:-

2011 **Cost**	Freehold land and buildings RM'000	Short term leasehold buildings RM'000	Total RM'000
At beginning of financial year	13,820	7,968	21,788
Deconsolidation of subsidiary companies	-	(7,968)	(7,968)
At end of financial year	13,820	-	13,820
Accumulated depreciation			
At beginning of financial year	2,700	368	3,068
Charge for the financial year	246	37	283
Deconsolidation of subsidiary companies	-	(405)	(405)
At end of financial year	2,946	-	2,946
Net carrying amount as at 30 June 2011	10,874	-	10,874

Company

2012 **Cost**	Motor vehicle RM'000	Renovation RM'000	Furniture and fittings RM'000	Computer equipment RM'000	Office equipment RM'000	Total RM'000
At beginning of financial year	185	116	578	101	200	1,180
Additions	-	-	1	3	-	4
Written off	-	(8)	(45)	(7)	(10)	(70)
At end of financial year	185	108	534	97	190	1,114
Accumulated depreciation						
At beginning of financial year	185	51	276	70	130	712
Charge for the financial year	-	21	52	14	17	104
Written off	-	(7)	(45)	(7)	(8)	(67)
At end of financial year	185	65	283	77	139	749
Net carrying amount as at 30 June 2012	-	43	251	20	51	365

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

Company (cont'd)

2011 **Cost**	Motor vehicle RM'000	Renovation RM'000	Furniture and fittings RM'000	Computer equipment RM'000	Office equipment RM'000	Total RM'000
At beginning of financial year	185	116	905	194	294	1,694
Additions	-	-	-	3	1	4
Written off	-	-	(327)	(96)	(95)	(518)
At end of financial year	185	116	578	101	200	1,180
Accumulated depreciation						
At beginning of financial year	185	29	548	146	205	1,113
Charge for the financial year	-	22	52	19	18	111
Written off	-	-	(324)	(95)	(93)	(512)
At end of financial year	185	51	276	70	130	712
Net carrying amount as at 30 June 2011	-	65	302	31	70	468

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

	Group 2012 RM'000	Group 2011 RM'000
Freehold land and buildings	10,628	10,874
Short term leasehold land and buildings	2,870	-
Long term leasehold land and buildings	14,657	-
	28,155	10,874

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

	Group 2012 RM'000	Group 2011 RM'000
Motor vehicles	23,843	21,506

7. PREPAID LAND LEASE PAYMENTS

	Group 2012 RM'000	Group 2011 RM'000
Cost		
At beginning of financial year	-	4,985
Deconsolidation of subsidiary companies	-	(4,985)
At end of financial year	-	-
Accumulated amortisation		
At beginning of financial year	-	204
Amortised during the financial year	-	21
Deconsolidation of subsidiary companies	-	(225)
At end of financial year	-	-
Net carrying amount	-	-
Analysed as:-		
Short term leasehold land	-	-

8. INVESTMENT PROPERTIES

Group

2012	Freehold land RM'000	Freehold land and buildings RM'000	Long term leasehold land and buildings RM'000	Leasehold land and buildings under construction RM'000	Total RM'000
At beginning of financial year					
- at valuation	10,730	42,437	46,878	-	100,045
- at cost	-	-	-	2,700	2,700
	10,730	42,437	46,878	2,700	102,745
Fair value gain/(loss)	1,460	(789)	1,906	-	2,577
Additions	-	2,100	-	-	2,100
Transfer to non-current assets classified as held for sale	-	-	-	(675)	(675)
Transfer to property, plant and equipment		(190)	(14,822)	-	(15,012)
Exchange differences	-	578	122	-	700
At end of financial year					
- at valuation	12,190	44,136	34,084	-	90,410
- at cost	-	-	-	2,025	2,025
Net carrying amount as at 30 June 2012	12,190	44,136	34,084	2,025	92,435

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

Group (cont'd)

2011	Freehold land RM'000	Freehold land and buildings RM'000	Long term leasehold land and buildings RM'000	Leasehold land and buildings under construction RM'000	Total RM'000
At beginning of financial year					
- at valuation	10,240	35,913	40,655	-	86,808
- at cost	-	-	-	3,943	3,943
	10,240	35,913	40,655	3,943	90,751
Fair value gain	490	4,802	5,900	-	11,192
Transfer to non-current assets classified as held for sale	-	-	-	(1,243)	(1,243)
Exchange differences	-	1,722	323	-	2,045
At end of financial year					
- at valuation	10,730	42,437	46,878	-	100,045
- at cost	-	-	-	2,700	2,700
Net carrying amount as at 30 June 2011	10,730	42,437	46,878	2,700	102,745

(a) The fair value of the investment properties were determined by independent professional valuers and on recorded transaction values used for similar properties in the location concerned based on current prices in the active market for similar properties.

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

	Group 2012 RM'000	2011 RM'000
Freehold land and buildings	55,976	41,957
Long term leasehold land and buildings	34,084	46,878
	90,060	88,835

(c) The rental income and associated direct operating expenses of the investment properties are disclosed in Note 34, Note 35 and Note 38 to the financial statements.

9. LAND HELD FOR DEVELOPMENT

	Group 2012 RM'000	Group 2011 RM'000
At cost:-		
At beginning and end of financial year		
Freehold land and incidental development expenditure	25,587	25,587
Interest and financing cost	11,989	11,989
	37,576	37,576

10. AVAILABLE FOR SALE INVESTMENTS

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Unquoted investment in Malaysia, at cost	13,575	1,575	-	-
Quoted securities in Malaysia, at valuation	59,354	47,218	-	-
Other investments in Malaysia, at cost	1,826	1,826	345	345
	74,755	50,619	345	345
Less: Accumulated amortisation	(200)	(200)	-	-
	74,555	50,419	345	345
Market value of quoted securities in Malaysia	59,354	47,218	-	-

11. HELD TO MATURITY INVESTMENTS

	Group 2012 RM'000	Group 2011 RM'000
Non-current (maturity later than 1 year)		
Unquoted corporate bonds, at cost		
- in Malaysia	1,000	1,000
- outside Malaysia	23,509	41,259
	24,509	42,259
Add/(Less):		
Accretion of discounts	(299)	(686)
Amortisation of premiums	3	12
Diminution in value	(18)	-
Unquoted corporate bonds, at cost		
- in Malaysia	1,002	1,003
- outside Malaysia	23,193	40,582
	24,195	41,585
Current (maturity within1 year)		
Unquoted corporate bonds outside Malaysia, at cost	15,777	13,921
Add/(Less):		
Accretion of discounts	(11)	(32)
Amortisation of premiums	4	6
Exchange difference	108	(19)
Diminution in value	(76)	(167)
Unquoted corporate bonds outside Malaysia, at cost	15,802	13,709
	39,997	55,294

The Group's investments in unquoted corporate bonds outside Malaysia amounting to RM38,995,000 (2011: RM54,291,000) have been charged to certain licensed financial institutions for credit facilities granted to the Group.

The effective interest rate per annum for held to maturity investments are 3.10% to 9.63% (2011 : 3.41% to 13.0%).

12. SUBSIDIARY COMPANIES

		Company 2012 RM'000	Company 2011 RM'000
(a)	Unquoted shares, at cost	200,021	212,469
	Less: Accumulated impairment losses	(36,380)	(49,780)
		163,641	162,689

The Group's and the Company's equity interest in subsidiary companies, their respective principal activities and countries of incorporation are shown in Note 55 to the financial statements.

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

	Company 2012 RM'000	Company 2011 RM'000
Amount due from subsidiary companies	718,359	649,427
Less: Allowance for impairment	(7,833)	(4,619)
	710,526	644,808

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

13. ASSOCIATE COMPANIES

		Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
(a)	Unquoted shares, at cost	29,116	22,343	1,184	1,184
	Group's share of post acquisition profits less losses	21,205	19,256	-	-
	Group's share of exchange translation reserve	62	129	-	-
		50,383	41,728	1,184	1,184

Represented by :-

	Group 2012 RM'000	Group 2011 RM'000
Share of net assets	49,478	40,829
Goodwill on acquisition	905	899
	50,383	41,728

13. **ASSOCIATE COMPANIES (CONT'D)**

(a) cont'd

The Group's and the Company's equity interest in the associate companies, their respective principal activities and countries of incorporation are shown in Note 56 to the financial statements.

(b) The amount due from associate companies is unsecured, interest free and is repayable on demand.

(c) The summarised financial information of the associated companies not adjusted for the proportion of ownership interests held by the Group are as follows:-

	Group	
	2012	2011
	RM'000	RM'000
Assets and liabilities		
Non-current assets	146,491	133,064
Current assets	417,081	229,781
Non-current liabilities	(33,885)	(12,115)
Current liabilities	(389,797)	(251,183)
Net assets	139,890	99,547
Results		
Revenue	323,655	288,584
Profit for the financial year	7,750	31,681

14. **JOINTLY CONTROLLED ENTITIES**

	Group	
	2012	2011
	RM'000	RM'000
(a) Unquoted shares, at cost	28,917	28,917
Group's share of post acquisition profits less losses	27,359	16,180
Group's share of exchange translation reserve	(3,666)	(4,599)
	52,610	40,498

The Group's equity interest in the jointly controlled entities, their respective principal activities and countries of incorporation are shown in Note 57 to the financial statements.

14. JOINTLY CONTROLLED ENTITIES (CONT'D)

(b) The summarised financial information of the jointly controlled entities not adjusted for the proportion of ownership interests held by the Group are as follows:-

	Group	
	2012	2011
	RM'000	RM'000
Assets and liabilities		
Non-current assets	183,489	150,927
Current assets	11,013	8,514
Non-current liabilities	-	(60,538)
Current liabilities	(89,282)	(17,906)
Net assets	105,220	80,997
Results		
Revenue	6,589	6,375
Profit for the financial year*	22,358	33,320

* Included in profit for the financial year is the Group's share of the unrealised surplus on revaluation of an investment property owned and held by one of the jointly controlled entities.

(c) The jointly controlled entities do not have any contingent liabilities as at 30 June 2012 and 30 June 2011.

15. INTANGIBLE ASSETS

Group

2012	Stock broking dealer's license RM'000	Development expenditure capitalised RM'000	Trademarks and patents RM'000	Total RM'000
Cost				
At beginning of financial year	45,500	165	117	45,782
Additions	-	-	4	4
Written off	-	-	(104)	(104)
At end of financial year	45,500	165	17	45,682
Accumulated amortisation				
At beginning of financial year (as previously stated)	15,193	165	38	15,396
Prior year adjustment (Note 61)	(8,140)	-	-	(8,140)
At beginning of financial year (restated)	7,053	165	38	7,256
Charge for the financial year	-	-	7	7
Written off	-	-	(33)	(33)
At end of financial year	7,053	165	12	7,230
Accumulated impairment losses				
At beginning and end of financial year	12,400	-	-	12,400
Net carrying amount as at 30 June 2012	26,047	-	5	26,052

15. INTANGIBLE ASSETS (CONT'D)

Group (cont'd)

2011	Stock broking dealer's license RM'000	Development expenditure capitalised RM'000	Trademarks and patents RM'000	Total RM'000
Cost				
At beginning of financial year	45,500	165	104	45,769
Additions	-	-	13	13
At end of financial year	45,500	165	117	45,782
Accumulated amortisation				
At beginning of financial year (as previously stated)	13,565	140	20	13,725
Prior year adjustment (Note 61)	(6,512)	-	-	(6,512)
At beginning of financial year (restated)	7,053	140	20	7,213
Charge for the financial year	-	25	18	43
At end of financial year (restated)	7,053	165	38	7,256
Accumulated impairment losses				
At beginning and end of financial year	12,400	-	-	12,400
Net carrying amount as at 30 June 2011 (restated)	26,047	-	79	26,126

Impairment testing of stock broking dealer's license

The stock broking dealer's license had been allocated to the stock broking subsidiary company's stock broking business as a cash generating unit ("CGU"), a reportable segment for impairment testing. The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections covering a five-year period and a terminal value beyond the five-year period with an assumed growth rate of 0% (2011:1%) in perpetuity approved by the management of the stock broking subsidiary company. The discount rate applied to the cash flow projections is 9% (2011:9%). The recoverable amount of the CGU is compared to the total carrying amount of the dealer's license.

Key assumptions used in value in use calculation of CGU

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

(a) <u>Budgeted gross brokerage rate and gross margin rate</u>

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

(b) <u>Operational costs</u>

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

15. INTANGIBLE ASSETS (CONT'D)

Prior to 1 July 2011, the stock broking dealer's license was stated at cost less accumulated amortisation and impairment losses.

During the financial year, the useful life of the stock broking dealer's license was revised from 20 years to indefinite useful life as stated in Note 3(j)(i) to the financial statements.

The effect of the revision to the useful life on the stock broking license from 20 years to indefinite, representing the reversal of the amortisation expenses on the stock broking license, was recognised retrospectively in the financial statements by way of prior year adjustments and is accounted for by adjusting the opening balances in the Group's statements of financial position as at 1 July 2011 and 1 July 2010. The effects of this change are disclosed in Note 61 to the financial statements.

16. GOODWILL

	Group	
	2012 RM'000	2011 RM'000
Goodwill arising from acquisition of a subsidiary company (Note 46(c))	-	284
Less:		
Written off during the financial year	-	(284)
At end of financial year	-	-

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 in the previous financial year.

The carrying amount of goodwill was written down to nil.

17. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At beginning of financial year	(4,599)	(2,242)	(104)	(104)
Recognised in the income statements (Note 41)	1,695	(1,591)	-	-
Exchange differences	(3)	(2)	-	-
Acquisition of subsidiary companies (Note 46(c))	-	(49)	-	-
Deconsolidation of subsidiary companies (Note 48(b))	-	(715)	-	-
At end of financial year	(2,907)	(4,599)	(104)	(104)

Presented as follows:-

Deferred tax assets	4,187	3,674	-	-
Deferred tax liabilities	(7,094)	(8,273)	(104)	(104)
	(2,907)	(4,599)	(104)	(104)

17. **DEFERRED TAX ASSETS/(LIABILITIES)(CONT'D)**

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

Deferred tax assets

Group **2012**	Unutilised tax losses RM'000	Unabsorbed capital allowances RM'000	Temporary differences between depreciation and capital allowances RM'000	Total RM'000
At beginning of financial year	2,999	636	39	3,674
Recognised in the income statements	(16)	383	145	512
Exchange differences	1	-	-	1
At end of financial year	2,984	1,019	184	4,187
2011				
At beginning of financial year	3,274	564	806	4,644
Recognised in the income statements	(260)	295	39	74
Acquisition of subsidiary companies	107	6	-	113
Deconsolidation of subsidiary companies	(123)	(229)	(806)	(1,158)
Exchange differences	1	-	-	1
At end of financial year	2,999	636	39	3,674

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 **2012**	Fair value gain on investment properties RM'000	Temporary differences between depreciation and capital allowances RM'000	Total RM'000
At beginning of financial year	7,465	808	8,273
Recognised in the income statements	(1,382)	199	(1,183)
Exchange differences	-	4	4
At end of financial year	6,083	1,011	7,094
2011			
At beginning of financial year	6,072	814	6,886
Recognised in the income statements	1,393	272	1,665
Acquisition of subsidiary companies	-	162	162
Deconsolidation of subsidiary companies	-	(443)	(443)
Exchange differences	-	3	3
At end of financial year	7,465	808	8,273

17. **DEFERRED TAX ASSETS/(LIABILITIES)(CONT'D)**

The components of deferred tax assets and liabilities during the financial year are as follows (cont'd):-

Deferred tax liabilities (cont'd)

Company	Temporary differences between depreciation and capital allowances RM'000	Total RM'000
2012		
At beginning and end of financial year	104	104
2011		
At beginning and end of financial year	104	104

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

	Group 2012 RM'000	2011 RM'000
Temporary differences between depreciation and capital allowances	309	334
Unutilised tax losses	(19,590)	(23,239)
Unabsorbed capital allowances	(1,676)	(1,675)
	(20,957)	(24,580)

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.

18. PROPERTY DEVELOPMENT COSTS

Group **2012**	Freehold land RM'000	Leasehold land RM'000	Development cost RM'000	Total RM'000
Accumulated cost at beginning of financial year	-	-	5,073	5,073
Costs incurred during the financial year	-	-	149	149
At end of financial year	-	-	5,222	5,222
2011				
Accumulated cost at beginning of financial year	8,917	12,147	139,778	160,842
Costs incurred during the financial year	-	4	7,997	8,001
Accumulated costs recognised as expense in income statements	(8,125)	(10,169)	(136,261)	(154,555)
Unsold units transferred to inventories	(792)	(1,982)	(6,441)	(9,215)
At end of financial year	-	-	5,073	5,073

Included in property development costs in the previous financial year is interest expenses of RM1,222,000.

19. INVENTORIES

	Group 2012 RM'000	Group 2011 RM'000
At cost,		
Unsold units of apartments and houses	10,439	10,598
Consumables	20	23
Electronic, multimedia and computer devices, components and peripherals	1,976	3,578
Painting works	32	32
Wines	4,011	4,228
	16,478	18,459
At net realisable value,		
Electronic, multimedia and computer devices, components and peripherals	25	277
Wines	204	113
	229	390
	16,707	18,849

During the financial year, the amount of inventories recognised as an expense in the cost of sale of the Group was RM9,083,000 (2011 : RM18,371,000). The reversal of write-down of inventories was made during the financial year when the related inventories were sold above their carrying amounts.

20. TRADE RECEIVABLES

	Group 2012 RM'000	Group 2011 RM'000
Trade receivables	380,852	255,839
Less: Allowance for impairment	(74,424)	(76,783)
	306,428	179,056

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

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

	Group 2012 RM'000	Group 2011 RM'000
Neither past due nor impaired	255,064	80,159
1 to 30 days past due not impaired	1,470	1,322
31 to 60 days past due not impaired	1,361	413
61 to 90 days past due not impaired	976	657
91 to 120 days past due not impaired	2,017	1,518
More than 121 days past due not impaired	45,540	94,987
Impaired	74,424	76,783
	380,852	255,839

Trade receivables that are neither past due nor impaired are creditworthy debtors with insignificant losses noted. These trade receivables amounting to RM223,721,000 (2011 : RM75,308,000) are secured in nature.

Trade receivables that are past due but not impaired amounting to RM48,588,000 (2011 : RM92,836,000) are secured in nature. The remaining balance of trade receivables of RM2,776,000 (2011 : RM6,061,000) that are past due but not impaired are unsecured in nature and the management is of the view it is recoverable and it relates to a number of independent customers from whom there is no recent history of default.

Trade receivables that are impaired amounting to RM74,424,000 (2011 : RM76,783,000) relate to receivables that are in significant financial difficulties and have defaulted on repayments. These receivables are not secured by any collateral.

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

20. TRADE RECEIVABLES (CONT'D)

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

	Group 2012 RM'000	Group 2011 RM'000
At beginning of financial year	76,783	74,109
Charge for the financial year	106	2,868
Acquisition of a subsidiary company	-	17
Written off against trade receivables	(71)	(28)
Exchange differences	6	(28)
Reversal/Writeback during the financial year	(2,400)	(155)
At end of financial year	74,424	76,783

21. ACCRUED BILLINGS

	Group 2012 RM'000	Group 2011 RM'000
Revenue recognised as income to-date	-	116,568
Less: Progress billings to-date	-	(116,568)
Accrued billings in respect of property development activities	-	-

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Sundry receivables	12,125	25,980	377	9,072
Deposits paid	4,292	4,681	718	697
Prepayments	5,052	2,432	35	27
	21,469	33,093	1,130	9,796
Less: Allowance for impairment	(752)	(657)	-	-
	20,717	32,436	1,130	9,796

The Group's and Company's sundry receivables are creditworthy debtors with insignificant losses noted and are repayable on demand. The Group's and the Company's deposits paid are not impaired. Included in the Group's deposit paid in the previous financial year was an amount of RM210,000 representing earnest deposit paid by one of the subsidiary company for the purchase of an investment property as disclosed in Note 8 to the financial statements.

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

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

	Group	
	2012 RM'000	2011 RM'000
At beginning of financial year	657	-
Charge for the financial year	161	668
Exchange differences	(66)	(11)
At end of financial year	752	657

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2012 RM'000	2011 RM'000
Quoted securities, at market value		
- in Malaysia	58,205	41,744
- outside Malaysia	123,419	56,635
	181,624	98,379

The Group's financial assets at fair value through profit or loss amounting to RM116,349,000 (2011: RM37,130,000) are pledged to certain licensed banks and financial institutions for banking facilities granted to the Group.

24. DEPOSITS WITH LICENSED BANKS AND FINANCIAL INSTITUTIONS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits placed with :-				
- licensed banks	161,345	319,236	1,519	-
- licensed financial institutions	183,153	123,068	-	-
	344,498	442,304	1,519	-

Included under deposits placed with licensed banks and financial institutions of the Group are :

(a) fixed deposits of RM182,470,000 (2011: RM123,544,000) which have been pledged to licensed banks and financial institutions as security for banking and credit facilities granted to the Group.

(b) remisiers' and dealers' deposits and clients' trust monies received of RM45,274,000 (2011: RM162,858,000).

Deposits placed with licensed banks of the Company amounting to RM1,519,000 (2011: Nil) have been pledged as security for banking and credit facilities granted to the Company.

The effective interest rate per annum for deposits with licensed banks and financial institutions of the Group and of the Company are 0.001% to 4.75% (2011: 0.001% to 5.00%) and 2.55% to 2.90% (2011 : Nil) respectively.

25. CASH AND BANK BALANCES

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

(a) an amount of RM6,280,000 (2011: RM8,705,000) which represents remisiers' and dealers' deposits and clients' trust monies received.

(b) an amount of RM1,251,000 (2011: RM2,893,000) maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations. The withdrawal of funds from the housing development accounts are restricted to property development costs incurred in respect of the development projects.

(c) an amount of RM1,112,000 (2011: RM18,812,000) pledged to certain licensed banks and financial institutions for banking facilities granted to the Group.

26. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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

Group	Freehold land and buildings	Leasehold land and buildings under construction	Club membership	Total
2012	RM'000	RM'000	RM'000	RM'000
At beginning of financial year				
- At cost	-	7,993	-	7,993
Transfer from investment properties (Note 8)	-	675	-	675
Disposal	-	(622)	-	(622)
Net carrying amount as at 30 June 2012	-	8,046	-	8,046
2011				
At beginning of financial year				
- At valuation	1,650	-		1,650
- At cost	-	6,750	193	6,943
	1,650	6,750	193	8,593
Transfer from investment properties (Note 8)	-	1,243	-	1,243
Disposal	(1,650)	-	(193)	(1,843)
Net carrying amount as at 30 June 2011	-	7,993	-	7,993

Certain investment properties of a wholly-owned subsidiary company was reclassified to non-current assets classified as held for sale due to several Sale and Purchase Agreements were entered into with third parties for the disposal of the certain leasehold land and buildings owned by the wholly-owned subsidiary company for a total disposal proceed of RM13,186,000 (2011: RM12,886,000).

27. SHARE CAPITAL

	Group and Company			
	Number of shares (in '000)		Amount	
	2012	2011	2012 RM'000	2011 RM'000
Authorised:				
Ordinary shares of RM1 each				
At beginning and end of financial year	1,500,000	1,500,000	1,500,000	1,500,000
Issued and fully paid up:				
Ordinary shares of RM1 each				
At beginning and end of financial year	693,334	693,334	693,334	693,334

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

28. TREASURY SHARES

	Group and Company			
	Number of shares (in '000)		Amount	
	2012	2011	2012 RM'000	2011 RM'000
At beginning of financial year	9,767	6,005	4,887	2,963
Shares repurchased classified as treasury shares	5,774	3,762	2,732	1,924
Distribution of treasury shares	(13,575)	-	(6,738)	-
At end of financial year	1,966	9,767	881	4,887

The shareholders of the Company had by an ordinary resolution passed at the Annual General Meeting held on 20 December 2011, approved the Company's plan to purchase its own shares up to a maximum of 69,333,363 ordinary shares of RM1 each representing approximately 10% of the total issued and fully paid up share capital of the Company.

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

28. TREASURY SHARES (CONT'D)

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

	No. of shares	Total cost	Purchase price per share		
			Highest	Lowest	Average
		RM	RM	RM	RM
Balance at 1 July 2010	6,005,152	2,962,729	0.86	0.24	0.49
Purchases during the preceding financial year					
- September 2010	216,900	111,318	0.52	0.50	0.51
- October 2010	200,000	104,256	0.52	0.52	0.52
- November 2010	300,000	162,679	0.55	0.53	0.54
- December 2010	150,000	84,613	0.56	0.56	0.56
- February 2011	23,500	12,073	0.50	0.50	0.50
- March 2011	1,734,500	848,197	0.51	0.47	0.49
- April 2011	661,500	355,298	0.54	0.53	0.54
- May 2011	274,500	143,498	0.53	0.51	0.52
- June 2011	200,800	102,897	0.52	0.50	0.51
Balance at 30 June 2011	9,766,852	4,887,558	0.86	0.24	0.50
Purchases/(distribution) during the financial year					
- July 2011	61,600	30,967	0.50	0.50	0.50
- August 2011	2,368,500	1,155,903	0.50	0.47	0.49
- September 2011	205,000	89,047	0.48	0.42	0.43
- October 2011	1,377,000	676,515	0.49	0.49	0.49
- February 2012	100,000	49,358	0.49	0.49	0.49
- March 2012	(13,575,061)	(6,738,499)	n/a	n/a	n/a
- March 2012	315,900	143,193	0.45	0.45	0.45
- April 2012	1,245,900	544,772	0.45	0.43	0.44
- May 2012	100,000	42,306	0.42	0.42	0.42
Balance at 30 June 2012	1,965,691	881,120	0.86	0.24	0.45

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.

On 8 March 2012, the Company distributed share dividend by way of one treasury share for every fifty existing ordinary shares of RM1.00 each held in the Company wherein a total of 13,575,061 treasury shares were distributed to the shareholders.

29. RESERVES

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Non-distributable:				
Reserve fund	1,200	1,200	-	-
Share premium	47,751	54,489	47,751	54,489
Available for sale investments fair value reserve	27,576	15,440	-	-
Exchange translation reserve	1,797	(2,078)	-	-
	78,324	69,051	47,751	54,489

The reserve fund is maintained in compliance with the provisions of the Rules of Bursa Malaysia Securities Berhad Relating to Participating Organisations and is not distributable.

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

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

The exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

30. LOANS AND BORROWINGS

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current – secured				
Bank overdrafts	32,622	864	-	-
Term loans	134,148	48,595	-	-
Revolving credit facilities	50,500	2,000	45,000	-
	217,270	51,459	45,000	-
Non-current – secured				
Term loans	7,642	-	-	-
	224,912	51,459	45,000	-

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

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
On demand or within 1 year	217,270	51,459	45,000	-
More than 1 year and less than 2 years	475	-	-	-
More than 2 years and less than 5 years	1,562	-	-	-
More than 5 years	5,605	-	-	-
	224,912	51,459	45,000	-

30. LOANS AND BORROWINGS (CONT'D)

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

(i) fixed charge over certain landed properties of the Group;
(ii) certain quoted and unquoted securities, fixed deposits and bank balances of the Group;
(iii) corporate guarantee of the Company;
(iv) a deed of assignment over certain landed properties of the Group; and
(v) assignment of rental proceeds from certain landed properties of the Group.

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

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

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

	Group		Company	
	2012	2011	2012	2011
Bank overdrafts	7.85% - 9.20%	7.80% - 9.10%	-	-
Term loans	0.01% - 7.10%	0.07% - 6.71%	-	-
Revolving credit facilities	4.71% - 5.94%	4.35% - 5.60%	4.80% - 5.94%	-

31. HIRE PURCHASE PAYABLES

	Group	
	2012 RM'000	2011 RM'000
Payable within 1 year	6,744	6,472
Payable after 1 year but not later than 5 years	12,691	10,504
Payable after 5 years	170	15
	19,605	16,991
Less: Interest in suspense	(1,732)	(1,758)
Present value of hire purchase payables	17,873	15,233
Present value of hire purchase payables		
- within 1 year (Note 33)	5,898	5,593
- after 1 year but not later than 5 years	11,809	9,625
- after 5 years	166	15
	17,873	15,233

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

The effective interest rate per annum for hire purchase payables are 2.54% to 5.57% (2011 : 3.0% to 6.27%).

32. **DERIVATIVE FINANCIAL LIABILITIES**

	Group	
	2012 RM'000	2011 RM'000
Negative fair value on :		
Currency forwards contracts and options	451	2,618
Other equity related contracts	10,531	5,405
	10,982	8,023

As at the reporting date, the contracted underlying principal amount of the Group's currencies forwards contracts and options and the equity related contracts are RM61,263,000 (2011: RM73,295,000).

33. **OTHER PAYABLES AND ACCRUALS**

Other payables and accruals consist of the following:-

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Hire purchase payables (Note 31)	5,898	5,593	-	-
Accrued expenses	2,115	9,837	292	270
Deposits received	3,705	3,300	-	-
Accrued interest expenses	634	859	-	-
Other payables	43,000	32,036	36	2,048
	55,352	51,625	328	2,318

Included in other payables is an amount of RM16,548,000 (2011: Nil) which bears interest at 8.50% per annum (2011: Nil).

34. **REVENUE**

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Manufacture of electronic and telecommunication products, parts and services	-	14,042	-	-
Sale of financial assets at fair value through profit or loss	138,646	149,650	-	-
Property development revenue	-	18,379	-	-
Sale of goods and services	5,987	11,130	-	-
Sale of properties	4,705	1,650	-	-
Interest income	26,137	10,078	-	-
Car rental	16,634	9,836	-	-
Brokerage commissions	12,925	9,370	-	-
Rental income from letting out of properties	3,775	3,505	-	-
Dividend income	955	177	4,693	4,622
Management, advisory and consultancy fees income	6,059	4,509	540	266
Others	19,553	3,535	-	-
	235,376	235,861	5,233	4,888

35. COST OF SALES

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Amortisation of development expenditure	-	25	-	-
Amortisation of prepaid land lease payments	-	4	-	-
Allowance for obsolete inventories	641	594	-	-
Depreciation of property, plant and equipment	6,162	5,659	-	-
Direct operating expenses arising from investment property :				
- rental generating property	69	-	-	-
Allowance for diminution in value of inventories	22	-	-	-
Hire of equipment	-	12	-	-
Property, plant and equipment written off	93	10	-	-
Rental of motor vehicles	120	21	-	-
Rental of premises	166	150	-	-
Writeback of allowance for obsolete inventories	(3)	(153)	-	-

36. OTHER INCOME

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Accretion of discounts on held to maturity investments	408	385	-	-
Allowance for impairment no longer required	2,400	155	-	-
Fair value gain on derivatives	-	4,995	-	-
Fair value gain on investment properties	2,577	11,192	-	-
Gain on disposal of property, plant and equipment	1,415	804	-	-
Gain on disposal of available for sale investment	-	106	-	-
Gain on redemption of held to maturity investments	135	732	-	-
Gain on exchange differences				
- realised	601	12,160	-	-
- unrealised	7,968	17,139	-	14,806
Gross dividends from financial assets at fair value through profit or loss				
- quoted in Malaysia	1,141	1,072	-	-
- quoted outside Malaysia	1,617	896	-	-
Gross dividends from available for sale investments quoted in Malaysia	1,655	547	-	-

36. OTHER INCOME (CONT'D)

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Interest income from :				
- fixed deposits	5,890	7,088	253	1,100
- associate companies	99	457	-	-
- subsidiary companies	-	-	5,267	2,747
- loans and receivables	71	(563)	-	-
- held to maturity investments	2,766	3,382	-	-
- others	119	283	-	-
Transfer from available for sale investments reserve	-	323	-	-
Writeback of impairment of financial assets at fair value through profit or loss	-	20,126	-	-

37. ADMINISTRATION EXPENSES

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:-				
SJ Grant Thornton				
Statutory audit fees				
- current financial year	168	155	28	25
- underprovision in prior financial years	26	2	3	-
Special audits				
- current financial year	1	1	-	-
Other external auditors				
Statutory audit fees				
- current financial year	64	63	-	-
- underprovision in prior financial years	-	2	-	-
Amount due from a subsidiary company written off	-	-	2	-
Depreciation of property, plant and equipment	149	219	104	111
Lease rental payable to a subsidiary company	-	-	34	34
Property, plant and equipment written off	3	6	3	6
Rental of premises	701	807	312	300

38. OTHER OPERATING EXPENSES

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

	Group		Company	
		(Restated)		
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Impairment of financial assets at fair value through profit or loss	17,970	-	-	-
Impairment of held to maturity investments	94	167	-	-
Allowance for impairment	267	3,536	3,214	-
Amortisation of intangible assets	7	18	-	-
Amortisation of premium on held to maturity investments	11	40	-	-
Amortisation of prepaid land lease payments	-	17	-	-
Auditors' remuneration:-				
Other external auditors				
Statutory audit fees				
- current financial year	93	82	-	-
- overprovision in prior financial year	(1)	-	-	-
Bad debts written off	8	-	-	-
Depreciation of property, plant and equipment	1,801	1,429	-	-
Direct operating expenses arising from investment properties :				
- rental generating properties	633	592	-	-
- non-rental generating properties	174	73	-	-
Fair value loss on derivatives	2,945	-	-	-
Goodwill written off	-	284	-	-
Hire of equipment	445	419	-	-
Inventories written off	-	1	-	-
Intangible asset written off	71	-	-	-
Loss on exchange differences				
- realised	14,690	807	-	-
- unrealised	4,341	7,122	2,844	-
Loss on disposal of an associate company	-	73	-	-
Loss on disposal of property, plant and equipment	1	-	-	-
Property, plant and equipment written off	1	70	-	-
Rental of motor vehicle	-	5	-	-
Rental of premises	404	134	-	-
Investment in subsidiary company written off	-	-	13,400	-
Writeback of provision for impairment loss on investment in a subsidiary company	-	-	(13,400)	-

39. FINANCE COSTS

Finance costs comprise of the following expenses:-

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest expenses				
- interest on term loans and bankers' acceptance facilities	7,425	3,429	-	-
- bank overdraft	181	186	-	-
- revolving credit facilities	2,081	104	1,914	-
- hire purchase payables	1,055	916	-	-
	10,742	4,635	1,914	-

40. EXCEPTIONAL ITEMS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Gain on capital repayment by an associate company	9,151	-	9,151	-
Gain on dilution of equity interest in associate companies	5,112	-	-	-
Gain on disposal of subsidiary companies	-	2,209	-	-
Gain on deemed disposal of subsidiary companies	-	288	-	-
	14,263	2,497	9,151	-

41. TAXATION

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Income tax :				
Provision for current financial year				
- Malaysia income tax	1,479	1,534	1,451	660
- Overseas income tax	1,169	154	-	-
(Over)/Underprovision in previous financial years	(336)	12	(285)	3
Deferred tax :				
Transfer (from)/to deferred taxation (Note17)	(1,679)	1,329	-	-
(Over)/Underprovision in previous financial years (Note 17)	(16)	262	-	-
	617	3,291	1,166	663

41. **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 Section 108 tax credit for purpose of dividend distribution during the transitional period of six years.

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

	Group		Company	
		(Restated)		
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	11,316	105,656	8,509	16,133
Income tax at the Malaysian statutory tax rate of 25% (2011:25%)	2,829	26,414	2,127	4,033
Tax effect in respect of :				
Non-allowable expenses	5,678	2,233	1,682	638
Income not subject to tax	(5,140)	(23,610)	(2,358)	(4,001)
Effect of different tax rates in other countries	56	(655)	-	-
Overseas tax paid on dividend income	1,169	154	-	-
Utilisation of previously unrecognised deferred tax assets	(4,840)	(1,623)	-	-
Deferred taxation not recognised in the financial statements	1,217	104	-	(10)
Tax expenses for current financial year	969	3,017	1,451	660
(Over)/Underprovision for taxation in previous financial years	(336)	12	(285)	3
(Over)/Underprovision for deferred taxation in previous financial years	(16)	262	-	-
Tax expense for the financial year	617	3,291	1,166	663
Unutilised tax losses carried forward subject to agreement of the tax authorities	90,296	104,952	-	-
Unabsorbed capital allowances carried forward subject to agreement of the tax authorities	10,780	9,244	-	-

42. EARNINGS PER SHARE

Basic earnings per share

Earnings per share for the financial year has been calculated based on the Group's profit for the financial year attributable to the owners of the Company of RM12,601,000 (2011 : RM103,034,000) divided by the weighted average number of ordinary shares in issue during the financial year of 684,181,000 ordinary shares (2011 : 685,895,000 ordinary shares), after taking into consideration the movement of shares bought back by the Company.

Diluted earnings per share

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

43. DIRECTORS' REMUNERATION

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

	Group		**Company**	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Executive Directors:-				
Salaries and other emoluments	2,898	2,647	240	350
Defined contribution plan	123	107	72	81
Benefits-in-kind	35	35	35	35
	3,056	2,789	347	466
Non-Executive Directors:-				
Salaries and other emoluments	492	480	-	-
Defined contribution plan	77	71	-	-
Fees				
- current financial year	64	44	64	44
- overprovision in previous years	-	(62)	-	(62)
Benefits-in-kind	29	29	29	29
	662	562	93	11
	3,718	3,351	440	477

44. STAFF COSTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Salaries, bonus, wages and allowances	20,140	18,010	2,772	2,629
Social security cost	114	122	17	17
Defined contribution plan	2,086	1,716	360	342
Other staff related expenses	8	73	-	-
	22,348	19,921	3,149	2,988

Included in staff cost of the Group and of the Company are executive and non-executive directors' remuneration amounting to RM3,654,000 (2011 :RM3,287,000) and RM376,000 (2011 : RM413,000) respectively as disclosed in Note 43 to the financial statements.

45. DIVIDENDS

	Group and Company	
	2012 RM'000	2011 RM'000
Distribution of 13,575,061 treasury shares as share dividends by way of one treasury share for every fifty ordinary shares held in the Company	6,738	-

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

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

(i) On 28 December 2011, the Company announced that it had through its wholly owned subsidiary companies, Insas Credit & Leasing Sdn Bhd and Delta Crest (M) Sdn Bhd, collectively subscribed for a total of 55,000 new ordinary shares of RM1.00 each representing 55% equity interest in the enlarged issued and paid up share capital of Delta Crest (KL) Sdn Bhd ("DC (KL)") for a total cash consideration of RM55,000.

DC (KL) was incorporated on 10 October 2011 as a private limited company under the Companies Act, 1965. DC (KL) is presently a dormant company and its intended principal activity is property investment holding and development.

46. **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 companies acquired by the Group during the financial year are as follows (cont'd):-

(ii) In the preceding financial year, the Group acquired equity interest in the following subsidiary companies, the details of which were as follows:-

Name of company	% Effective equity interest 2011	2010	Principal activities
J & C Pacific Sdn Bhd ("J&C")	51	-	Provision of total communication services, solutions and products
Roset Limousine Services Pte Ltd ("Roset")	51	41	Provision of premium limousine services
Noble Builders Sdn Bhd ("Noble Builders")	100	75	Dormant

There were no financial impact arising from the acquisition of the additional 25% equity interest in Noble Builders in the preceding financial year as the Group has fully accounted for its share of post acquisition losses in Noble Builders prior to the acquisition.

(b) The effect of the acquisition of DC (KL) (2011: Acquisitions of J&C and Roset) on the financial results of the Group during the financial year are as follows:-

	Group 2012 RM'000	2011 RM'000
Revenue	-	2,242
Cost of sales	-	(1,246)
Gross profit	-	996
Other income	-	103
Administration expenses	(3)	(736)
Other operating expenses	-	(514)
Finance costs	-	(28)
Loss before taxation	(3)	(179)
Taxation	-	(53)
Loss after taxation	(3)	(232)
Attributable to :		
Owners of the Company	(2)	(119)
Non-controlling interest	(1)	(113)

If the acquisition had taken place at the beginning of the financial year, the Group's profit, net of tax and non-controlling interests, would have been RM12,599,000 (2011:RM103,131,000) and the Group's revenue would have been RM235,376,000 (2011:RM242,132,000).

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

(c) The fair value of assets acquired and liabilities assumed from the acquisition of DC (KL) (2011: Acquisitions of J&C and Roset) are as follows:-

	Group	
	2012 RM'000	2011 RM'000
Net assets acquired:-		
Property, plant and equipment	-	5,495
Deferred tax assets	-	113
Inventories	-	10
Trade receivables	-	1,665
Other receivables, deposits and prepayments	100	296
Tax recoverable	-	138
Deposits with licensed banks	-	813
Cash and bank balances	-	2,935
Trade payables	-	(929)
Other payables and accruals	-	(1,438)
Hire purchase payables	-	(3,160)
Deferred tax liabilities	-	(162)
Non-controlling interests	(45)	(2,830)
Goodwill	-	284
	55	3,230
Less : Cost of investment in Roset accounted using the equity method of accounting	-	(1,015)
Share of post acquisition profit less losses of Roset	-	(266)
Purchase consideration	55	1,949
Less : Cash and cash equivalents acquired	-	(3,748)
Cash outflow/(inflow) on acquisition	55	(1,799)

47. **INFORMATION ON THE DISPOSAL OF SUBSIDIARY COMPANIES DURING THE FINANCIAL YEAR AND SUMMARY EFFECT OF DISPOSAL OF SUBSIDIARY COMPANIES**

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

(i) On 12 March 2012, the Company announced that the Company had on the same date disposed off 2 ordinary shares of RM1 each representing the entire issued and paid up share capital of Clearmobile Sdn Bhd (formerly known as Insas Mobile Sdn Bhd) ("Clearmobile") for a cash consideration of RM2.

Clearmobile was incorporated in Malaysia on 7 June 2005 and has not commenced operations since its incorporation.

47. INFORMATION ON THE DISPOSAL OF SUBSIDIARY COMPANIES DURING THE FINANCIAL YEAR AND SUMMARY EFFECT OF DISPOSAL OF SUBSIDIARY COMPANIES (CONT'D)

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

(ii) On 23 May 2012, the Company announced that following its application made to the Companies Commission of Malaysia ("CCM") for the voluntary striking-off of True Blue Sdn Bhd ("TBSB"), a dormant wholly-owned subsidiary company of the Company, CCM had in its letter dated 18 May 2012 advised that TBSB will be struck-off from the register and dissolved upon the expiration of 3 months from 18 May 2012 under S308 (2) of the Companies Act, 1965.

The striking-off of TBSB has no financial impact to the Group as the Group has fully accounted for the post acquisition losses prior to the striking-off of TBSB.

(iii) In the previous financial year, Insas Technology Bhd ("ITB"), a wholly owned subsidiary company disposed off 637,500 ordinary shares of RM1 each representing 51% equity interest in J&C for a total sale consideration of RM4 million or A$1,311,475 to Mint Wireless Limited ('Mint') to be satisfied via the issuance of 43,715,833 new ordinary shares representing 19.29% equity interest in Mint at the issue price of A$0.03 per ordinary share.

(b) The details of net assets disposed and cash flow as at the date of disposal of Clearmobile (2011: Disposal of J&C) during the financial year were as follows:-

	Group	
	2012 RM'000	2011 RM'000
Property, plant and equipment	-	804
Inventories	-	901
Trade receivables	-	1,195
Other receivables, deposits and prepayments	-	817
Tax recoverable	-	163
Deposits with licensed bank	-	821
Cash and bank balances	-*	139
Trade payables	-	(603)
Other payables and accruals	-	(725)
Non-controlling interests	-	(1,721)
Group's share of net assets disposed	-*	1,791
Gain on disposal of subsidiary companies	-	2,209
Disposal proceeds	-*	4,000
Less : Disposal in form of ordinary shares swap for Mint shares	-	(4,000)
Less : Cash and cash equivalents disposed	-#	(960)
Net cash outflow on disposal of equity interest in subsidiary companies	-	(960)

* *represents RM2*

\# *represents -RM2*

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

(a) Details of the deemed disposal of subsidiary companies in the preceding financial year are as follows:-

(i) On 5 August 2010, Insas Technology Berhad ("ITB"), a wholly-owned subsidiary company, diluted its equity interest in Inari Technology Sdn Bhd ("Inari Tech") from 51% to 42.43% following the conversion of 1,515,000 Redeemable Convertible Preference Shares ("RCPS") held by the RCPS holders in Inari Tech into 1,515,000 ordinary shares in Inari Tech.

The conversion of the RCPS was made in accordance with the terms and conditions contained in the subscription agreements entered into between Inari Tech and its shareholders and the RCPS holders.

(ii) On 20 September 2010, ITB and the other shareholders of Inari Tech had entered into a Sale and Purchase Agreement with Inari Berhad ("Inari") for the disposal of their combined 100% equity interest in Inari Tech to Inari for a total consideration of RM24,160,860, which were satisfied in full by the allotment of 241,608,600 ordinary shares of RM0.10 each in Inari in proportion of their respective shareholdings in Inari Tech. Arising thereof, Inari Tech become a wholly owned subsidiary company of Inari, and Inari become a 42.43% associate company of the Group.

Inari was incorporated in Malaysia on 5 May 2010 as a public limited company under the Companies Act, 1965. The principal activity of Inari is investment holding.

(iii) On 21 September 2010, ITB entered into a Sale and Purchase Agreement to dispose its 100% equity interest in Simfoni Bistari Sdn Bhd ("Simfoni") to Inari for a total cash consideration of RM1,000,000. In addition, Inari undertakes to repay the amount owing by Simfoni to ITB of RM10,000,000 by way of issuance of 7,000,000 new ordinary share in Inari to ITB at an issue price of RM0.35 per Inari share and the balance owing of RM7,550,000 is to be repayable over a period of 12 months subject to interest payment of 8% per annum until the date of full repayment.

Simfoni was incorporated in Malaysia on 18 February 2003 as a private limited company under Companies Act, 1965. The principal activities of Simfoni are investment holding, property investment and letting out of properties.

Upon the completion of transactions (i), (ii) and (iii) above, ITB holds 44.05% equity interest in Inari, Inari Tech and Simfoni.

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

(b) The details of net assets disposed and cash flow as at the date of disposal of Inari Technology Sdn Bhd and Simfoni Bistari Sdn Bhd in the preceding financial year were as follows:-

	Group 2011 RM'000
Property, plant and equipment	28,544
Prepaid land lease payments	4,760
Deferred tax assets	1,158
Inventories	13,961
Trade receivables	20,694
Other receivables, deposits and prepayments	850
Deposits with licensed banks	550
Cash and bank balances	8,491
Trade payables	(9,727)
Other payables and accruals	(20,298)
Hire purchase payables	(1,067)
Amount due to a related company	(10,669)
Tax payable	(502)
Loans and borrowings	(7,168)
Deferred tax liabilities	(443)
Redeemable convertible preference shares	(4,611)
Non-controlling interests	(12,044)
Group's share of net assets disposed	12,479
Add / (Less):	
Share of post acquisition profits less losses of Inari Tech	(1,536)
	10,943
Gain on deemed disposal of subsidiary companies	288
Disposal proceeds	11,231
Less : Exchange for ordinary shares in Inari Berhad	(12,701)
Less : Cash and cash equivalents disposed	(9,041)
Net cash outflow on deemed disposal of equity interest in subsidiary companies	(10,511)

49. SUMMARY EFFECTS ON ACQUISITION OF NON-CONTROLLING INTERESTS

During the financial year, the Group acquired equity interest in the following subsidiary companies from the non-controlling interests, the details of which are as follows:-

Name of company	% Effective equity interest 2012	2011	Principal activities
Dellmax Worldwide Sdn Bhd	69.3	58.5	Investment holding
Gryphon Asset Management Sdn Bhd	100	66	Fund management and investment holding
Parkfair Development Sdn Bhd	90	63	Investment holding
Premium Yield Sdn Bhd	78.8	72	Investment holding
Segar Raya Development Sdn Bhd	71.1	60.3	Real property and housing developer

The above acquisitions are settled via cash consideration amounting to RM1,447,000.

50. CONTINGENT LIABILITIES

	Company 2012 RM'000	2011 RM'000
Unsecured :-		
Guarantees to secure banking and credit facilities granted to subsidiary companies	74,227	46,357

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

51. CAPITAL COMMITMENTS

	Group 2012 RM'000	2011 RM'000
Authorised and contracted for		
- Acquisition of investment properties	3,615	2,940
- Acquisition of property, plant and equipment	931	-
- Acquisition of derivative financial instruments	61,263	73,295
- Acquisition of investments in unquoted shares	5,000	5,000
	70,809	81,235

52. OPERATING LEASE COMMITMENTS

(a) Operating lease commitments - as lessee

The Group has entered into commercial lease on certain office equipments. These leases have an average tenure of between 1 and 2 years with renewal option.

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2012 RM'000	2011 RM'000
Not later than 1 year	98	162
Later than 1 year but not later than 5 years	6	6
	104	168

(b) Operating lease commitments - as lessor

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

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2012 RM'000	2011 RM'000
Not later than 1 year	645	644
Later than 1 year but not later than 5 years	389	174
	1,034	818

(c) Finance lease commitment

The future minimum lease payments under finance leases are disclosed in Note 31 to the financial statements.

Company No: 4081 M

53. **SEGMENTAL INFORMATION**

(a) Operating Segments

2012	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	45,050	5,298	162,746	16,844	5,438	-	235,376
Inter-segment revenue	484	8,191	10,973	347	1,317	(21,312)	-
Total segment revenue	45,534	13,489	173,719	17,191	6,755	(21,312)	235,376
Results							
Interest income	1,794	388	17,698	3	472	(11,410)	8,945
Finance costs	(11,242)	(7,854)	(8,377)	(1,242)	(141)	18,114	(10,742)
Depreciation and amortisation	(1,056)	(291)	(388)	(6,202)	(193)	-	(8,130)
Share of profits less losses of associate companies	-	(976)	(5,872)	1,409	6,805	-	1,366
Share of profits less losses of jointly controlled entities	-	11,179	-	-	-	-	11,179
Taxation	(600)	(499)	523	(65)	24	-	(617)
Other non-cash income/(expenses) (i)	1,509	(1)	(28,108)	(123)	(14,423)	-	(41,146)
Segment profit/(loss)	8,115	11,904	(7,891)	2,943	(4,372)	-	10,699
Assets							
Investments in associate companies	-	5,797	(2,087)	16,116	30,557	-	50,383
Investments in jointly controlled entities	-	52,610	-	-	-	-	52,610
Additions to non-current assets (ii)	3,227	-	23,887	13,190	2,107	-	42,411
Segment assets	435,930	106,240	700,567	58,752	67,550	-	1,369,039
Liabilities							
Segment liabilities	107,767	19,176	242,562	22,838	5,282	-	397,625

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

(a) Operating Segments (cont'd)

2011	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	23,535	19,682	157,558	11,859	23,227	-	235,861
Inter-segment revenue	1,224	3,877	5,496	444	899	(11,940)	-
Total segment revenue	24,759	23,559	163,054	12,303	24,126	(11,940)	235,861
Results							
Interest income	1,060	708	11,990	-	773	(3,884)	10,647
Finance costs	(4,067)	(7,427)	(1,843)	(1,133)	(220)	10,055	(4,635)
Depreciation and amortisation	(698)	(301)	(315)	(4,688)	(1,409)	-	(7,411)
Share of profits less losses of associate companies	-	-	2,783	2,469	5,670	-	10,922
Share of profits less losses of jointly controlled entities	-	16,660	-	-	-	-	16,660
Taxation	(136)	(1,742)	(1,220)	(53)	(140)	-	(3,291)
Other non-cash expenses (i)	(2,680)	-	(5,801)	(391)	(3,798)	-	(12,670)
Segment profit	4,751	15,856	61,065	3,407	17,286	-	102,365
Assets							
Investments in associate companies	-	-	5,097	14,707	21,924	-	41,728
Investments in jointly controlled entities	-	40,498	-	-	-	-	40,498
Additions to non-current assets (ii)	3,152	5	13,921	4,356	16,060	-	37,494
Segment assets	498,608	108,838	529,747	50,550	70,330	-	1,258,073
Liabilities							
Segment liabilities	182,610	11,345	92,697	18,043	3,815	-	308,510

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

(a) Operating Segments (cont'd)

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

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

Operating segment	**Business activities**
Financial services and credit & leasing	Stock broking and dealing in securities, provision of corporate finance and advisory services, credit and leasing and granting of loans and other related financing activities, provision of share registration services, management services and nominee agents.
Property investment and development	Property development, property holding and investments and project and property management.
Investment holding and trading	Investment holding and trading of quoted securities and other related financial instruments.
Retail trading and car rental	Cars and limousines for hire/rental, wine merchant, retail and trading of high fashion wear, leather goods and other lifestyle-related products and operating food and beverages outlets.
Information technology related services	Produce wireless microwave telecommunication products, wireless broadcast card and electronic manufacturing services, design, manufacturing, distribution and sales of smartcards, semi-conductor products and equipment, 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, sale of data and multimedia products and services, computer hardware dealers and maintenance, sale of multimedia and electronic products and IT consultancy services.

53. SEGMENTAL INFORMATION (CONT'D)

(a) Operating Segments (cont'd)

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

	2012 RM'000	2011 RM'000
Impairment of financial assets at fair value through profit or loss	17,970	-
Impairment of held to maturity investments	94	167
Allowance for impairment	267	3,536
Allowance for obsolete inventories	641	594
Allowance for diminution in value of inventories	22	-
Bad debts written off	8	-
Fair value loss on derivatives	2,945	-
Goodwill written off	-	284
Intangible assets written off	71	-
Inventories written off	-	1
Loss on disposal of an associate company	-	73
Property, plant and equipment written off	97	86
Realised loss on exchange difference	14,690	807
Unrealised loss on exchange difference	4,341	7,122
	41,146	12,670

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

	2012 RM'000	2011 RM'000
Property, plant and equipment	16,426	9,252
Investment properties	2,100	-
Available for sale investments	12,000	-
Held to maturity investments	5,108	13,508
Intangible assets	4	13
Associate companies	6,773	14,721
	42,411	37,494

53. SEGMENTAL INFORMATION (CONT'D)

(b) Geographical Information

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

	Revenue	**Non-current assets**
	RM'000	RM'000
2012		
Malaysia	68,504	253,608
Overseas	166,872*	165,351*
	235,376	418,959
2011		
Malaysia	93,233	268,165
Overseas	142,628*	112,063*
	235,861	380,228

* Comprised predominantly of Singapore and Hong Kong.

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

	2012	2011
	RM'000	RM'000
Property, plant and equipment	61,153	39,551
Investment properties	92,435	102,745
Land held for development	37,576	37,576
Available for sale investments	74,555	50,419
Held to maturity investments	24,195	41,585
Associate companies	50,383	41,728
Jointly controlled entities	52,610	40,498
Intangible assets	26,052	26,126
	418,959	380,228

(c) Information about major customer

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

54. RELATED PARTY DISCLOSURES

(a) Outstanding balances arising from related party transactions

The outstanding balances arising from related party transactions as at the reporting date were disclosed in Note 12(b) and 13(b) to the financial statements.

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

	Group 2012 RM'000	Group 2011 RM'000
Design and printing costs paid to Catalyst Creatives, a firm related to a director of the Company	-	149
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	61	27
- rental of office premises	(15)	(15)
- secretarial services charges	(1)	(1)
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	-	7
- sale of goods and services	(23)	(56)
Purchases of raw material from Vanskee Enterprise Co. Ltd., a company related to certain directors and a minority shareholder of a subsidiary company	-	13
Refurbishment and maintenance works provided to companies related to directors of the Company and a subsidiary company		
- Immobillaire Holdings Sdn Bhd	47	41
- Baktihan Sdn Bhd	108	97
- Metro Sierra Sdn Bhd	16	111
- Titan Express Sdn Bhd	-	1
- Accrocrest Development Sdn Bhd	-	19
- Winfields Development Sdn Bhd	147	32
- Kualiti Zaman Sdn Bhd	83	-
(Sales of goods and services to)/Purchases from Inari Berhad group ("Inari"), an associate company where Insas Technology Berhad, is a substantial shareholder of Inari		
- accounting fees paid	(2)	(5)
- interest expenses paid	(60)	(453)
- rental expenses paid	(21)	-
- network repair charges paid	(48)	(44)
- sales of goods	(11)	(15)
- purchase of raw materials	15	-
- packing charges paid	(312)	(226)
- secretarial fee, share registration services and other charges paid	(42)	(15)
- Professional fees paid	(1,197)	(241)

54. RELATED PARTY DISCLOSURES (CONT'D)

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

	Company	
	2012	2011
	RM'000	RM'000
Management fees charged to subsidiary companies*	540	266
Dividends received from subsidiary companies :		
- Insas Technology Berhad	680	1,450
- M&A Securities Sdn Bhd	3,523	3,172
Dividends received from an associate company, Gleneagles Medical Centre (Kuala Lumpur) Sdn Bhd	490	-
Secretarial and retainer fees paid and payable to a subsidiary company, Megapolitan Management Services Sdn Bhd	57	61
Lease rental paid and payable to a subsidiary company, Insas Pacific Rent-A-Car Sdn Bhd	34	34
Website maintenance and support fees paid and payable to a subsidiary company, Vigtech Labs Sdn Bhd	2	2
Email and network maintenance fee paid and payable to a subsidiary company, Langdale Systems Sdn Bhd	36	36
Interest charged to subsidiary companies*	5,267	2,747

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

(d) Remuneration of Key Management Personnel

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Salaries, bonus and allowances	6,200	4,675	240	350
Defined contribution plan	507	332	72	81
Social security cost	7	5	-	-
Benefits-in-kind	92	61	35	35
	6,806	5,073	347	466

54. **RELATED PARTY DISCLOSURES (CONT'D)**

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

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive Directors' remuneration (Note 43)	3,056	2,789	347	466

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

55. **LIST OF SUBSIDIARY COMPANIES**

Name of companies	% Effective equity interest 2012	% Effective equity interest 2011	Principal activities	Country of incorporation
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
Clearmobile Sdn Bhd (formerly known as Insas Mobile Sdn Bhd)	-	100	Dormant	Malaysia
Dellmax Worldwide Sdn Bhd	69.3	58.5	Investment holding	Malaysia
Delta Crest (M) Sdn Bhd*	100	100	Property investment	Malaysia
Delta Crest (KL) Sdn Bhd	55	-	Property investment holding and development (dormant)	Malaysia
Desa Juara Sdn Bhd	100	100	Property development	Malaysia
Filmont Development Sdn Bhd	100	100	Investment holding, property development and project management	Malaysia
Gryphon Asset Management Sdn Bhd	100	66	Fund management and investment holding	Malaysia
Hastanas Development Sdn Bhd	78.8	72	Property development	Malaysia
Insas Construction Sdn Bhd	100	100	Construction, landscaping, renovation and other related works	Malaysia

55. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2012	2011	Principal activities	Country of incorporation
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 Plaza Sdn Bhd	100	100	Investment holding, investment trading, property investment and trading, project and property management and commission agent	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
Jia Sdn Bhd	100	100	Restaurant operator (temporary ceased operations)	Malaysia
Langdale E3 Pte Ltd *	100	100	Provide telecommunication services, electronic components sourcing and sale and distribution of mobile wireless and fixed line broadband solutions, devices and related peripherals	Singapore

55. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2012	2011	Principal activities	Country of incorporation
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	Stock broking and dealing in securities and provision of corporate finance and advisory services	Malaysia
M & A Securities (HK) Limited *	93	93	Stockbroking (temporary ceased operations)	Hong Kong
Magxo Sdn Bhd	100	100	Mobile virtual network operations (inactive)	Malaysia
Megapolitan Nominees (Tempatan) Sdn Bhd	100	100	Nominee agent and registration services (inactive)	Malaysia
Megapolitan Management Services Sdn Bhd	100	100	Provision of corporate secretarial, share registration and management services	Malaysia
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 (in members' voluntary liquidation)	Singapore

55. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2012	2011	Principal activities	Country of incorporation
Montego Assets Limited	100	100	Investment holding and trading	British Virgin Islands
Montego (S) Pte Ltd*	100	100	Investment holding, investment trading and investment and rental of properties	Singapore
Noble Builders Sdn Bhd	100	100	Dormant	Malaysia
Pan Asian Assets Inc.	100	100	Investment trading (ceased operations)	British Virgin Islands
Parkfair Development Sdn Bhd	90	63	Investment holding	Malaysia
Premium-One Sdn Bhd	100	100	Restaurant operator (ceased operations)	Malaysia
Premium Realty Sdn Bhd	100	100	Investment holding and property investment	Malaysia
Premium Yield Sdn Bhd	78.8	72	Investment holding	Malaysia
Roset Limousine Services Pte Ltd*	51	51	Provision of premium limousine services	Singapore
Segar Raya Development Sdn Bhd	71.1	60.3	Real property and housing developer	Malaysia
Southgroup Investments Limited *	100	100	Investment holding	Hong Kong
Teraju Usaha Sdn Bhd	100	100	Provision of consultancy and advisory services and commission agent	Malaysia
Topacres Sdn Bhd	100	100	Investment holding	Malaysia
True Blue Sdn Bhd	-	100	Struck off during the financial year	Malaysia
Valencia Homes Sdn Bhd	90	90	Property development	Malaysia
Vigcashlimited LLC	100	100	Provision of secure payment gateway services for e-commerce communities (inactive)	Mongolia
VigSys Sdn Bhd	100	100	Manufacture and distribution of mobile wireless and fixed line broadband solutions, devices and related peripherals	Malaysia

55. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2012	2011	Principal activities	Country of incorporation
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	Provision of voice call services, provision of sales and services for mobile wireless and fixed line broadband solutions and devices and related peripherals, data and multimedia products and services and provision of smartcard software and system integration (ceased operations)	Malaysia
Xota Communications Sdn Bhd	100	100	Provision of voice call services and trading in all related products (temporary ceased business) and the provision of information technology consultancy services	Malaysia

* Companies not audited by SJ Grant Thornton.

56. LIST OF ASSOCIATE COMPANIES

Name of companies	% Effective equity interest 2012	2011	Principal activities	Country of incorporation
Brickfields Properties Pty Ltd*	25	25	Property development (in liquidation)	Australia
Centreplus Sdn Bhd	35	35	Improving and leasing of landed property	Malaysia
Cool Inspirations Sdn Bhd	43.4	43.4	Investment holding and property investment	Malaysia
Diffusion Fashions Sdn Bhd	43.4	43.4	Retailer of high fashion products	Malaysia
Dome Cafe Sdn Bhd	43.4	43.4	Food and beverage restaurant	Malaysia
Gleneagles Medical Centre (Kuala Lumpur) Sdn Bhd *	20	20	Development and investment in medical centers	Malaysia
Island Cafe Sdn Bhd	30.3	36	Food and beverage restaurant	Malaysia
Lifestyle Foods Sdn Bhd	43.4	43.4	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	43.4	43.4	Retailer of Asian made products	Malaysia
Ermenegildo Zegna Malaysia Sdn Bhd*	21.2	21.2	Retailer of high fashion products	Malaysia
Fancy Connections Sdn Bhd	30.3	30.3	Dormant	Malaysia
Rising Inspiration Sdn Bhd	43.4	-	Retailer of high fashion products	Malaysia
PT Melium Nusantara*	30.3	-	Property investment holding and development	Indonesia
Inari Berhad	33	44.1	Investment holding	Malaysia
Inari Technology Sdn Bhd	33	44.1	Manufacturing of wireless microwave telecommunication products, wireless broadcast card and the provision of electronic manufacturing services	Malaysia
Inari International Limited*	33	-	Investment holding	Cayman Islands

56. LIST OF ASSOCIATE COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2012	2011	Principal activities	Country of incorporation
Ceedtec Sdn Bhd*	16.8	-	Designing, marketing and distribution of electronic products	Malaysia
Ceedtec Technology Sdn Bhd*	16.8	-	Manufacturing of testing equipment for semiconductor and related products	Malaysia
Sengenics Sdn Bhd*	20	20	Provide microarray products and associated services for cutting-edge genetic-based research and clinical diagnostics	Malaysia
Simfoni Bistari Sdn Bhd	33	44.1	Investment holding, property investment	Malaysia
Winfields Development Sdn Bhd	40	40	Investment holding and rental of properties	Malaysia
Winfields Development Pte Ltd*	40	40	Investment holding and trading and rental of properties	Singapore
Montprimo Sdn Bhd (formerly known as Macrodon Sdn Bhd)*	45	-	Property development	Malaysia
Bandar Kinrara Properties Sdn Bhd*	45	-	Property development	Malaysia
Montprimo Property Management Sdn Bhd*	45	-	Property management, consultancy and advisory services	Malaysia
Regular Project Management Sdn Bhd*	45	-	Dormant	Malaysia
Montprimo Desa JV Sdn Bhd*	45	-	Dormant	Malaysia
Score Project Management Sdn Bhd*	45	-	Project management, consultancy and advisory services	Malaysia

56. LIST OF ASSOCIATE COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2012	2011	Principal activities	Country of incorporation
True Acres Sdn Bhd	40.1	-	Investment holding	Malaysia

* Companies not audited by SJ Grant Thornton.

57. LIST OF JOINTLY CONTROLLED ENTITIES

Name of entities	% Effective equity interest 2012	2011	Principal activities	Country of incorporation
Chantrey House LLP*	50	50	Investment holding	United Kingdom
Eccleston Belgravia LLP*	49.8	49.8	Improving and leasing of landed property	United Kingdom

* Entities not audited by SJ Grant Thornton.

58. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING DATE

(a) On 19 July 2011, Inari Berhad ("Inari"), a 44.05% associate company of the Group, issued 83,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.38 per ordinary shares pursuant to the Initial Public Offering in conjunction with the listing of Inari on the ACE Market of Bursa Malaysia Securities Berhad. The issuance of shares increased the issued and paid up share capital of Inari from RM24,860,870 to RM33,160,870 of RM0.10 each.

Accordingly, the Group's equity interest in Inari was diluted from 44.05% to 33.02%.

(b) On 19 September 2011, the Company announced that Topacres Sdn Bhd ("Topacres"), a wholly owned subsidiary company entered into a Shareholders' Agreement with Nostalgic Properties Sdn Bhd ("Nostalgic"), Red Zone Development Sdn Bhd ("Red Zone") and Macrodon Sdn Bhd ("Macrodon") to regulate their relationship as shareholders in Macrodon which will undertake the business of property development.

58. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING DATE (CONT'D)

(b) cont'd

Macrodon is a private limited company incorporated in Malaysia on 11 February 2009. Its principal activity is in property development.

Topacres, Nostalgic and Red Zone intend to carry out the business of property development through Macrodon and the shareholding of Macrodon comprises Topacres 40%, Nostalgic 30% and Red Zone 30%. The paid up share capital of Macrodon comprise of 300,000 ordinary shares of RM1.00 each and RM14,750,000 redeemable preference shares of RM0.01 each at an issue price of RM1.00 each.

On 5 December 2011, Macrodon changed its name to Montprimo Sdn Bhd.

(c) The acquisition and disposal of subsidiary companies during the financial year are disclosed in Note 46 and Note 47 to the financial statements.

(d) On 18 October 2012, Micromodule Pte Ltd, a 52.4% subsidiary company of the Group incorporated in Singapore, was wound up under a members' voluntary liquidation.

59. FINANCIAL INSTRUMENTS

(a) <u>Financial risk management and policies</u>

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

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

(i) <u>Interest rate risk</u>

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

The Group and the Company are not significantly exposed to interest rate risk except for the floating rate borrowings and deposits placed with licensed banks and financial institutions. The Group's held to maturity investments and hire purchase payables are mainly fixed rate securities and are not exposed to interest rate risk.

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

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

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

(i) Interest rate risk (cont'd)

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

	Floating rates instruments RM'000	Fixed rates instruments RM'000	Total RM'000	Effective interest rate during the financial year % per annum
2012				
Group				
Financial assets				
Held to maturity investments	-	39,997	39,997	3.10% - 9.63%
Trade receivables	-	202,345	202,345	9.0% - 12.0%
Deposits placed with licensed banks and financial institutions	344,498	-	344,498	0.001% - 4.75%
Financial liabilities				
Other payables	-	16,548	16,548	8.50%
Loans and borrowings	224,912	-	224,912	0.01% - 9.20%
Hire purchase payables	-	17,873	17,873	2.54% - 5.57%
Company				
Financial assets				
Amount due from subsidiary companies	-	256,713	256,713	1.50% - 14.5%
Deposits placed with licensed banks	1,519	-	1,519	2.55% - 2.90%
Financial liabilities				
Loans and borrowings	45,000	-	45,000	4.80% - 5.94%
2011				
Group				
Financial assets				
Held to maturity investments	-	55,294	55,294	3.41% - 13.0%
Trade receivables	-	75,552	75,552	12.0%
Deposits placed with licensed banks and financial institutions	442,304	-	442,304	0.001% - 5.00%
Financial liabilities				
Loans and borrowings	51,459	-	51,459	0.07% - 9.10%
Hire purchase payables	-	15,233	15,233	3.0% - 6.27%
Company				
Financial assets				
Amount due from subsidiary companies	-	259,389	259,389	1.80% - 12.0%

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

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

(i) Interest rate risk (cont'd)

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

	Profit for the financial year RM'000
Group	
2012	
Variable rates	
- increase by 1%	1,196
- decrease by 1%	(1,196)
2011	
Variable rates	
- increase by 1%	3,908
- decrease by 1%	(3,908)
Company	
2012	
Variable rates	
- increase by 1%	(435)
- decrease by 1%	435

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

(ii) Credit risk

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

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

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

Trade and other receivables

The Group's normal trade credit terms to trade receivables ranges from 30 to 90 days (2011 : 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. The Group's normal credit term in relation to rental receivables is 7 days (2011: 7 days). Other credit terms are assessed and approved on a case-by-case basis. As at the reporting date, the management is of the opinion that all necessary impairment that is required has been provided for and the trade receivables that have not been impaired are creditworthy debtors whereby impairment is not needed.

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

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

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

(ii) Credit risk (cont'd)

Intercompany advances

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

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

Investments and other financial assets

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

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

Financial guarantees

The maximum exposure to credit risk is disclosed in Note 50 to the financial statements.

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

(iii) Foreign currency exchange risk

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

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

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

59. FINANCIAL INSTRUMENTS (CONT'D)

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

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

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

2012	US Dollar RM'000	Singapore Dollar RM'000	Euro Dollar RM'000	Sterling Pound RM'000	Australian Dollar RM'000	Hong Kong Dollar RM'000	Other currencies RM'000	Total RM'000
Group								
Held to maturity investments	23,925	5,486	2,220	-	7,364	-	-	38,995
Trade receivables	299	1,258	1,242	591	-	-	-	3,390
Other receivables, deposits and prepayments	242	541	96	18	683	34	-	1,614
Financial assets at fair value through profit or loss	49,092	8,135	-	5,103	2,337	55,836	2,916	123,419
Deposits with licensed banks and financial institutions	2,706	4,224	34,174	43,305	85,162	-	-	169,571
Cash and bank balances	4,671	9,228	2,058	1,075	1,509	2,039	615	21,195
Loans and borrowings	(121,442)	(6,367)	(1,899)	-	19,456	(55,442)	(2,387)	(168,081)
Derivative financial liabilities	(7,505)	(2,779)	-	-	(6)	(692)	-	(10,982)
Trade payables	(493)	(446)	(550)	-	-	-	-	(1,489)
Hire purchase payables	-	(5,688)	-	-	-	-	-	(5,688)
Other payables and accruals	(265)	(1,072)	(46)	(28)	(1)	(26)	-	(1,438)
Net financial (liabilities)/assets	(48,770)	12,520	37,295	50,064	116,504	1,749	1,144	170,506
Company								
Cash and bank balances	-	-	-	-	13	-	-	13
Amount due from subsidiary companies	2,826	25,040	9,610	39,821	76,487	11,948	10,406	176,138
Amount due to subsidiary companies	-	-	-	-	-	(52,547)	-	(52,547)
Net financial assets/(liabilities)	2,826	25,040	9,610	39,821	76,500	(40,599)	10,406	123,604

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

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

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

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

2011	US Dollar RM'000	Singapore Dollar RM'000	Euro Dollar RM'000	Sterling Pound RM'000	Australian Dollar RM'000	Hong Kong Dollar RM'000	Other currencies RM'000	Total RM'000
Group								
Held to maturity investments	37,881	5,483	2,220	-	8,707	-	-	54,291
Trade receivables	372	834	1,261	450	7	-	-	2,924
Other receivables, deposits and prepayments	491	506	229	14	474	31	-	1,745
Financial assets at fair value through profit or loss	18,238	5,875	-	-	14,153	13,930	4,439	56,635
Deposits with licensed banks and financial institutions	1,840	11,654	8,660	41,790	47,978	4,183	604	116,709
Cash and bank balances	(17,548)	15,154	7,278	86	39,454	840	450	45,714
Loans and borrowings	(36,136)	(6,061)	(4,378)	-	(1,520)	-	(695)	(48,790)
Derivative financial liabilities	(4,168)	(1,312)	-	(23)	-	(2,520)	-	(8,023)
Trade payables	(169)	(298)	(622)	-	-	-	-	(1,089)
Hire purchase payables	-	(3,453)	-	-	-	-	-	(3,453)
Other payables and accruals	(189)	(740)	(127)	(7)	-	(24)	-	(1,087)
Net financial assets	612	27,642	14,521	42,310	109,253	16,440	4,798	215,576
Company								
Cash and bank balances	-	-	-	-	13	-	-	13
Amount due from subsidiary companies	3,887	30,208	10,581	28,984	61,792	9,804	11,419	156,675
Amount due to subsidiary companies	-	-	-	-	-	(41,300)	-	(41,300)
Net financial assets/(liabilities)	3,887	30,208	10,581	28,984	61,805	(31,496)	11,419	115,388

59. FINANCIAL INSTRUMENTS (CONT'D)

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

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

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

2012	Group's profit for the financial year RM'000	Company's profit for the financial year RM'000
US Dollar/RM		
- strengthened 5%	(2,439)	141
Singapore Dollar/RM		
- strengthened 5%	626	1,252
Euro Dollar/RM		
- strengthened 5%	1,865	481
Sterling Pound/RM		
- strengthened 5%	2,503	1,991
Australian Dollar/RM		
- strengthened 5%	5,825	3,825
Hong Kong Dollar/RM		
- strengthened 5%	87	(2,030)
2011		
US Dollar/RM		
- strengthened 5%	31	194
Singapore Dollar/RM		
- strengthened 5%	1,382	1,510
Euro Dollar/RM		
- strengthened 5%	726	529
Sterling Pound/RM		
- strengthened 5%	2,116	1,449
Australian Dollar/RM		
- strengthened 5%	5,463	3,090
Hong Kong Dollar/RM		
- strengthened 5%	822	(1,575)

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

59. FINANCIAL INSTRUMENTS (CONT'D)

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

(iv) Liquidity risk

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

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

The normal trade credit terms granted to the Group ranges from 30 to 90 days (2011 : 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.

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

	Less than 1 year RM'000	1 to 5 years RM'000	After 5 years RM'000	Total RM'000
2012				
Group				
Financial liabilities				
Derivative financial liabilities	10,982	-	-	10,982
Trade and other payables	136,402	-	-	136,402
Loans and borrowings	217,270	2,037	5,605	224,912
Hire purchase payables	6,744	12,691	170	19,605
Company				
Financial liabilities				
Amount due to subsidiary companies	61,459	-	-	61,459
Other payables	328	-	-	328
Loans and borrowings	45,000	-	-	45,000
2011				
Group				
Financial liabilities				
Derivative financial liabilities	8,023	-	-	8,023
Trade and other payables	225,050	-	-	225,050
Loans and borrowings	51,459	-	-	51,459
Hire purchase payables	6,472	10,504	15	16,991
Company				
Financial liabilities				
Amount due to subsidiary companies	48,922	-	-	48,922
Other payables	2,318	-	-	2,318

59. FINANCIAL INSTRUMENTS (CONT'D)

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

(v) Market risk

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

	Group	
	2012 RM'000	2011 RM'000
Available for sale investments - quoted securities in Malaysia	59,354	47,218
Financial assets at fair value through profit or loss		
- quoted securities in Malaysia	58,205	41,744
- quoted securities outside Malaysia	123,419	56,635
	181,624	98,379
Derivative financial liabilities	10,982	8,023

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

	Profit for the financial year RM'000	Equity for the financial year RM'000
Group		
2012		
Available for sale investments		
- increase by 5%	-	2,968
- decrease by 5%	-	(2,968)
Financial assets at fair value through profit or loss and financial derivatives		
- increase by 5%	8,532	-
- decrease by 5%	(8,532)	-
2011		
Available for sale investments		
- increase by 5%	-	2,361
- decrease by 5%	-	(2,361)
Financial assets at fair value through profit or loss and financial derivatives		
- increase by 5%	4,518	-
- decrease by 5%	(4,518)	-

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

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

(v) Market risk (cont'd)

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

(b) Fair values of financial instruments

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

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

		Group		Company	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
2012		RM'000	RM'000	RM'000	RM'000
Financial assets					
Available for sale investments					
- Unquoted investments in Malaysia	10	13,575	*	-	-
- Other investments	10	1,626	*	345	*
2011					
Financial assets					
Available for sale investments					
- Unquoted investments in Malaysia	10	1,575	*	-	-
- Other investments	10	1,626	*	345	*

* Fair value information has not been disclosed and is carried at cost because fair value cannot be measured reliably.

Other than the above, the remaining financial instruments in the statements of financial position are carried at fair value or if not carried at fair value, their carrying amounts are reasonable approximation of fair value due to their relatively short term nature and the insignificant impact of discounting.

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

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

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

(i) Quoted securities

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

(ii) Unquoted securities/investments and unquoted corporate bonds

Unquoted securities/investments are valued by taking into the future performance, risk profiles and economic assumption such as the geographical jurisdictions of the investee operates.

Unquoted corporate bonds are valued by using discounted future cash flow method based on various assumptions, including current and expected future credit losses, market interest rates and inflation level.

(iii) Financial assets and liabilities with short term maturity

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

(iv) Other fixed interest rates financial assets and liabilities

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

(v) Financial guarantees

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

(vi) Derivatives

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

59. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values hierarchy of financial instruments

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

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2012				
Group				
Available for sale investments				
Quoted securities	59,354	-	-	59,354
Unquoted investments	-	-	15,201	15,201
Financial assets at fair value through profit or loss				
Quoted securities	181,624	-	-	181,624
	240,978	-	15,201	256,179
Derivative financial liabilities	-	10,982	-	10,982
Company				
Available for sale investments				
Unquoted investments	-	-	345	345
2011				
Group				
Available for sale investments				
Quoted securities	47,218	-	-	47,218
Unquoted investments	-	-	3,201	3,201
Financial assets at fair value through profit or loss				
Quoted securities	98,379	-	-	98,379
	145,597	-	3,201	148,798
Derivative financial liabilities	-	8,023	-	8,023
Company				
Available for sale investments				
Unquoted investments	-	-	345	345

There were no transfers between Level 1 and 2 during the reporting period.

60. CAPITAL MANAGEMENT

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

The Group and the Company manage its capital structure to safeguard its ability to continue as a going concern in order to maintain investor, creditors and market confidence and to sustain future business development. The Group's and the Company's overall strategy remains unchanged from the previous financial year. There were no externally imposed capital requirements that the Group and the Company need to be in compliance with for the financial year ended 30 June 2012 and 2011, except for the stockbroking subsidiary company which is supervised by the Securities Commission and Bursa Malaysia Securities Berhad and is required to maintain a number of minimum capital adequacy requirements, which the stockbroking subsidiary company has complied with.

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

The Group's and the Company's gearing ratio for the financial year ended 30 June 2012 and 2011 are summarised as below :-

	Group		**Company**	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total interest bearing borrowings	242,785	66,692	45,000	-
Total equity attributable to owners of the Company	967,659	941,779	773,755	769,144
Gearing ratio	0.25	0.07	0.06	n/a

61. CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT

M&A Securities Sdn Bhd ("M&A Securities") adopted FRS 138 Intangible Assets since financial year ended 30 June 2007 and had in previous years amortised the costs of acquiring the stock broking business of FIMA Securities Sdn Bhd over a period of 20 years based on the then estimated useful life of the stock broking licence. The Directors of M&A Securities reviewed this policy in the current financial year and have determined that the stock broking licence has an indefinite useful life based on current legislations governing stock broking industry. Accordingly, the amortisation charges recognised in the income statements for the financial years ended 30 June 2007 to 30 June 2011 have been reversed by way of prior year adjustments, with the opening balances in the statements of financial position as at 1 July 2010 and 1 July 2011 and the income statement and statement of cash flows for the financial year ended 30 June 2011 restated as below:-

Group

Effects on the statements of financial position as at 30 June 2010 and 30 June 2011 :

	Balance as at 30.6.2010 As previously reported RM'000	Effects of changes in accounting policy RM'000	Balance as at 1.7.2010 As restated RM'000
Intangible assets	19,644	6,512	26,156
Retained earnings	89,074	6,512	95,586

	Balance as at 30.6.2011 As previously reported RM'000	Effects of changes in accounting policy RM'000	Balance as at 1.7.2011 As restated RM'000
Intangible assets	17,986	8,140	26,126
Retained earnings	176,141	8,140	184,281

Effects on the income statement for the financial year ended 30 June 2011 :

	As previously reported RM'000	Effects of changes in accounting policy RM'000	As restated RM'000
Profit before taxation	104,028	1,628	105,656
Amortisation of intangible assets	1,646	(1,628)	18

Effects on the statement of cash flows for the financial year ended 30 June 2011 :

	As previously reported RM'000	Effects of changes in accounting policy RM'000	As restated RM'000
Profit before taxation	104,028	1,628	105,656
Amortisation of intangible assets	1,646	(1,628)	18

INSAS BERHAD
(Incorporated in Malaysia)

SUPPLEMENTARY INFORMATION - 30 JUNE 2012

REALISED AND UNREALISED PROFITS AND LOSSES

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

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

	Group		Company	
	As at 30.6.2012 RM'000	As at 30.6.2011 RM'000	As at 30.6.2012 RM'000	As at 30.6.2011 RM'000
Total retained earnings of the Company and its subsidiary companies				
- Realised	26,725	43,041	36,499	11,506
- Unrealised	49,287	60,980	(2,948)	14,702
	76,012	104,021	33,551	26,208
Total share of retained earnings from associate companies				
- Realised	18,798	16,558	-	-
- Unrealised	2,407	2,698	-	-
	21,205	19,256	-	-
Total share of retained earnings from jointly controlled entities				
- Realised	929	267	-	-
- Unrealised	26,430	15,913	-	-
	27,359	16,180	-	-
Add : Consolidated adjustments	72,306	44,824	-	-
Total retained earnings as per consolidated statement of financial positions	196,882	184,281	33,551	26,208

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

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