COMPUGATES HOLDINGS BERHAD
(669287 – H)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31ST DECEMBER 2014

Company No. 669287 - H

COMPUGATES HOLDINGS BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2014

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COMPUGATES HOLDINGS 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 31st December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

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

RESULTS

	Group RM'000	**Company** RM'000
Loss for the financial year	(33,661)	(715)
Other comprehensive loss	(341)	-
Total comprehensive loss for the financial year	(34,002)	(715)
Loss attributable to:		
Owners of the Company	(30,756)	(715)
Non-controlling interests	(2,905)	-
	(33,661)	(715)
Total comprehensive loss attributable to:		
Owners of the Company	(31,576)	(715)
Non-controlling interests	(2,426)	-
	(34,002)	(715)

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend in respect of the financial year ended 31st December 2014.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group and of the Company that have arisen since the end of the financial year.

No contingent liabilities or other liabilities of the Group and of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company did not issue any shares or debentures.

DIRECTORS

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

Tan Sri Datuk Asmat Bin Kamaludin
Goh Kheng Peow
See Thoo Chan
Mohamed Fauzi Bin Omar
Goh Tai Wai

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 31st December 2014 are as follows:-

	Number of ordinary shares of RM0.10/- each			
	At 1.1.2014	**Bought**	**Sold**	**At 31.12.2014**
Direct interest				
Goh Kheng Peow	488,684,910	75,390,000	140,300,000	423,774,910
See Thoo Chan	79,987,200	53,483,600	56,800,000	76,670,800
Deemed interest				
Tan Sri Datuk Asmat Bin Kamaludin *	30,000	-	-	30,000
Goh Kheng Peow *	87,987,200	53,483,600	56,800,000	84,670,800
See Thoo Chan *	496,684,910	75,390,000	140,300,000	431,774,910

* Deemed interest through spouse's and/or children's shareholdings by virtue of Section 134(12)(C) of the Companies Act, 1965 in Malaysia.

By virtue of their interests in the Company, Goh Kheng Peow and See Thoo Chan are also deemed interested in the shares of all the subsidiaries to the extent the Company has an interest, in accordance with Section 6A of the Companies Act, 1965 in Malaysia.

Other than as stated above, the other directors in office at the end of the financial year did not have any interest in shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than as disclosed in 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.

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement, whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SIGNIFICANT EVENTS

The significant event during and subsequent to the financial year of the Group and of the Company is disclosed in Note 36 and Note 37 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, retire and are not seeking re-appointment at the forthcoming Annual General Meeting.

On behalf of the Board,

……………………………………	……………………………………
GOH KHENG PEOW	SEE THOO CHAN
Director	Director

Kuala Lumpur

Date: 28th April 2015

COMPUGATES HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	73,036	73,807	32	69
Investment property	5	100,000	100,000	-	-
Plantation expenditure	6	1,488	1,351	-	-
Investment in subsidiaries	7	-	-	38,323	38,323
Other investments	8	46	46	46	46
Goodwill on consolidation	9	-	23,991	-	-
Deferred tax assets	10	187	106	-	-
		174,757	199,301	38,401	38,438
Current assets					
Inventories	12	12,114	13,253	-	-
Trade receivables	13	15,415	13,282	-	-
Other receivables, deposits and prepayments	14	4,007	4,817	63	62
Amount owing by subsidiaries	15	-	-	8,105	7,921
Tax refundable		74	313	1	313
Short-term deposits with licensed banks	16	5,075	2,878	-	-
Fixed deposits with licensed banks	17	12,281	11,297	-	-
Cash and bank balances		3,229	3,106	28	8
		52,195	48,946	8,197	8,304
Non-current asset classified as held for sale	11	-	2,996	-	-
		52,195	51,942	8,197	8,304
TOTAL ASSETS		226,952	251,243	46,598	46,742

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

COMPUGATES HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2014 (Continued)

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	18	213,429	213,429	213,429	213,429
Revaluation reserve	19	35,177	37,060	-	-
Foreign currency translation reserve	20	(1,136)	(462)	-	-
Other reserves		(2,100)	(2,100)	-	-
Accumulated losses		(123,833)	(94,814)	(167,570)	(166,855)
Shareholders' funds		121,537	153,113	45,859	46,574
Non-controlling interests		31,832	34,258	-	-
Total equity		153,369	187,371	45,859	46,574
Non-current liability					
Deferred tax liabilities	21	20,025	20,482	-	-
		20,025	20,482	-	-
Current liabilities					
Trade payables	22	23,782	15,938	-	-
Other payables, deposits and accruals	23	12,689	12,526	116	168
Amount owing to shareholders of subsidiaries	24	903	647	-	-
Amount owing to a subsidiary	15	-	-	623	-
Bankers' acceptances	25	14,360	12,626	-	-
Tax payable		1,824	1,653	-	-
		53,558	43,390	739	168
Total liabilities		73,583	63,872	739	168
TOTAL EQUITY AND LIABILITIES		226,952	251,243	46,598	46,742

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

COMPUGATES HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revenue	26	129,145	131,259	-	-
Cost of sales		(122,025)	(122,550)	-	-
GROSS PROFIT		7,120	8,709	-	-
Other operating income		6,295	12,578	34	907
Administrative expenses		(19,028)	(25,230)	(714)	(579)
Sales and marketing expenses		(682)	(882)	-	-
Other operating expenses		(2,626)	(2,305)	(35)	(52)
Finance costs	27	(979)	(594)	-	-
OPERATING (LOSS)/ PROFIT		(9,900)	(7,724)	(715)	276
Impairment loss on goodwill on consolidation		(23,991)	-	-	-
(LOSS)/PROFIT BEFORE TAXATION	28	(33,891)	(7,724)	(715)	276
Taxation	29	230	4,050	-	(8)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(33,661)	(3,674)	(715)	268
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:-					
Effect of changes in tax rate		-	653	-	-
Revaluation of properties, net of tax		-	48,150	-	-
Remeasurement of defined liability		21	-	-	-
		21	48,803	-	-
Items that are or may be reclassified subsequently to profit or loss:-					
Changes in fair value of available-for-sale financial assets ("AFS")		-	17	-	17
Reclassification adjustment in relation to impairment loss on AFS		-	(17)	-	(17)
Foreign currency translation reserve		(362)	494	-	-
		(362)	494	-	-
OTHER COMPREHENSIVE (LOSS)/ INCOME, NET OF TAX		(341)	49,297	-	-
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE FINANCIAL YEAR		(34,002)	45,623	(715)	268

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

COMPUGATES HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2014 (Continued)

	Note	Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
(Loss)/profit attributable to:					
Owners of the Company		(30,756)	(1,514)	(715)	268
Non-controlling interests		(2,905)	(2,160)	-	-
		(33,661)	(3,674)	(715)	268
Total comprehensive (loss)/ income attributable to:					
Owners of the Company		(31,576)	34,255	(715)	268
Non-controlling interests		(2,426)	11,368	-	-
		(34,002)	45,623	(715)	268
Loss per ordinary share (sen)	30				
- Basic		(1.44)	(0.07)		
- Diluted		(1.44)	(0.07)		

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

COMPUGATES HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2014

	Attributable to Owners of the Company						
	Non-Distributable						
Group	**Share Capital** RM'000	**Revaluation Reserve** RM'000	**Other Reserves** RM'000	**Foreign Currency Translation Reserve** RM'000	**Accumulated Losses** RM'000	**Non-Controlling Interests** RM'000	**Total Equity** RM'000
At 1st January 2013	213,429	883	(2,100)	(54)	(92,640)	22,890	142,408
Total comprehensive income/(loss) for the financial year	-	36,177	-	(408)	(1,514)	11,368	45,623
Effect on acquisition of shares in subsidiaries by non-controlling interests	-	-	-	-	(660)	-	(660)
At 31st December 2013	213,429	37,060	(2,100)	(462)	(94,814)	34,258	187,371
Total comprehensive loss for the financial year	-	(167)	-	(674)	(30,756)	(2,426)	(34,023)
Remeasurement of defined liability	-	-	-	-	21	-	21
Realisation of revaluation surplus	-	(570)	-	-	570	-	-
Transfer to retained earnings	-	(1,146)	-	-	1,146	-	-
At 31st December 2014	213,429	35,177	(2,100)	(1,136)	(123,833)	31,832	153,369

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

COMPUGATES HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2014 (Continued)

Company	**Share Capital** RM'000	**Accumulated Losses** RM'000	**Total Equity** RM'000
At 1st January 2013	213,429	(167,123)	46,306
Total comprehensive income for the financial year	-	268	268
At 31st December 2013	213,429	(166,855)	46,574
Total comprehensive loss for the financial year	-	(715)	(715)
At 31st December 2014	213,429	(167,570)	45,859

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

COMPUGATES HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2014

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:				
(Loss)/profit before taxation	(33,891)	(7,724)	(715)	276
Adjustments for:				
Bad debts written off	95	12	-	-
Depreciation of property, plant and equipment	1,397	1,239	37	34
Equipment written off	-	54	-	-
Gain on disposal of property, plant and equipment	(40)	(3,794)	-	-
Gain on disposal of non-current assets held for sale	(1,604)	-	-	-
Gain on disposal of available-for-sale financial assets	-	(873)	-	(873)
Impairment loss on trade receivables	754	934	-	-
Impairment loss on other receivables	112	48	-	-
Impairment loss on available-for-sale financial assets	-	17	-	17
Impairment loss on goodwill on consolidation	23,991	-	-	-
Inventories written off	70	-	-	-
Interest expenses	979	594	-	-
Interest income	(633)	(346)	-	(34)
Loss on subsidiary struck off	-	69	-	-
Unrealised gain on foreign exchange	-	(2)	-	-
Write-back of net realisable value on inventories	-	(9)	-	-
Write-back of impairment loss on trade receivables	(428)	(723)	-	-
Write down of inventories to net realisable value	7	171	-	-
Operating Loss Before Working Capital Changes	(9,191)	(10,333)	(678)	(580)
Changes In Working Capital:				
Receivables	(1,856)	2,028	(1)	7
Inventories	1,062	3,331	-	-
Payables	8,007	(6,253)	(52)	44
	(1,978)	(11,227)	(731)	(529)
Interest paid	(979)	(594)	-	-
Tax refunded (net)	435	932	312	-
Net operating cash flows	(2,522)	(10,889)	(419)	(529)

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

Company No. 669287 - H

COMPUGATES HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2014 (Continued)

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES:				
Advance to subsidiaries	-	-	-	(817)
Purchase of property, plant and equipment	(996)	(332)	-	-
Increase in plantation expenditure	(137)	(134)	-	-
Fixed deposit held as security value	(984)	(2,865)	-	-
Net cash outflow from struck off of a subsidiary	-	(69)	-	-
Proceeds from disposal of property, plant and equipment	457	6,317	-	-
Proceeds from disposal of non-current assets held for sale	4,600	-	-	-
Proceeds from disposal of available- -for-sale investments	-	4,725	-	4,725
Interest received	633	346	-	34
Net investing cash flows	3,573	7,988	-	3,942
CASH FLOWS FROM FINANCING ACTIVITIES:				
Increase/ (Decrease) in bankers' acceptances	1,734	(1,774)	-	-
Advances from shareholders of subsidiaries	256	228	-	-
Advances/ (Repayment) to subsidiaries	-	-	439	(3,472)
Net financing cash flows	1,990	(1,546)	439	(3,472)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,041	(4,447)	20	(59)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	5,984	10,899	8	67
Effect of foreign exchange rate changes on cash and cash equivalents	(721)	(468)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	8,304	5,984	28	8
Cash and cash equivalents comprise of the following:-				
Cash and bank balances	3,229	3,106	28	8
Deposits placed with licensed banks	17,356	14,175	-	-
	20,585	17,281	28	8
Less: Fixed deposits pledged with licensed banks	(12,281)	(11,297)	-	-
	8,304	5,984	28	8

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

COMPUGATES HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur.

The principal place of business of the Company is located at No.3, Jalan PJU 1/41, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28th April 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 2.3.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int")**

(a) **Adoption of Amendments/Improvements to FRSs and New IC Int**

The Group and the Company had adopted the following amendments/improvements to FRSs and new IC Int that are mandatory for the current financial year:-

Amendments/Improvements to FRSs

FRS 10	Consolidated Financial Statements
FRS 12	Disclosure of Interests in Other Entities
FRS 127	Separate Financial Statements
FRS 132	Financial Instruments: Presentation
FRS 136	Impairment of Assets
FRS 139	Financial Instruments: Recognition and Measurement

New IC Int

IC Int 21	Levies

The adoption of the above amendments/improvements to FRSs and new IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosure of Interests in Other Entities and FRS 127 Separate Financial Statements

Amendments to FRS 10 introduces an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value thorough profit or loss in accordance with FRS 139 Financial Instruments: Recognition and Measurement instead of consolidating those subsidiaries in its consolidated financial statements. Consequently, new disclosure requirements related to investment entities are introduced in amendments to FRS 12 and FRS 127.

In addition, amendments to FRS 127 also clarifies that if a parent is required, in accordance with paragraph 31 of FRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with FRS139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)**

(a) **Adoption of Amendments/Improvements to FRSs and New IC Int (Continued)**

Amendments to FRS 132 Financial Instruments: Presentation

Amendments to FRS 132 does not change the current offsetting model in FRS 132. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the FRS 132 offsetting criteria. This Amendments only impacts the presentation in the financial statements but has no impact on the financial results and positions of the Group and of the Company.

Amendments to FRS 136 Impairment of Assets

Amendments to FRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised. The disclosure was made in the individual notes relating to the asset or cash generating unit.

Amendments to FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendments, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

IC Int 21 Levies

IC Int 21 addresses the accounting for a liability to pay a government levy (other than income taxes and fine or other penalties that imposed for breaches of the legislation) if that liability is within the scope of FRS 137 Provisions, Contingent Liabilities and Contingent Assets. This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers the payment of the levy, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is recognised progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specific minimum threshold is reached. The adoption of IC Int 21 has no significant impact to the financial statements of the Group and of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

(b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new FRSs and amendments/improvements to FRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
<u>New FRSs</u>		
FRS 9	Financial Instruments	1 January 2018
<u>Amendments/Improvements to FRSs</u>		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2014
FRS 2	Share-based Payment	1 July 2014
FRS 3	Business Combinations	1 July 2014
FRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 8	Operating Segments	1 July 2014
FRS 10	Consolidated Financial Statements	1 January 2016
FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosures of Interests in Other Entities	1 January 2016
FRS 13	Fair Value Measurement	1 July 2014
FRS 101	Presentation of Financial Statements	1 January 2016
FRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
FRS 119	Employee Benefits	1 July 2014/ 1 January 2016
FRS 124	Related Party Disclosures	1 July 2014
FRS 127	Separate financial statements	1 January 2016
FRS 128	Investments in Associates and Joint Ventures	1 January 2016
FRS 138	Intangible Assets	1 July 2014/ 1 January 2016
FRS 140	Investment Property	1 July 2014

A brief discussion on the above significant new FRSs and amendments/improvements to FRSs are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)**

(b) **New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Continued)**

FRS 9 Financial Instruments

FRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

<u>Classification and measurement</u>
FRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

<u>Impairment</u>
FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

<u>Hedge accounting</u>
FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)**

(b) **New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Continued)**

Amendments to FRS 1 First-time Adoption of Financial Reporting Standards

Amendments to FRS 1 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

Amendments to FRS 2 Share-based Payment

Amendments to FRS 2 clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

Amendments to FRS 3 Business Combinations

Amendments to FRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to FRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to FRS 3 clarifies that FRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in FRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 5 introduces specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vise versa), or when held-for-distribution is discontinued.

Amendments to FRS 7 Financial Instruments: Disclosures

Amendments to FRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of FRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to FRS 7) to condensed interim financial statements.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)**

(b) **New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Continued)**

Amendments to FRS 8 Operating Segments

Amendments to FRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

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2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)**

(b) **New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Continued)**

Amendments to FRS 13 Fair Value Measurement

Amendments to FRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of FRS 13 includes all contracts accounted for within the scope of FRS 139 *Financial Instruments: Recognition and Measurement* or FRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in FRS 132 *Financial Instruments: Presentation*.

Amendments to FRS 101 Presentation of Financial Statements

Amendments to FRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to FRS 116 Property, Plant and Equipment

Amendments to FRS 116 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to FRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to FRS 119 Employee Benefits

Amendments to FRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)**

(b) **New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Continued)**

Amendments to FRS 119 Employee Benefits (Continued)

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by FRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

In addition, the Amendments clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to FRS 124 Related Party Disclosures

Amendments to FRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to FRS 127 Separate Financial Statements

Amendments to FRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to FRS 138 Intangible Assets

Amendments to FRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to FRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to FRS 140 Investment Property

Amendments to FRS 140 clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in FRS 3 and investment property as defined in FRS 140 requires the separate application of both Standards independently of each other.

2. **SUMMARY OF SIGNIFICANT ACOUNTING POLICIES (Continued)**

2.2 **New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)**

(b) **New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Continued)**

Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in FRS 10 and those in FRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in FRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosures of Interests in Other Entities and FRS 128 Investments in Associates and Joint Ventures

These Amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements:- the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities:- the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures:- the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

2. SUMMARY OF SIGNIFICANT ACOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

(c) MASB Approved Accounting Standards, MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1 January 2017. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for financial year ended 31 December 2017. The main effects arising from the transition to the MFRSs Framework are discussed below.

The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effects may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

2. **SUMMARY OF SIGNIFICANT ACOUNTING POLICIES (Continued)**

2.2 **New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)**

(c) **MASB Approved Accounting Standards, MFRSs (Continued)**

Amendments to MFRS 141 Agriculture

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises.

The Group is currently assessing the impact of the adoption of this standard.

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the Amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

The Group is currently assessing the impact of the adoption of this standard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies

(a) Basis of Consolidation

(i) Subsidiaries

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

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

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

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

(ii) Business combinations

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interest and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

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

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

(vi) Transactions eliminated on consolidation

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

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.3 **Significant Accounting Policies (Continued)**

(b) **Investments**

Investments in subsidiaries, associates, joint venture and other investments are stated at cost less any accumulated impairment losses, if any.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the profit or loss.

(c) **Goodwill on consolidation**

(i) **Acquisition before 1st January 2011**

Goodwill arising on acquisition represents the excess of cost of business combination over the Group's share of the net fair values of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is stated at cost less impairment losses, if any.

Goodwill is not amortised but is reviewed for impairment, annually or more frequently for impairment in value and is written down where it is considered necessary. Gain or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arise.

Negative goodwill represents the excess of the fair value of the Group's share of net assets acquired over the cost of acquisition. Negative goodwill is recognised directly in the profit or loss.

(ii) **Acquisition on or after 1st January 2011**

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.3 **Significant Accounting Policies (Continued)**

(c) **Goodwill on consolidation (Continued)**

(ii) **Acquisition on or after 1st January 2011 (Continued)**

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and related to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and or future service.

(d) **Property, Plant and Equipment and Depreciation**

All property, plant and equipment were initially stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(d) Property, Plant and Equipment and Depreciation (Continued)

Freehold lands are not depreciated. All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are as follows:-

Leasehold land	Over 99 years
Buildings	2%
Motor vehicles	20%
Office equipment, furniture and fittings	15% to 33 1/3%
Renovation	10% to 50%
Site cabin and tools	10% to 50%
Signboard	20%

The residual values, useful life and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the period the asset is derecognised.

(e) Revaluation of Assets

Freehold land and buildings, long term leasehold land are revalued at a regular interval of a least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market values.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any surplus or deficit arising from the revaluations will be dealt with in the Revaluation Reserve Account. Any deficit is set-off against the Revaluation Reserve Account only to the extent of the surplus credited from the previous revaluation of the land and buildings and the excess of the deficit is charged to the statement of comprehensive incomes. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.3 **Significant Accounting Policies (Continued)**

(f) **Investment property**

Investment property are property which are held either to earn rental income or for capital appreciation or for both and are not substantially occupied by the Group. Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value which reflects the market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment property are recognised in profit or loss in the year in which they arise.

An investment property is derecognised when either they have been disposed off or when the investment property are permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses on the retirements or disposals of investment property are recognised in profit or loss in the year in which they arise.

(g) **Inventories**

Inventories comprise goods held for trading and are stated at the lower of cost or net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

(h) **Borrowing costs**

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

All other brrowing costs are charged to the profit or loss as an expense in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(i) Plantation expenditure

Plantation expenditure incurred on land clearing, upkeep of immature trees, direct administrative expenses incurred during the pre-maturity period (precropping costs) are capitalised as plantation expenditure. Upon maturity, all subsequent maintenance expenditure is charged to the profit or loss and the capitalised pre-cropping cost is amortised on a straight line basis over the expected useful life of the trees.

(j) Foreign Currency Translation

(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 financial statements are presented in Ringgit Malaysia, which is the Group's functional currency and presentation currency.

(ii) Translation and balances

Transactions in foreign currencies are translated to Ringgit Malaysia at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Ringgit Malaysia at the rate of exchange ruling on that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rates at the date the fair value was determined. Exchange differences arising from the settlement of foreign currency transactions and from the retranslation of foreign currency monetary assets and liabilities are included in the profit or loss.

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the financial year are as follows:-

	Group and Company	
	2014	2013
	RM	RM
Bangladesh Taka	0.0457	0.0430
United States Dollar	3.4981	3.2913
Indonesian Rupiah	0.0003	0.0003

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.3 **Significant Accounting Policies (Continued)**

(j) **Foreign Currency Translation (Continued)**

(iii) **Foreign entity**

Statements of profit or loss and other comprehensive income of foreign entities are translated into Ringgit Malaysia at average exchange rates for the financial year and the statements of financial position are translated at exchange rates ruling at the reporting date. Exchange differences arising from the retranslation of the net investment in foreign entities are taken up in foreign currency translation reserve in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the profit or loss as part of the gain or loss on disposal.

(k) **Financial Assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

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

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

(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 derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near future.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains and 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 as part of other losses or other income.

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.3 **Significant Accounting Policies (Continued)**

(k) **Financial Assets (Continued)**

(ii) **Loans and Receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

(iii) **Held-to-Maturity Investments**

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment 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 profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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

(iv) **Available-for-Sale Financial Assets**

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

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.3 **Significant Accounting Policies (Continued)**

(k) **Financial Assets (Continued)**

(iii) **Available-for-Sale Financial Assets (Continued)**

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

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

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(l) **Impairment of Assets**

(i) **Impairment of Financial Assets**

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

With the exception of available-for-sale equity instruments, 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(l) Impairment of Assets (Continued)

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets fair value less cost to sell and their value-in-use which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of profit or loss and other comprehensive income, a reversal of that impairment loss is recognised as income in the statements of profit or loss and other comprehensive income.

(m) Financial Liabilities

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

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(m) Financial Liabilities (Continued)

(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 and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resulted gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

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

(ii) Other Financial Liabilities

The Group's and the Company's other financial liabilities include trade payables, other 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 has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

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

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in the profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(n) Income Tax

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date arising 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 credit can be utilised. Deferred tax is not recognised if the temporary difference arises 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 profit or loss, 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.

(o) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group’s activities. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The full specific recognition criteria must also be met before revenue is recognised.

(i) Sale of goods

Revenue is recognised upon delivery of goods and customers’ acceptance and where applicable, net of sales return and trade discounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(o) Revenue Recognition (Continued)

(ii) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iii) Commission income

When the Group acts in the capacity of an agent in a transaction, the revenue recognised is the net amount of commission made by the Group.

(iv) Interest income

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

(v) Rental income

Rental income is recognised on an accrual basis.

(vi) Dividend income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(p) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contribution, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences sick leave, maternity and paternity leave are recognised when absences occur.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(p) Employee benefits (Continued)

(ii) Post-employment benefits

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

(q) Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, deposits, bank balances and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value, net of bank overdrafts which are repayable on demand.

(r) Share Capital

Ordinary shares

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(s) Segmental information

For management purposes, the Group is organised into operating segments based on their products and services which are reviewed regularly by the chief operating decision maker, which is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(t) Fair value measurements

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

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

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

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

The adoption of FRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical judgements made in applying the Group's accounting policies

There were no significant judgements made by management in the process of applying the accounting policies of the Group and of the Company which may have significant effect on the amount recognised in the financial statements.

3. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

(ii) **Key sources of estimation uncertainty**

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

(a) **Depreciation of property, plant and equipment**

Property, plant and equipment are depreciated on the straight line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be within 10 to 99 years. Changes in expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment, therefore the future depreciation charges could be revised.

(b) **Impairment of property, plant and equipment**

The Group assesses impairment of assets whenever the events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

(c) **Write down of inventories to net realisable value**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

(d) **Impairment of receivables**

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the impairment of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

3. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

(ii) **Key sources of estimation uncertainty (Continued)**

(e) **Income taxes**

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the estimation of the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(f) **Impairment of goodwill**

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill. The Group makes an estimation of the recoverable amounts of the cash generating units, determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by the directors covering a period of 5 years.

4. PROPERTY, PLANT AND EQUIPMENT

Group **2014**	**Freehold Land** RM'000	**Long Term Leasehold Land** RM'000	**Buildings** RM'000	**Office Equipment, Furniture and Fittings** RM'000	**Motor Vehicles** RM'000	**Renovation** RM'000	**Site Cabin and Tools** RM'000	**Signboard** RM'000	**Total** RM'000
Cost or valuation									
At 1st January 2014	1,360	68,000	3,860	2,315	1,357	897	66	60	77,915
Additions	-	-	-	438	418	140	-	-	996
Disposals	-	-	-	(474)	(169)	(18)	-	-	(661)
Write off	-	-	-	(5)	-	-	-	-	(5)
Currency translation differences	-	-	-	48	26	7	-	-	81
At 31st December 2014	1,360	68,000	3,860	2,322	1,632	1,026	66	60	78,326
Accumulated Depreciation and Impairment Losses									
At 1st January 2014	-	570	23	1,831	804	775	45	60	4,108
Depreciation for the financial year	-	760	112	181	309	23	12	-	1,397
Disposals	-	-	-	(192)	(52)	-	-	-	(244)
Write off	-	-	-	(5)	-	-	-	-	(5)
Currency translation differences	-	-	-	21	13	-	-	-	34
At 31st December 2014	-	1,330	135	1,836	1,074	798	57	60	5,290
Net Book Value as at 31st December 2014	1,360	66,670	3,725	486	558	228	9	-	73,036
Representing:									
At cost	-	-	-	486	558	228	9	-	1,281
At valuation	1,360	66,670	3,725	-	-	-	-	-	71,755
	1,360	66,670	3,725	486	558	228	9	-	73,036

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group **2013**	**Freehold Land** RM'000	**Long Term Leasehold Land** RM'000	**Buildings** RM'000	**Office Equipment, Furniture and Fittings** RM'000	**Motor Vehicles** RM'000	**Renovation** RM'000	**Site Cabin and Tools** RM'000	**Signboard** RM'000	**Total** RM'000
Cost or valuation									
At 1st January 2013	2,474	5,521	8,076	2,159	1,494	1,072	66	60	20,922
Additions	-	-	-	313	19	-	-	-	332
Disposals	(574)	-	(2,623)	(6)	-	-	-	-	(3,203)
Write off	-	-	-	(208)	(191)	(184)	-	-	(583)
Revaluation Surplus	210	62,721	1,198	-	-	-	-	-	64,129
Elimination of accumulated depreciation on revaluation	-	(242)	(291)	-	-	-	-	-	(533)
Transfer to non-current assets held for sale	(750)	-	(2,500)	-	-	-	-	-	(3,250)
Currency translation differences	-	-	-	57	35	9	-	-	101
At 31st December 2013	1,360	68,000	3,860	2,315	1,357	897	66	60	77,915
Accumulated Depreciation and Impairment Losses									
At 1st January 2013	-	228	1,083	1,817	700	910	26	60	4,824
Depreciation for the financial year	-	584	160	168	272	36	19	-	1,239
Disposals	-	-	(675)	(5)	-	-	-	-	(680)
Write off	-	-	-	(175)	(179)	(175)	-	-	(529)
Elimination of accumulated depreciation on revaluation	-	(242)	(291)	-	-	-	-	-	(533)
Transfer to non-current assets held for sale	-	-	(254)	-	-	-	-	-	(254)
Currency translation differences	-	-	-	26	11	4	-	-	41
At 31st December 2013	-	570	23	1,831	804	775	45	60	4,108
Net Book Value as at 31st December 2013	1,360	67,430	3,837	484	553	122	21	-	73,807
Representing:									
At cost	-	-	-	484	553	122	21	-	1,180
At valuation	1,360	67,430	3,837	-	-	-	-	-	72,627
	1,360	67,430	3,837	484	553	122	21	-	73,807

Long term leasehold lands refer to the land with remaining leasehold term of more than 50 years.

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

2014	**Motor Vehicles** RM'000
Cost	
At 1st January 2014	174
Additions	-
At 31st December 2014	174
Accumulated Depreciation	
At 1st January 2014	105
Depreciation for the financial year	37
At 31st December 2014	142
Net Book Value at 31st December 2014	32
2013	
Cost	
At 1st January 2013	174
Additions	-
At 31st December 2013	174
Accumulated Depreciation	
At 1st January 2013	71
Depreciation for the financial year	34
At 31st December 2013	105
Net Book Value at 31st December 2013	69

The title of leasehold land of a subsidiary with net book value amounting to RM7,827,000/- (2013: RM7,926,000/-) has yet to be transferred to the subsidiary.

The land and buildings of the Group were revalued during the financial year by an independent professional valuer, Messrs Irhamy & Co. The valuations are based on the comparison methods by reference to recent market transactions.

4. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

Had the revalued land and buildings been carried under the cost model, the net carrying amounts of land and buildings would have been included in the financial statements of the Group as at the end of financial year as follows:-

	Group 2014 RM'000	2013 RM'000
Freehold land	1,116	1,116
Leasehold land	5,173	5,233
Buildings	1,716	1,757
	8,005	8,106

Fair value information
Fair value of property, plant and equipment are categorised as follows:-

	2014		2013	
Group	Level 2 RM'000	Total RM'000	Level 2 RM'000	Total RM'000
Freehold land	1,360	1,360	1,360	1,360
Leasehold land	66,670	66,670	67,430	67,430
Buildings	3,725	3,725	3,837	3,837
	71,755	71,755	72,627	72,627

Policy on transfer between levels
The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value
Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical property, plant and equipment that the entity can access at the measurement date.

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

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Level 3 fair value
Level 3 fair value is estimated using unobservable inputs for the property, plant and equipment.

4. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

Transfer between level 1 and 2 fair value
There were no transfer between level 1 and 2 during the financial year.

5. **INVESTMENT PROPERTY**

	Group	
	2014	2013
	RM'000	RM'000
Leasehold land, at fair value:-		
At 1st January/ At 31st December	100,000	100,000

The investment property represents a commercial land of 154,990 square meters and a building. The net book value of the building is RM Nil (2013: RM Nil).

Fair value information

Fair value of investment property is categorised as follows:-

	2014		2013	
Group	Level 3	Total	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Leasehold land	100,000	100,000	100,000	100,000

Policy on transfer between levels
The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

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

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

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

5. **INVESTMENT PROPERTY (Continued)**

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

Transfer between level 1 and 2 fair value
There were no transfer between level 1 and 2 during the financial year.

Valuation processes applied by the Group for level 3 fair value
The fair value of investment property as at 31 December 2014 is determined by external independent property valuer, Messrs Irhamy & Co having appropriate recognised professional qualification and recent experience in the location and category of property being valued.

	2014	2013
	RM	RM
Significant unobservable valuation input		
Price per square metre	700	700

Significant increase/(decrease) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value.

6. **PLANTATION EXPENDITURE**

	Group	
	2014	2013
	RM'000	RM'000
At 1st January	1,351	1,217
Addition during the financial year	137	134
At 31st December	1,488	1,351

7. **INVESTMENT IN SUBSIDIARIES**

	Company	
	2014	2013
	RM'000	RM'000
Unquoted shares - at cost	178,100	178,100
Less: Accumulated impairment	(139,777)	(139,777)
	38,323	38,323

7. INVESTMENT IN SUBSIDIARIES (Continued)

The following information relates to the subsidiaries:-

Name of Company	Principal place of business/ Country of Incorporation	Proportion ownership interest and voting rights 2014 %	2013 %	Principal Activities
Held directly:-				
Compugates Sdn. Bhd. ("CSB")	Malaysia	100	100	Trading, marketing and distribution of imaging information technology and communication based products.
Selama Muda Jaya Sdn. Bhd. ("SMJSB")	Malaysia	100	100	Dormant.
Compugates International Sdn. Bhd. ("CISB")	Malaysia	100	100	Investment holding and provision of management services.
Subsidiaries of Compugates Sdn. Bhd.				
Compugates Marketing Sdn. Bhd. ("CMSB")	Malaysia	100	100	Trading, marketing and distribution of information technology and communication based products and gaharu tea.
Subsidiaries of Compugates Marketing Sdn. Bhd.				
Classic Distribution Sdn. Bhd. ("CDSB")	Malaysia	51	51	Trading in agricultural products.
Compugates Development and Mining Sdn. Bhd. ("CDMSB")	Malaysia	70	70	Dormant.
Compugates Perak Sdn. Bhd. ("CPSB")	Malaysia	51	51	Cultivating and trading of agricultural products and general trading.
Compugates Sabah Sdn. Bhd. ("CSSB")	Malaysia	51	51	Dealing in solar products and green energy systems.

7. INVESTMENT IN SUBSIDIARIES (Continued)

Name of Company	Principal place of business/ Country of Incorporation	Proportion ownership interest and voting rights 2014 %	2013 %	Principal Activities
Subsidiaries of Compugates International Sdn. Bhd.				
Compugates International Limited ("CIL") *	British Virgin Islands	51	51	Distributor of telecommunication products and management agent of franchises.
Subsidiaries of Compugates International Limited				
Compugates International (BD) Limited ("CIBDL")*	British Virgin Islands	80	80	Investment holding, consultancy and project management services.
Compugates International Limited (Cambodia) ("CILC")*	Cambodia	80	80	Distributor of telecommunication products and management agent of franchises.
PT Compugates International ("PTCI")*	Indonesia	80	80	Trading as main distributor of communication products such as simcards and voucher cards.
Subsidiaries of Compugates International (BD) Limited				
Compugates International (Bangladesh) Limited ("CIBL") *	Bangladesh	98	98	Distributor of telecommunication products and services.

* Subsidiaries not audited by Messrs Baker Tilly Monteiro Heng.

7. INVESTMENT IN SUBSIDIARIES (Continued)

Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:-

2014	**CDMSB**	**CSSB**	**Others individually immaterial subsidiaries**	**Total**
NCI percentage of ownership interest and voting interest	RM'000 30%	RM'000 49%	RM'000	RM'000
Carrying amount of NCI	36,354	(4,002)	(520)	31,832
Loss allocated to NCI	(553)	(447)	(1,905)	(2,905)
Dividend paid to NCI	-	-	-	-
Summarised financial information before intra-group elimination				
As at 31st December				
Non-current assets	158,844	51		
Current assets	5,598	1,377		
Non-current liabilities	(17,926)	-		
Current liabilities	(19,744)	(9,595)		
Net assets/(liabilities)	126,772	(8,167)		
Financial year ended 31st December				
Revenue	-	1		
Loss for the financial year	(1,844)	(913)		
Total comprehensive loss	(1,844)	(913)		
Cash flows from operating activities	(1,332)	(327)		
Cash flows from investing activities	-	-		
Cash flows from financing activities	1,332	330		
Net increase in cash and cash equivalents	-	3		

7. INVESTMENT IN SUBSIDIARIES (Continued)

Non-controlling interest in subsidiaries (Continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows (Continued):-

2013	**CDMSB**	**CSSB**	**Others individually immaterial subsidiaries**	**Total**
NCI percentage of ownership interest and voting interest	RM'000 30%	RM'000 49%	RM'000	RM'000
Carrying amount of NCI	36,740	(3,555)	1,073	34,258
Profit/ (loss) allocated to NCI	984	(2,084)	(1,060)	(2,160)
Dividend paid to NCI	-	-	-	-
Summarised financial information before intra-group elimination				
As at 31st December				
Non-current assets	159,505	118		
Current assets	6	1,674		
Non-current liabilities	(18,631)	-		
Current liabilities	(18,412)	(9,047)		
Net assets/(liabilities)	122,468	(7,255)		
Financial year ended 31st December				
Revenue	-	268		
Profit/(loss) for the financial year	2,933	(4,254)		
Total comprehensive income/(loss)	3,281	(4,254)		
Cash flows from operating activities	(1,393)	(2,562)		
Cash flows from investing activities	-	-		
Cash flows from financing activities	1,393	2,022		
Net decrease in cash and cash equivalents	-	(540)		

8. OTHER INVESTMENTS

	Group and Company	
	2014	2013
	RM'000	RM'000
Available-for-sale financial assets (at fair value)		
- Equity instruments (quoted in Malaysia)		
At 1st January	46	3,915
Changes in fair value	-	(17)
Disposal	-	(3,852)
At 31st December	46	46
Market value of quoted investments	46	46

9. GOODWILL ON CONSOLIDATION

	Group	
	2014	2013
	RM'000	RM'000
Cost:-		
At 1st January	129,452	129,452
Addition during the financial year	-	-
At 31st December	129,452	129,452
Accumulated impairment losses:-		
At 1st January	(105,461)	(105,461)
Impairment during the financial year	(23,991)	-
At 31st December	(129,452)	(105,461)
Carrying amount at 31st December	-	23,991

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	Group	
	2014	2013
	RM'000	RM'000
Trading	-	10,224
Plantation	-	13,767
	-	23,991

9. **GOODWILL ON CONSOLIDATION (Continued)**

(b) During the current financial year, the Directors reassessed the recoverable amounts of goodwill for both trading and plantation CGU and the recoverable amount is lower than the carrying amount. Hence, an impairment loss of RM23,991,000/- has been made in the current financial year.

(c) In 2013, the Group has assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required. The recoverable amounts of the cash-generating units are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Trading CGU	Plantation CGU
(i) Budgeted gross margin	The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the year immediately before the budgeted period increase for expected efficiency improvements and cost saving measures. The budgeted gross margin for the 5 years projected cash flow is 1.9%.	The basis used to determine the value assigned to the budgeted gross margin is the industry average and statistical analysis of gaharu trees' market price trends for the past years. The average budgeted gross margin over the 5 years projected cash flows is 20%
(ii) Growth rate	The growth rate was assumed to be 5% per annum based on the expected projection of the trading segments. No growth rate was extrapolated for cash flows beyond 5 years period.	Plantation is expected to mature in 4 years time, Upon maturity, the gaharu trees will be extracted. No growth rate was extrapolated for cash flows beyond 5 years period.
(iii) Discount rate	The discount rates of 7% used are pre-tax and reflect specific risks relating to the relevant segments. The discount rate was estimated based on the average of the weighted average cost of capital.	

10. DEFERRED TAX ASSETS

	Group 2014 RM'000	Group 2013 RM'000
At 1st January	106	5
Recognised in profit or loss	81	101
At 31st December	187	106

The deferred tax assets relates to a subsidiary's unutilised tax losses carried forward. Deferred tax assets are recognised by the subsidiary based on the expected probable future taxable profit generated by the subsidiary.

11. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	Group 2014 RM'000	Group 2013 RM'000
At 1st January	2,996	-
Disposal	(2,996)	2,996
At 31st December	-	2,996

On 30th December 2013, the Group entered into a sale and purchase agreement for the disposal of 2 units of 3-storey shop office with cost of RM1,750,000/- and RM1,500,000/- respectively for cash consideration of RM2,300,000/- and RM2,300,000/- respectively. The disposal is completed during the financial year.

12. INVENTORIES

	Group 2014 RM'000	Group 2013 RM'000
At cost		
Inventories held for trading	12,114	13,253
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,139	3,493
Inventories writen-off	70	-
Reversal of write-down	-	(9)
Write down of invetories to net realisable value	7	171

13. TRADE RECEIVABLES

	Group 2014 RM'000	Group 2013 RM'000
Trade receivables	16,939	14,480
Allowance for impairment loss on receivables		
At 1st January	(1,198)	(987)
Addition during the financial year	(754)	(934)
Write-back during the financial year	428	723
At 31st December	(1,524)	(1,198)
	15,415	13,282

The Group's normal trade credit terms range from 1 to 60 days (2013: 1 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

In determining the extent of impairment loss on receivables, the directors have given due consideration to all information available to assess the likelihood of bad debts arising. Although uncertainty generally exists with regard to the recovery of debts, the directors are of the opinion that sufficient impairment has been made and the amounts receivable net of the impairment loss on receivables are expected to be substantially recovered.

Ageing analysis of trade receivables

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

	Group 2014 RM'000	Group 2013 RM'000
Neither past due nor impaired	13,468	7,673
Past due not impaired:-		
- less than 3 months	1,590	4,523
- 3 to 6 months	72	320
- over 6 months	285	766
	1,947	5,609
Impaired	1,524	1,198
	16,939	14,480

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of these receivables have been renegotiated during the financial year.

13. TRADE RECEIVABLES (Continued)

Receivables that are past due not impaired

At the reporting date, the Group has trade receivables amounting to RM1,947,000/- (2013: RM5,609,000/-) that are past due not impaired.

Trade receivables that were past due not impaired relates to customers that have good track records with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Receivables that are impaired

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements. The Group has no debtors that are collectively determined to be impaired at the reporting date.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		**Company**	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Other receivables	602	3,027	4	4
Less: Impairment loss on receivables	(112)	(2,048)	-	-
	490	979	4	4
Deposits	701	769	56	54
Prepayments	2,816	3,069	3	4
	4,007	4,817	63	62

15. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2014	2013
	RM'000	RM'000
Amount owing by subsidiaries:-		
Interest bearing	421	395
Non-interest bearing	7,684	7,526
	8,105	7,921
Amount owing to subsidiaries:-		
Non-interest bearing	623	-

The amounts owing by/(to) subsidiaries are non-trade in nature, unsecured, repayable on demand and expected to be settled by cash except for an amount owing by subsidiaries of RM421,000/- (2013: RM395,000/-) which bears interest at a rate of 8.89% (2013: 8.89%) per annum.

16. SHORT-TERM DEPOSITS WITH LICENSED BANKS

The short term deposits with licensed banks of the Group at the end of the financial year bore a weighted average effective interest rate of 2.2% (2013: 2.10%) per annum. The short-term deposits have a maturity period of 2 days (2013: 2 days).

17. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed bank of the Group at the end of the financial year bore a weighted average effective interest rate of 2.9% (2013: 3.05%) per annum. The fixed deposits have maturity periods ranging from 1 month to 12 months (2013: 1 month to 12 months).

Included in fixed deposits with licensed banks of the Group at the end of the financial year is an amount of RM12,281,000/- (2013: RM11,297,000/-) which have been pledged to licensed banks as security for banking facilities granted to the Group.

18. SHARE CAPITAL

	Group and Company			
	Number of Shares			
	2014	2013	2014	2013
	Unit '000	Unit '000	RM'000	RM'000
Authorised:				
3,500,000,000 ordinary shares of RM0.10/- each				
At the beginning/end of the financial year	3,500,000	3,500,000	350,000	350,000
Issued and fully paid:				
2,134,289,020 ordinary shares of RM0.10/- each				
At the beginning/end of the financial year	2,134,289	2,134,289	213,429	213,429

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

19. REVALUATION RESERVE

The revaluation reserve represents the increase in the fair value of property, plant and equipment of the Group.

20. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve arose from the translation of the financial statements of the foreign subsidiaries and is not distributable by way of cash dividends.

21. DEFERRED TAX LIABILITIES

	Group	
	2014	2013
	RM'000	RM'000
At 1st January	20,482	583
Effect of change in accounting policy	-	9,435
As restated	20,482	10,018
Revaluation of property, plant and equipments and investment property	-	15,328
Recognised in profit or loss	(457)	(4,864)
At 31st December	20,025	20,482

The deferred taxation arose from the revaluation of the property, plant and equipment and investment property of the Group.

22. TRADE PAYABLES

The normal trade credit term granted to the Group is 60 days (2013: 60 days).

Included in the trade payables of the Group at the end of the financial year was an amount of approximately RM329,000/- (2013: RM62,000/-) owing to a related party. The amount owing is trade in nature, interest-free, unsecured, repayable on demand and expected to be settled by cash.

The information on related party is disclosed in Note 32.

23. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Other payables	3,516	2,855	-	28
Deposits	-	32	-	-
Accruals	3,054	4,443	116	140
Staff incentives	6,119	5,196	-	-
	12,689	12,526	116	168

Included in the other payables of the Group at the end of the financial year was an amount of approximately RM696,000/- (2013: RM537,000/-) owing to a related party. The amount owing bears interest at rate of 20% (2013: Nil) per annum, non-trade in nature, unsecured, and repayable on demand.

The information on related party is disclosed in Note 32.

24. AMOUNT OWING TO SHAREHOLDERS OF SUBSIDIARIES

The amount owing is non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled by cash.

25. BANKERS' ACCEPTANCES (SECURED)

The bankers' acceptances of the Group at the end of the financial year bore an effective interest rate of 4.28% - 5.31% (2013: 4.09%) per annum and are secured by way of:-

(i) a pledge of fixed deposits of the Group; and

(ii) a corporate guarantee of the Company.

26. REVENUE

	Group		**Company**	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Trading, services, agriculture and energy	129,145	131,259	-	-

27. FINANCE COSTS

	Group		**Company**	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Interest expenses				
- bankers' acceptances	(635)	(518)	-	-
- others	(344)	(76)	-	-
	(979)	(594)	-	-

28. (LOSS)/ PROFIT BEFORE TAXATION

(a) (Loss)/profit before taxation has been arrived at after charging and crediting:-

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:-				
- Current year	128	135	42	34
- Prior year	1	8	-	2
Bad debts written off	95	12	-	-
Depreciation of property, plant and equipment	1,397	1,239	37	34
Directors' fee	276	324	276	324
Directors' remunerations	4,272	5,799	-	-
Directors' employees provident fund	651	844	-	-
Equipment written off	-	54	-	-
Impairment loss on available-for-sale financial assets	-	17	-	17
Impairment loss on trade receivables	754	934	-	-
Impairment loss on other receivables	112	48	-	-
Interest expense	979	594	-	-
Inventories written off	70	-	-	-
Loss on subsidiary struck off	-	69	-	-
Loss on foreign exchange:-				
- realised	-	33	-	-
Professional fees (Note b)	325	3,276	261	60
Rental of office	171	1,042	-	-
Rental of warehouse	54	83	-	-
Staff costs:-				
- salaries, wages, bonuses and allowances	6,887	6,698	-	-
- employee provident fund	535	401	-	-
- other staff related cost	(91)	306	-	-
Write down of inventories to net realisable value	7	171	-	-
And crediting:-				
Interest income	(633)	(346)	(34)	(34)
Gain on disposal of available-for-sale financial assets	-	(873)	-	(873)
Gain on disposal of property, plant and equipment	(40)	(3,794)	-	-
Gain on disposal of non-current assets held for sale	(1,604)	-	-	-
Gain on foreign exchange:-				
- realised	(53)	-	-	-
- unrealised	-	(2)	-	-

28. (LOSS)/ PROFIT BEFORE TAXATION (Continued)

(a) (Loss)/profit before taxation has been arrived at after charging and crediting (Continued):-

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
And crediting (Continued):-				
Rental income	(58)	(292)	-	-
Sales incentive	(2,668)	(6,191)	-	-
Write-back of impairment loss on trade receivables	(428)	(723)	-	-
Write-back of net realisable value on inventories	-	(9)	-	-

(b) In 2013, included in the professional fee of a subsidiary was an amount of RM3,000,000 paid to an offshore company in relation to advisory support services for work done and proposed projects.

29. TAXATION

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation based on the results for the financial year				
Income tax				
- current financial year	1,253	1,537	-	-
- (over)/under provision in prior years	(945)	(622)	-	8
	308	915	-	8
Deferred tax assets				
- current financial year	(81)	(101)	-	-
Deferred tax liabilities				
- current financial year	(457)	(4,864)	-	-
	(230)	(4,050)	-	8
Deferred tax related to other comprehensive income				
- Revaluation of properties	-	(15,981)	-	-

29. TAXATION (Continued)

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		**Company**	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before taxation	(33,891)	(7,724)	(715)	276
Taxation at applicable tax rate of 25%	(8,473)	(1,931)	(179)	69
Tax effects arising from				
- non-deductible expenses	7,753	3,481	179	51
- non-taxable income	(135)	(3,696)	-	(120)
- reversal of deferred tax liabilities on change in tax rate	-	(4,833)	-	-
- crystallisation of deferred tax liabilities	(457)	(31)	-	-
- deferred tax assets not recognised in the financial statements	1,946	3,389	-	-
- deferred tax assets not recognised in different tax rate	81	193	-	-
- (over)/under provision in prior years	(945)	(622)	-	8
Tax expense for the financial year	(230)	(4,050)	-	8

Subject to the agreement of Inland Revenue Board, The Group has unabsorbed tax losses which can be carried forward to offset against future taxable income amounting to approximately RM28,285,000/- (2013: RM20,413,000/-)

Deferred tax assets have not been recognised for the following items:-

	Group		**Company**	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deductible temporary differences	3,189	2,956	-	-
Unutilised tax losses	28,285	20,413	-	-
	31,474	23,369	-	-
Potential deferred tax assets not recognised at 24%	7,554	5,609	-	-

30. LOSS PER ORDINARY SHARE

Basis loss per share

The basic loss per share is calculated based on the Group's loss attributable to owners of the Company of RM31,032,000/- (2013: loss of RM1,514,000/-) and on the number of ordinary shares in issue during the financial year of 2,134,289,020 units (2013: 2,134,289,020 units).

Diluted loss per share

The Group has no dilutive potential ordinary shares. As such, there is no dilutive effect on the earnings per share of the Group for the current financial year.

31. FINANCIAL GUARANTEES

	Company	
	2014	2013
	RM'000	RM'000
Unsecured:-		
Financial guarantees given by the Company to banks for credit facilities granted to the subsidiaries	27,000	27,000
Financial guarantees given by the Company to suppliers for credit facilities granted to a subsidiary	26,500	19,500
Bank guarantee given to a supplier	700	658
	54,200	47,158

32. RELATED PARTIES

(a) Identification of Related Parties

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the Company or that has an interest in the Company that gives it significant influence over the Company's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the Company resides with, directly or indirectly.

The Group and the Company has related party relationship with its holding companies, subsidiaries and associates, directors and key management personnel.

In addition, the Group also has related party relationship with:-

Related Parties	Relationship
Integra Group Sdn. Bhd.	A company in which a director of a subsidiary has interest.
Zen International Limited	A company in which a director of a subsidiary has interest.

(b) Significant Related Party Transactions

In the normal course of business, the Company undertakes transactions with some of its related parties listed above. Set out below are the significant related party transactions for the financial year (in addition to related party disclosures mentioned elsewhere in the financial statements). The related party transactions described below were carried out on terms and conditions mutually agreed between the respective parties.

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

32. RELATED PARTIES (Continued)

(b) Significant Related Party Transactions (Continued)

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Subsidiary				
PT Compugates International				
Interest income	-	-	34	34
Related parties				
Integra Corp Sdn Bhd				
Project management fee	255	28	-	-
Zen International Limited				
Interest expense	267	-	-	-

(c) Key Management Personnel Compensation

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Directors				
- Remuneration and bonus	4,272	5,799	-	-
- Fees	276	324	276	324
- Employees Provident Fund	651	844	-	-

Details of directors' emoluments of the Group and the Company received/receivable for the financial year in bands of RM50,000/- are as follows:-

	Group		Company	
	2014	2013	2014	2013
Executive directors:				
RM150,001 - RM200,000	1	-	-	-
RM300,001 - RM350,000	-	1	-	-
RM550,001 - RM600,000	1	-	-	-
RM4,150,001 - RM4,200,000	1	-	-	-
RM6,300,001 - RM6,350,000	-	1	-	-
Non-executive directors				
Below RM50,000	2	3	2	3
RM150,001 - RM200,000	1	1	1	1
	6	6	3	4

32. **RELATED PARTIES (Continued)**

(c) **Key Management Personnel Compensation (Continued)**

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Other key management personnel				
- Salary, allowance and bonus	601	699	-	-
- Employees Provident Fund	72	84	-	-

33. **SEGMENTAL ANALYSIS**

For management purpose, the Group is organised into business units based on their products and services provided.

The Group is organised into 2 main business segments as follows:-

(i) Trading and service segment – involved in the trading, marketing, distributing of imaging, technology, communication based products, and provision of management services.

(ii) Agriculture and energy segment – involved in trading and cultivation of agricultural and energy products.

33. SEGMENTAL ANALYSIS (Continued)

Group **2014**	**Trading and Services** RM'000	**Agriculture and Energy** RM'000	**Elimination** RM'000	**Consolidated** RM'000
Revenue				
External sales	129,144	1	-	129,145
Inter-segment sales	361	-	(361)	-
Total revenue	129,505	1	(361)	129,145
Results				
Loss before taxation	(12,371)	(913)	(20,607)	(33,891)
Taxation	230	-	-	230
Loss after taxation	(12,141)	(913)	(20,607)	(33,661)
Loss attributable to:				
Owners of the Company	(31,032)	-	-	(31,032)
Non-controlling interests	(2,458)	(447)	-	(2,905)
	(33,490)	(447)	-	(33,937)
Other Information				
Bad debts written off	(95)	-	-	(95)
Depreciation of property, plant and equipment	(1,397)	-	-	(1,397)
Equipment written off	-	-	-	-
Inventories written off	-	(70)	-	(70)
Impairment loss on trade receivables	(731)	(23)	-	(754)
Impairment loss on other receivables	(112)	-	-	(112)
Interest income	631	2	-	633
Realised gain on foreign exchange	53	-	-	53
Write-back of impairment loss on trade receivables	428	-	-	428
Write down of inventories to net realisable value	-	(7)	-	(7)
Assets				
Segment assets	225,450	1,428	-	226,878
Tax refundable	74	-	-	74
Deferred tax asset	-	-	-	-
Consolidated total assets	225,524	1,428	-	226,952
Liabilities				
Segment liabilities	42,139	9,595	-	51,734
Deferred tax liabilities	20,025	-	-	20,025
Tax payable	1,824	-	-	1,824
Consolidated total liabilities	63,988	9,595	-	73,583

33. SEGMENTAL ANALYSIS (Continued)

Group 2013	Trading and Services RM'000	Agriculture and Energy RM'000	Elimination RM'000	Consolidated RM'000
Revenue				
External sales	130,991	268	-	131,259
Inter-segment sales	361	-	(361)	-
Total revenue	131,352	268	(361)	131,259
Results				
Loss before taxation	(3,448)	(4,276)	-	(7,724)
Taxation	4,050	-	-	4,050
Loss after taxation	602	(4,276)	-	(3,674)
Loss attributable to:				
Owners of the Company	674	(2,188)	-	(1,514)
Non-controlling interests	(53)	(2,107)	-	(2,160)
	621	(4,295)	-	(3,674)
Other Information				
Bad debts written off	(12)	-	-	(12)
Depreciation of property, plant and equipment	(1,163)	(76)	-	(1,239)
Equipment written off	(54)	-	-	(54)
Impairment loss on available-for-sale financial assets	(17)	-	-	(17)
Impairment loss on trade receivables	(934)	-	-	(934)
Impairment loss on other receivables	(48)	-	-	(48)
Interest income	344	2	-	346
Unrealised gain on foreign exchange	2	-	-	2
Write-back of net realisable value on inventories	9	-	-	9
Write-back of impairment loss on trade receivables	723	-	-	723
Write down of inventories to net realisable value	(171)	-	-	(171)
Assets				
Segment assets	249,026	1,798	-	250,824
Tax refundable	313	-	-	313
Deferred tax asset	106	-	-	106
Consolidated total assets	249,445	1,798	-	251,243
Liabilities				
Segment liabilities	41,200	537	-	41,737
Deferred tax liabilities	20,482	-	-	20,482
Tax payable	1,653	-	-	1,653
Consolidated total liabilities	63,335	537	-	63,872

34. FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The significant accounting policies in Note 2.3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group **2014**	Loans and receivables RM'000	Available-for-sale RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Financial assets				
Trade receivables	15,415	-	-	15,415
Other receivables and deposits	1,191	-	-	1,191
Short-term deposits with licensed banks	5,075	-	-	5,075
Fixed deposits with licensed banks	12,281	-	-	12,281
Cash and bank balances	3,229	-	-	3,229
Other investments	-	46	-	46
	37,191	46	-	37,237
Financial liabilities				
Trade payables	-	-	23,782	23,782
Other payables and deposits	-	-	3,516	3,516
Amount owing to shareholders of subsidiaries	-	-	903	903
Bankers' acceptances	-	-	14,360	14,360
	-	-	42,561	42,561

34. FINANCIAL INSTRUMENTS (Continued)

(a) Classification of Financial Instruments (Continued)

Group **2013**	Loans and receivables RM'000	Available-for-sale RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Financial assets				
Trade receivables	13,282	-	-	13,282
Other receivables and deposits	1,748	-	-	1,748
Short-term deposits with licensed banks	2,878	-	-	2,878
Fixed deposits with licensed banks	11,297	-	-	11,297
Cash and bank balances	3,106	-	-	3,106
Other investments	-	46	-	46
	32,311	46	-	32,357
Financial liabilities				
Trade payables	-	-	15,938	15,938
Other payables and deposits	-	-	2,887	2,887
Amount owing to shareholders of subsidiaries	-	-	647	647
Bankers' acceptances	-	-	12,626	12,626
	-	-	32,098	32,098
Company				
2014				
Financial assets				
Other receivables and deposits	60	-	-	60
Amount owing by subsidiaries	8,105	-	-	8,105
Cash and bank balances	28	-	-	28
Other investments	-	46	-	46
	8,193	46	-	8,239
Financial liabilities				
Amount owing to a subsidiary	-	-	623	623
	-	-	623	623

34. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Classification of Financial Instruments (Continued)**

Company **2013**	Loans and receivables RM'000	Available-for-sale RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Financial assets				
Other receivables and deposits	58	-	-	58
Amount owing by subsidiaries	7,921	-	-	7,921
Cash and bank balances	8	-	-	8
Other investments	-	46	-	46
	7,987	46	-	8,033
Financial liabilities				
Other payables	-	-	28	28
	-	-	28	28

(b) **Financial Risk Management and Objectives**

The Group seeks to manage effectively the various risks namely interest rate, foreign currency, liquidity and credit risks, in which the Group is exposed to in its daily operations.

(i) **Interest Rate Risk**

Interest rate 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 interest rates.

The Group’s exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group’s policy is to obtain the most favorable interest rate available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

The following table details the interest rate profile of the Group and of the Company’s borrowings at the reporting date.

34. **FINANCIAL INSTRUMENTS (Continued)**

(b) **Financial Risk Management and Objectives (Continued)**

(i) **Interest Rate Risk (Continued)**

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Fixed rate instrustments				
Amount owing by subsidiaries	-	-	421	395
Fixed rate instrustments				
Bankers' acceptances	14,360	12,626	-	-

The information on maturity dates and interest rate of financial assets and liabilities are disclosed in their respective notes.

Sensitivity analysis for interest rate risk

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

Cash flow sensitivity analysis for variable rate instruments
At the reporting date, if interest rate had been 10 basis point lower/higher, with all other variables held constant, the Group's loss/profit net of tax would have been RM1,436,000/- (2013: RM1,262,600/-) higher/lower, arising mainly as a result of lower/higher interest expenses on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis on the currently observable market environment.

(ii) **Foreign Currency Risk**

Foreign currency 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 operates internationally and is exposed to various currencies, mainly United States Dollar, Bangladesh Taka, and Indonesia Rupiah.

Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

34. **FINANCIAL INSTRUMENTS (Continued)**

(b) **Financial Risk Management and Objectives (Continued)**

(ii) **Foreign currency risk (Continued)**

Exposure to foreign currency

The following table details the Group's exposure at the reporting date to currency risk arising from recognised financial assets and liabilities denominated in a currency other than the functional currency of the Group and of the Company. For presentation purposes, the amounts of the exposure are shown in Ringgit Malaysia, translated using the spot rate at year end date:

	USD
2014	RM'000
Group	
Financial assets	
Trade receivables	681
Other receivables and deposits	10
Cash and bank balances	80
	771
Financial liabilities	
Trade payables	1,025
Other payables and deposits	124
Amount owing to shareholder of subsidiaries	702
	1,851
Net financial assets/(liabilities)	(1,080)

34. **FINANCIAL INSTRUMENTS (Continued)**

(b) **Financial Risk Management and Objectives (Continued)**

(ii) **Foreign currency risk (Continued)**

	USD
2013	RM'000
Group	
Financial assets	
Trade receivables	1,123
Other receivables and deposits	12
Cash and bank balances	574
	1,709
Financial liabilities	
Trade payables	653
Other payables and deposits	62
Amount owing to shareholder of subsidiaries	566
	1,281
Net financial assets/ (liabilities)	428

Sensitivity analysis

The following table indicates the approximate change in the Group's loss after tax and accumulated losses in response to reasonable possible changes in the foreign exchange rates to which the Group has significant exposure at the reporting date, assuming all other variable risk variables remained constant. Other components of the equity would not be affected by changes in the foreign exchange rate:-

34. **FINANCIAL INSTRUMENTS (Continued)**

(b) **Financial Risk Management and Objectives (Continued)**

(ii) **Foreign currency risk (Continued)**

	← **(Increase) / Decrease** →			
	Strenghten (1%)		Weaken (1%)	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Group's net loss and equity				
United States Dollar (USD)	(11)	4	11	(4)

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group's to foreign currency risk at the reporting date.

(iii) **Liquidity Risk**

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

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities based on undiscounted contractual repayment at the reporting date are as follows:

	On demand or within 1 year	**1 to 5 years**	**More than 5 years**	**Total**
2014	RM'000	RM'000	RM'000	RM'000
Group				
Financial liabilities				
Trade payables	23,782	-	-	23,782
Other payables and deposits	3,516	-	-	3,516
Amount owing to shareholders of subsidiaries	903	-	-	903
Bankers' acceptances	14,360	-	-	14,360
	42,561	-	-	42,561

34. **FINANCIAL INSTRUMENTS (Continued)**

(b) **Financial Risk Management and Objectives (Continued)**

(iii) **Liquidity Risk (Continued)**

	On demand or within 1 year	**1 to 5 years**	**More than 5 years**	**Total**
2013	RM'000	RM'000	RM'000	RM'000
Group				
Financial liabilities				
Trade payables	15,938	-	-	15,938
Other payables and deposits	2,887	-	-	2,887
Amount owing to shareholders of subsidiaries	647	-	-	647
Bankers' acceptances	12,626	-	-	12,626
	32,098	-	-	32,098
2014				
Company				
Financial liabilities				
Amount owing to a subsidiary	623	-	-	623
2013				
Financial liabilities				
Other payables and deposits	28	-	-	28

(iv) **Credit Risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company’s exposure to credit risk arise primarily from trade and other receivables and corporate guarantee provided by the Company to banks and supplier on subsidiary for credit facilities. Trade and other receivables presented in the statements of financial position are net of allowances for impairment losses, estimated by management based on prior experience and the current economic environment.

34. **FINANCIAL INSTRUMENTS (Continued)**

(b) **Financial Risk Management and Objectives (Continued)**

(iv) **Credit Risk (Continued)**

The Group and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trades only with recognised and creditworthy third parties. It is the Group and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The exposure to credit risk is monitored by the management on an ongoing basis and the management do not expect any counterparty to fail to meet its obligations.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group and the Company's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk other than those disclosed in the notes to the financial statements.

The Group and the Company have no significant concentration of credit risk, that may arise from exposure to a single debtor or to group of debtors.

Financial guarantee
The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries and creditors for credit terms granted to subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

The maximum exposure to credit risk amounts to RM2,079,000/- (2013: RM1,329,000/-) representing the outstanding credit facilities of the subsidiaries guaranteed by the Company less fixed deposits pledged with licensed banks at the reporting date. At the reporting date, there was no indication that the subsidiaries would default on its repayment.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantee provided by the Company did not contribute towards credit enhancement of the subsidiary borrowing in view of the security pledged by the subsidiary and it is unlikely the subsidiary will default within the guarantee period.

(c) **Fair Values**

The fair values of financial assets and financial liabilities of the Group and of the Company are reasonable approximation of their carrying amounts on the statements of financial position.

There were no unrecognised financial instruments as at the end of financial year.

35. CAPITAL MANAGEMENT

The primary objective of the Group’s capital management is to ensure that it maintains a strong capital base and safeguard the Group’s ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure by monitoring the capital and net debt on an ongoing basis. To maintain the capital structure, the group may adjust the dividend payment to shareholders.

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

	Group	
	2014	2013
	RM'000	RM'000
Trade payables	23,782	15,938
Other payables, deposits and accruals	12,689	12,526
Amount owing to shareholders of subsidiaries	903	647
Bankers' acceptances	14,360	12,626
Less:-		
Short-term deposits with licensed banks	(5,075)	(2,878)
Fixed deposits with licensed banks	(12,281)	(11,297)
Cash and bank balances	(3,229)	(3,106)
Net debt	31,149	24,456
Total equity	153,369	187,371
Capital and net debts	184,518	211,827
Gearing ratio	17%	12%

The Group is not subject to any externally imposed capital requirements.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 19th September 2014, a subsidiary, Compugates Marketing Sdn. Bhd. ("CMSB") entered into a OEM Tea Supply And Packaging Collaboration Agreement ("Collaboration Agreement") with Westwood Marketing Sdn. Bhd. ("WMSB") where CMSB has been appointed to manufacture or cause to manufacture and package Gaharu Tea under the brand name "Blackgold" for WMSB, or any other products or by product derived from Gaharu which both parties deem viable with a total estimated purchase value of RM53million for a period of four (4) years from the date of the Collaboration Agreement.

37. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

(i) On 18th March 2015, the Company had announced the followings:-

(a) Proposed renounceable rights issue of up to 304,898,431 Redeemable Preference Shares ("RPS") together with up to 304,898,431 free detachable warrants ("Warrants") on the basis of one (1) RPS together with one (1) warrant for every seven (7) ordinary shares of RM0.10 each subscribed in Compugates Holdings Berhad ("CHB");

(b) Proposed increase in the authorised share capital of CHB; and

(c) Porposed amendments to the Memorandum and Articles of Association of CHB.

The above mentioned proposals are subject to approvals from Bursa Securities, Bank Negara Malaysia, shareholders and other relevant authorities' approvals.

(ii) On 24th April 2015, a subsidiary, Compugates Marketing Sdn. Bhd. ("CMSB") entered into an Standing Agarwood Sale and Cutting Agreement ("SASC Agreement") with Westwood Marketing Sdn. Bhd. ("WMSB") where WMSB has agreed to purchase the standing agarwood trees up to a total consideration of RM43,884,000/- inclusive of 6% GST during the one (1) year term from the date of the SASC Agreement pursuant to the terms and condition set forth therein.

38. COMPARATIVE FIGURES

The following comparative amounts have been reclassified in order to conform to the presentation in the current financial year.

Statements of financial position	**As previously reported** (RM'000)	**Reclassification** (RM'000)	**As restated** (RM'000)
As at 31st December 2013			
Group			
Other payables, deposits and accruals	11,989	537	12,526
Amount owing to shareholders of subsidiaries	1,184	(537)	647

The above reclassification does not have any impact on the financial results of the Group for the financial year ended 31st December 2013.

COMPUGATES HOLDINGS BERHAD
(Incorporated in Malaysia)

SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

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

On 20th December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of the accumulated losses of the Group and of the Company as at 31st December 2014, into realised and unrealised losses, pursuant to the directive, is as follows:

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Total accumulated losses:				
- Realised	(177,396)	(164,451)	(167,570)	(166,855)
- Unrealised	90,447	89,887	-	-
	(86,949)	(74,564)	(167,570)	(166,855)
Less: Consolidation adjustments	(36,884)	(20,250)	-	-
Total accumulated losses as per statements of financial position	(123,833)	(94,814)	(167,570)	(166,855)

The determination of realised and unrealised losses is complied based on Guidance of 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,* issued by the Malaysian Institute of Accountants on 20th December 2010.

The disclosure of realised and unrealised losses 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.

Company No.   669287 - H

COMPUGATES HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, **GOH KHENG PEOW** and **SEE THOO CHAN,** being two of the directors of Compugates Holdings Berhad, do hereby state that in the opinion of the directors, the financial statements as set out on pages 6 to 82 are properly drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 31st December 2014 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out on page 83 has been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

…………………………………………......
GOH KHENG PEOW
Director

……………………………………….........
SEE THOO CHAN
Director

Kuala Lumpur

Date: 28th April 2015

COMPUGATES HOLDINGS BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION

I, **FONG YIN SIEN,** being the officer primarily responsible for the financial management of COMPUGATES HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 6 to 82 and the supplementary information set out on page 83 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, 1959.

SUBSCRIBED and)
SOLEMNLY DECLARED)
By Fong Yin Sien)
This 28th day of April 2015)

....
FONG YIN SIEN

Before me,

……………………………………
Paul Lee
Lawyer & Notary Public
Sydney, Australia

Company No. 669287 - H

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMPUGATES HOLDINGS BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Compugates Holdings Berhad, which comprise the statements of financial position as at 31st December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 82.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. 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 qualified audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMPUGATES HOLDINGS BERHAD (Continued)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 83 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 the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMPUGATES HOLDINGS BERHAD (Continued)
(Incorporated in Malaysia)

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 contents of this report.

Baker Tilly Monteiro Heng	Ng Boon Hiang
No. AF 0117	No. 2916/03/16 (J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur

Date: 28th April 2015