MESB BERHAD
(Incorporated in Malaysia)

Company No : 337554 - D

FINANCIAL REPORT
for the financial year ended 31 March 2014

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation	15,196	1,747
Attributable to:-		
Owners of the Company	15,196	1,747

DIVIDENDS

No dividend was declared or paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements 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 impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which 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

The contingent liability of the Company is disclosed in Note 40 to the financial statements. At the date of this report, there does not exist:-

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

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

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations 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 which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Teoh Hwa Peng
Saffie Bin Bakar
Ng Chee Leong
Tan Yew Kim
Tan Sok Gim
Yam Sing Lam @ Yam Seng Lam (Appointed on 7 August 2013)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	Number Of Ordinary Shares Of RM1 Each			
	At 1.4.2013	Bought	Sold	At 31.3.2014
The Company				
Direct Interests				
Teoh Hwa Peng	19,071,899	-	-	19,071,899
Tan Sok Gim	2,125,000	-	-	2,125,000
Deemed Interests				
Teoh Hwa Peng *	2,125,000	-	-	2,125,000
Tan Sok Gim*	19,071,899	-	-	19,071,899

* *Deemed interest through spouse's shareholding by virtue of Section 134(12)(c) of the Companies Act 1965 in Malaysia.*

By virtue of their interests in shares in the Company, Teoh Hwa Peng and Tan Sok Gim are deemed to have interests in shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965 in Malaysia.

The other directors holding office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with related parties as disclosed in Note 37 to the financial statements.

Neither during nor at the end of the financial year, was the Group or the Company a party to any arrangements whose object is 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 EVENT OCCURRING AFTER THE END OF THE REPORTING PERIOD

The significant event occurring after the end of the reporting period is disclosed in Note 43 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 24 July 2014.

Teoh Hwa Peng

Ng Chee Leong

STATEMENT BY DIRECTORS

We, Teoh Hwa Peng and Ng Chee Leong, being two of the directors of MESB Berhad, state that, in the opinion of the directors, the financial statements set out on pages 11 to 91 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2014 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 45, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 24 July 2014.

Teoh Hwa Peng **Ng Chee Leong**

STATUTORY DECLARATION

I, Teoh Hwa Peng, I/C No. 670407-09-5017, being the director primarily responsible for the financial management of MESB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 11 to 91 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Teoh Hwa Peng, I/C No. 670407-09-5017,
at Kuala Lumpur in the Federal Territory on
this 24 July 2014

Teoh Hwa Peng

Before me

Datin Hajah Raihela Wanchik
No. W-275
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MESB BERHAD
(Incorporated in Malaysia)
Company No : 337554 - D

Report on the Financial Statements

We have audited the financial statements of MESB Berhad, which comprise the statements of financial position as at 31 March 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 11 to 91.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MESB BERHAD (CONT'D)
(Incorporated in Malaysia)
Company No : 337554 - D

Opinion

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

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) 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.

(c) Our 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 Act.

The supplementary information set out in Note 45 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MESB BERHAD (CONT'D)
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Other Matters

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

Crowe Horwath	**Ooi Song Wan**
Firm No: AF 1018	Approval No: 2901/10/14 (J)
Chartered Accountants	Chartered Accountant

24 July 2014

Kuala Lumpur

MESB BERHAD
(Incorporated in Malaysia)
Company No : 337554 - D

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2014

		The Group		The Company	
		2014	**2013**	**2014**	**2013**
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	37,974	35,583
Investment in an associate	6	7,730	6,830	660	660
Property and equipment	7	8,298	12,835	244	368
Other assets	8	540	540	40	40
Goodwill on consolidation	9	24,668	24,668	-	-
		41,236	44,873	38,918	36,651
CURRENT ASSETS					
Inventories	10	15,731	18,707	-	-
Trade receivables	11	12,813	13,981	-	-
Other receivables, deposits and prepayments	12	2,191	911	7	6
Amount owing by subsidiaries	13	-	-	18	4,431
Tax recoverable		156	153	153	153
Fixed deposits with licensed banks	14	16,730	10,077	7,741	6,602
Cash and bank balances		13,952	7,170	2,786	188
		61,573	50,999	10,705	11,380
Non-current asset classified as held for sale	15	-	1,612	-	-
Assets of disposal group classified as held for sale	16	-	20	-	-
		61,573	52,631	10,705	11,380
TOTAL ASSETS		102,809	97,504	49,623	48,031

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2014 (CONT'D)

		The Group		The Company	
		2014	**2013**	**2014**	**2013**
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	42,000	42,000	42,000	42,000
Share premium	18	5	5	5	5
Capital reserve	19	37	37	37	37
Retained profits	20	39,328	24,132	6,958	5,211
TOTAL EQUITY		81,370	66,174	49,000	47,253
NON-CURRENT LIABILITIES					
Hire purchase payables	21	363	650	210	322
Term loans	22	874	3,950	-	-
Deferred tax liabilities	23	43	264	-	-
		1,280	4,864	210	322

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2014 (CONT'D)

		The Group		The Company	
		2014	**2013**	**2014**	**2013**
	Note	RM'000	RM'000	RM'000	RM'000
CURRENT LIABILITIES					
Trade payables	24	929	6,111	-	-
Other payables and accruals		2,621	3,179	306	193
Amount owing to a subsidiary	13	-	-	-	80
Amount owing to a director	25	-	76	-	76
Provision for taxation		269	488	-	-
Hire purchase payables	21	284	289	107	107
Term loans	22	623	768	-	-
Bankers' acceptances	26	15,433	15,552	-	-
		20,159	26,463	413	456
Liabilities of disposal group classified as held for sale	16	-	3	-	-
		20,159	26,466	413	456
TOTAL LIABILITIES		21,439	31,330	623	778
TOTAL EQUITY AND LIABILITIES		102,809	97,504	49,623	48,031

MESB BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

		The Group		The Company	
		2014	**2013**	**2014**	**2013**
	Note	RM'000	RM'000	RM'000	RM'000
CONTINUING OPERATIONS					
REVENUE	27	91,250	88,012	2,917	-
COST OF SALES	28	(33,796)	(33,159)	-	-
GROSS PROFIT		57,454	54,853	2,917	-
OTHER INCOME		14,180	12,501	316	14,886
		71,634	67,354	3,233	14,886
SELLING AND DISTRIBUTION EXPENSES		(25,800)	(24,639)	-	-
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(29,693)	(29,425)	(1,302)	(2,150)
FINANCE COSTS		(925)	(867)	(17)	(17)
SHARE OF PROFIT IN AN ASSOCIATE		900	1,282	-	-
PROFIT BEFORE TAXATION	29	16,116	13,705	1,914	12,719
INCOME TAX EXPENSE	30	(845)	(1,050)	(167)	-
PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		15,271	12,655	1,747	12,719
DISCONTINUED OPERATIONS					
(LOSS)/PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS	31	(75)	216	-	-
PROFIT AFTER TAXATION		15,196	12,871	1,747	12,719
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		15,196	12,871	1,747	12,719

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONT'D)

		The Group		The Company	
		2014	**2013**	**2014**	**2013**
	Note	RM'000	RM'000	RM'000	RM'000
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		15,196	12,612	1,747	12,719
Non-controlling interests		-	259	-	-
		15,196	12,871	1,747	12,719
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		15,196	12,612	1,747	12,719
Non-controlling interests		-	259	-	-
		15,196	12,871	1,747	12,719
EARNINGS/(LOSS) PER SHARE (SEN)					
Basic:					
- continuing operations	32	36.36 sen	30.13 sen		
- discontinued operations	32	(0.18) sen	(0.10) sen		
		36.18 sen	30.03 sen		
Diluted:					
- continuing operations	32	Not applicable	Not applicable		
- discontinued operations	32	Not applicable	Not applicable		

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

	Note	← Attributable To Owners Of The Company				→		
		Share Capital	Share Premium	Capital Reserve	Retained Profits/ (Accumulated Losses)	Total	Non-Controlling Interests	Total Equity
The Group								
Balance at 1.4.2012		42,000	5	37	11,520	53,562	3,759	57,321
Profit after taxation/ Total comprehensive income for the financial year		-	-	-	12,612	12,612	259	12,871
Disposal of a subsidiary	33	-	-	-	-	-	(4,018)	(4,018)
Balance at 31.3.2013/1.4.2013		42,000	5	37	24,132	66,174	-	66,174
Profit after taxation/ Total comprehensive income for the financial year		-	-	-	15,196	15,196	-	15,196
Balance at 31.3.2014		42,000	5	37	39,328	81,370	-	81,370
The Company								
Balance at 1.4.2012		42,000	5	37	(7,508)	34,534	-	34,534
Profit after taxation/ Total comprehensive income for the financial year		-	-	-	12,719	12,719	-	12,719
Balance at 31.03.2013/1.4.2013		42,000	5	37	5,211	47,253	-	47,253
Profit after taxation/ Total comprehensive income for the financial year		-	-	-	1,747	1,747	-	1,747
Balance at 31.3.2014		42,000	5	37	6,958	49,000	-	49,000

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

		The Group		The Company	
		2014	**2013**	**2014**	**2013**
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation:					
- continuing operations		16,116	13,705	1,914	12,719
- discontinued operations	31	(75)	516	-	-
		16,041	14,221	1,914	12,719
Adjustments for:-					
Allowance for impairment losses on receivables		15	30	-	-
Amortisation of intangible asset		-	2	-	-
Bad debts written off		56	-	79	365
Depreciation of property and equipment		1,852	2,317	124	127
Equipment written off		236	153	-	-
Impairment loss on investment in a subsidiary		-	-	275	-
Interest expense		925	954	17	17
Inventories written down		132	92	-	-
Allowance for impairment losses on other receivables written back		(45)	(200)	-	-
Dividend received from subsidiaries		-	-	(2,917)	-
Gain on disposal of a subsidiary		(107)	(10,279)	(56)	(14,723)
Gain on disposal of property and equipment		(10,308)	(44)	-	(32)
Gain on disposal of non-current asset held for sale		(3,217)	(1,123)	-	-
Interest income		(326)	(231)	(260)	(129)
Share of profit in an associate		(900)	(1,282)	-	-
Operating profit/(loss) before working capital changes		4,354	4,610	(824)	(1,656)
Decrease/(Increase) in inventories		2,844	(5,114)	-	-
Increase in trade and other receivables		(138)	(2,088)	(1)	(4)
(Decrease)/Increase in trade and other payables		(5,685)	(1,045)	113	(3,366)
CASH FROM/(FOR) OPERATIONS/ BALANCE CARRIED FORWARD		1,375	(3,637)	(712)	(5,026)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONT'D)

		The Group		The Company	
		2014	**2013**	**2014**	**2013**
	Note	RM'000	RM'000	RM'000	RM'000
BALANCE BROUGHT FORWARD		1,375	(3,637)	(712)	(5,026)
Income tax paid		(1,288)	(1,173)	-	-
Interest paid		(925)	(954)	(17)	(17)
NET CASH FOR OPERATING ACTIVITIES		(838)	(5,764)	(729)	(5,043)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of a subsidiary	33	52	13,425	56	15,000
Purchase of intangible asset		-	(500)	-	-
Purchase of equipment	34	(1,408)	(2,600)	-	(6)
Investment in a subsidiary		-	-	(2,666)	-
Proceeds from disposal of property and equipment		14,165	52	-	32
Net proceeds from disposal of non-current asset held for sale		4,829	1,700	-	-
Repayment from/(Net Advances) to subsidiaries		-	-	4,254	(4,949)
Placement of fixed deposits pledged		(5,515)	(100)	-	-
Repayment to a director		(76)	-	(76)	-
Dividend received from subsidiaries		-	-	2,750	-
Interest received		326	231	260	129
NET CASH FROM INVESTING ACTIVITIES		12,373	12,208	4,578	10,206
CASH FLOWS (FOR)/ FROM FINANCING ACTIVITIES					
Net (repayment)/drawdown of bankers' acceptances		(119)	3,218	-	-
Repayment of hire purchase obligations		(292)	(282)	(112)	(108)
Repayment of term loans		(3,221)	(2,231)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(3,632)	705	(112)	(108)
BALANCE CARRIED FORWARD		7,903	7,149	3,737	5,055

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONT'D)

		The Group		The Company	
	Note	**2014** RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
BALANCE BROUGHT FORWARD/NET INCREASE IN CASH AND CASH EQUIVALENTS		7,903	7,149	3,737	5,055
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		13,790	6,641	6,790	1,735
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	35	21,693	13,790	10,527	6,790

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.
Principal place of business	:	No. 63, Jalan 8/146, Bandar Tasik Selatan, Sungai Besi, 57000 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 24 July 2014.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and IC Interpretations (Including The Consequential Amendments)

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 (2011) Employee Benefits

MFRS 127 (2011) Separate Financial Statements

MFRS 128 (2011) Investments in Associates and Joint Ventures

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

3. BASIS OF PREPARATION (CONT'D)

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any) (Cont'd):-

MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to MFRSs 2009 – 2011 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements except as follows:-

(i) MFRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. MFRS 12 is a disclosure standard and requires extensive disclosures. There is no financial impact on financial statements of the Group upon its initial application but may impact its future disclosure.

(ii) MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. MFRS 13 has been applied prospectively as of the beginning of the current financial year and there is no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosure.

(iii) The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There is no financial impact on the financial statements of the Group upon its initial application other than the presentation format of the statements of profit or loss and other comprehensive income.

3. BASIS OF PREPARATION (CONT'D)

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 (2009) Financial Instruments	)
MFRS 9 (2010) Financial Instruments	) To be
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)	) announced) by MASB
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	))
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities	1 January 2014
Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

3. BASIS OF PREPARATION (CONT'D)

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (Cont'd):-

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

(i) MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. There will be no financial impact on the financial statements of the Group upon its initial application.

(ii) The amendments to MFRS 10, MFRS 12 and MFRS 127 (2011) require investment entities to measure particular subsidiaries at fair value through profit or loss instead of consolidating them. The Company is an investment entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Accordingly, the Group will deconsolidate its subsidiaries upon the initial application of these amendments and to fair value the investments in accordance with MFRS 139. There will be no financial impact on the financial statements of the Group and of the Company.

(iii) The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no financial impact on the financial statements of the Group upon its initial application.

(iv) The amendments to MFRS 136 remove the requirement to disclose the recoverable amount when a cash-generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives but there has been no impairment. Therefore, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial and usage factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(iv) Write-down of Inventories

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 valuation of inventories.

(v) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vi) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, 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.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) BASIS OF CONSOLIDATION (CONT'D)

(ii) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(iii) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(a) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(b) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) BASIS OF CONSOLIDATION (CONT'D)

(iv) Loss of Control (Cont'd)

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(c) GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) FUNCTIONAL AND FOREIGN CURRENCIES

(i) Functional and Presentation Currency

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

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(e) FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) FINANCIAL INSTRUMENTS (CONT'D)

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  As at the end of the reporting period, there were no financial assets classified under this category.

- *Held-to-maturity Investments*

  As at the end of the reporting period, there were no financial assets classified under this category.

- *Loans and Receivables Financial Assets*

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Available-for-sale Financial Assets*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset 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 (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

(f) INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable. The cost of the investments includes transaction costs.

On disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss. The cost of the investments includes transaction costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) INVESTMENT IN ASSOCIATE

An associate is an entity in which the Group has a long-term equity interest and where is exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to the end of the reporting period of the Group . The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) PROPERTY AND EQUIPMENT

Property and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at cost less accumulated impairment losses, if any and is not depreciated.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the lease period
Buildings	2%
Motor vehicles	20% - 30%
Office equipment, furniture and fittings	5% - 20%
Computers	50%
Renovation	10% - 20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) INTANGIBLE ASSETS

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite.

The cost of acquiring the rights, interest and benefits to the operations, brands and patents pertaining to the trademarks are capitalised as intangible assets.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate the carrying value may be impaired either individually or at the cash generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable, If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) IMPAIRMENT

(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.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

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 financial asset 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) IMPAIRMENT (CONT'D)

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 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 costs 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 been 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, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(h) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) INVENTORIES

Inventories comprise goods held for trading and are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out 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.

(m) NON-CURRENT ASSETS AND ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

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

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

(n) INCOME TAXES

Income taxes for the year comprise current 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 or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs 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 assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) INCOME TAXES (CONT'D)

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(o) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

(p) EMPLOYEE BENEFITS

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

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

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(s) REVENUE RECOGNITION

(i) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(ii) Dividend Income

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

(iii) Rental Income

Rental income is recognised on an accrual basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) BORROWING COSTS

Borrowing costs, directly attributable to the acquisition and construction of property and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

(u) DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of is held for sale, under deregistration exercise or is a subsidiary acquired exclusively with a view for resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

(v) OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(w) CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2014	**2013**
	RM'000	RM'000
Unquoted shares, at cost		
At 1 April 2013/2012	35,583	37,608
Additional investment in a subsidiary during the financial year	2,666	-
Transferred to non-current asset held for sale (Note 15)	-	(2,025)
At 31 March 2014/2013	38,249	35,583
Less: Accumulated impairment losses	(275)	-
	37,974	35,583
Accumulated impairment losses:-		
At 1 April 2013/2012	-	(2,025)
Addition during the financial year	(275)	-
Transferred to non-current asset held for sale (Note 15)	-	2,025
At 31 March 2014/2013	(275)	-

The Company assessed the recoverable amount of investments in subsidiaries and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount. The recoverable amount of the cash-generating unit is determined using the fair value less costs to sell approach, and is derived from the net assets position of the respective subsidiaries as at the end of the reporting period.

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal activities
	2014	**2013**	
Miroza Leather (M) Sdn. Bhd. ("Miroza")	100%	100%	Trading in leather products.
MESB Capital & Development Sdn Bhd	100%	100%	Investment holding.
Crystal United Sdn. Bhd.	100%	100%	Investment holding.
MESB Agriculture Sdn. Bhd. ^	100%	100%	Dormant.

^ *The subsidiary was struck off from the register pursuant to Section 308 of the Companies Act, 1965.*

6. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Unquoted shares, at cost	660	660	660	660
Share of post acquisition profits	7,070	6,170	-	-
	7,730	6,830	660	660

(a) Share of profit in an associate is based on the unaudited financial statements of the associate made up to 31 March 2014.

(b) Details of the associate, which is incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest **2014**	**2013**	Principal activities
PDC Telecommunication Services Sdn. Bhd.	40%	40%	Development, rental and legalisation of the telecommunication base transceiver stations in the State of Penang.

6. INVESTMENT IN AN ASSOCIATE (CONT'D)

(c) The summarised unaudited financial information of the associate is as follows:-

	2014 RM'000	**2013** RM'000
At 31 March		
Non-current assets	6,004	6,982
Current assets	18,288	15,002
Non-current liabilities	(1,294)	(1,547)
Current liabilities	(3,419)	(3,106)
Net assets	19,579	17,331
12 months ended 31 March		
Revenue	8,728	9,097
Profit for the financial year	2,251	3,205
Total comprehensive income	2,251	3,205
Group's share of profit for the financial year	900	1,282
Group's share of other comprehensive income	-	-
Reconciliation of net assets to carrying amount		
Group's share of net assets above	7,730	6,830
Carrying amount of the Group's interests in this associate	7,730	6,830

7. PROPERTY AND EQUIPMENT

	At 1.4.2013 RM'000	Additions RM'000	Disposals RM'000	Written Off RM'000	Depreciation Charge RM'000	At 31.3.2014 RM'000
The Group						
Net Book Value						
Freehold land and building	3,788	-	(3,788)	-	-	-
Leasehold land and buildings	3,181	-	-	-	(93)	3,088
Motor vehicles	1,020	-	-	-	(341)	679
Office equipment, furniture and fittings	1,646	24	(69)	-	(154)	1,447
Computers	170	54	-	(1)	(141)	82
Renovation	3,030	1,330	-	(235)	(1,123)	3,002
Total	12,835	1,408	(3,857)	(236)	(1,852)	8,298

7. PROPERTY AND EQUIPMENT (CONT'D)

The Group	At 1.4.2012 RM'000	Classified As Non-Current Assets Held For Sale (Note 15) RM'000	Reclassification RM'000	Transferred To Assets Of Disposal Group Classified As Held For Sale (Note 16) RM'000	Additions RM'000	Disposal RM'000	Written Off RM'000	Depreciation Charge RM'000	At 31.3.2013 RM'000
Net Book Value									
Freehold land and building	4,473	-	(685)	-	-	-	-	-	3,788
Leasehold land and buildings	4,272	(1,612)	685	-	-	-	-	(164)	3,181
Motor vehicles	1,271	-	-	-	86	-	-	(337)	1,020
Office equipment, furniture and fittings	784	-	-	(3)	1,019	(8)	-	(146)	1,646
Computers	84	-	-	-	210	-	-	(124)	170
Renovation	2,950	-	-	-	1,348	-	(153)	(1,115)	3,030
Total	13,834	(1,612)	-	(3)	2,663	(8)	(153)	(1,886)	12,835

7. PROPERTY AND EQUIPMENT (CONT'D)

	At Cost RM'000	Accumulated Depreciation RM'000	Total RM'000
The Group			
At 31.3.2014			
Leasehold land and buildings	3,740	(652)	3,088
Motor vehicles	1,868	(1,189)	679
Office equipment, furniture and fittings	2,123	(676)	1,447
Computers	2,436	(2,354)	82
Renovation	6,141	(3,139)	3,002
	16,308	(8,010)	8,298
At 31.3.2013			
Freehold land and building	4,481	(693)	3,788
Leasehold land and buildings	3,741	(560)	3,181
Motor vehicles	1,888	(868)	1,020
Office equipment, furniture and fittings	2,330	(684)	1,646
Computers	2,385	(2,215)	170
Renovation	5,334	(2,304)	3,030
	20,159	(7,324)	12,835

7. PROPERTY AND EQUIPMENT (CONT'D)

The Company	At 1.4.2013 RM'000	Addition RM'000	Depreciation Charge RM'000	At 31.3.2014 RM'000
Net Book Value				
Computers	3	-	(3)	-
Motor vehicles	365	-	(121)	244
	368	-	(124)	244

The Company	At 1.4.2012 RM'000	Additions RM'000	Depreciation Charge RM'000	At 31.3.2013 RM'000
Net Book Value				
Computers	2	6	(5)	3
Motor vehicles	487	-	(122)	365
	489	6	(127)	368

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
At 31.3.2014			
Computers	9	(9)	-
Motor vehicles	609	(365)	244
	618	(374)	244
At 31.3.2013			
Computers	9	(6)	3
Motor vehicles	609	(244)	365
	618	(250)	368

7. PROPERTY AND EQUIPMENT (CONT'D)

The leasehold land is amortised over the lease period ranging from 80 to 99 years.

Included in the carrying amounts of the property and equipment at the end of the reporting period were the following:-

(a) assets acquired under hire purchase terms:-

	The Group	
	2014	**2013**
	RM'000	RM'000
Motor vehicles	605	950

	The Company	
	2014	2013
	RM'000	RM'000
Motor vehicles	240	361

(b) assets pledged as security for banking facilities granted to the Group:-

	The Group	
	2014	**2013**
	RM'000	RM'000
Freehold land and building	-	3,788
Leasehold land and buildings	3,088	3,181
	3,088	6,969

8. OTHER ASSETS

		The Group		The Company	
		2014	**2013**	**2014**	**2013**
		RM'000	RM'000	RM'000	RM'000
Intangible asset	(a)	500	500	-	-
Other investment	(b)	40	40	40	40
		540	540	40	40

(a) Intangible Asset

	The Group	
	2014	**2013**
	RM'000	RM'000
At cost	500	500

Intangible asset represents the intellectual rights, interest and benefits to the operations, trademarks and patents pertaining to the "Giamax", and "GMX" brands.

(b) The other investment designated as available-for-sale financial asset represents club memberships carried at fair value. The club memberships are held in trust by certain directors of the Company.

9. GOODWILL ON CONSOLIDATION

Goodwill on consolidation arose from the acquisition of Miroza. Thus, the cash generating unit ("CGU") to which the goodwill belongs has been identified as the operating activities of Miroza (excluding Giamax and GMX brands).

Goodwill on consolidation is stated at cost and reviewed for impairment annually.

During the financial year, the Group assessed the recoverable amount of the goodwill on consolidation, and determined that the goodwill on consolidation is not impaired.

The recoverable amount of a CGU is determined based on the value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a period of five years.

9. GOODWILL ON CONSOLIDATION (CONT'D)

The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Trading segment	68%	67%	4%	5%	9.08%	5.75%

(a) Budgeted gross margin	The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the years immediately before the budgeted year increase for expected efficiency improvements and cost saving measures.
(b) Growth rate	The growth rates used are based on the expected projection of the revenue.
(c) Discount rate	The discount rate used is the pre-tax rate and reflect specific risks relating to the relevant operating segments.

10. INVENTORIES

	The Group	
	2014 RM'000	**2013** RM'000
Inventories held for trading:		
- at cost	15,581	18,563
- at net realisable value	150	144
	15,731	18,707
<u>Recognised in profit or loss</u>		
- inventories recognised as cost of sales	29,181	29,431
- inventories written down	132	92
	29,313	29,523

11. TRADE RECEIVABLES

	The Group	
	2014	**2013**
	RM'000	RM'000
Trade receivables	13,208	14,376
Less: Allowance for impairment losses	(395)	(395)
	12,813	13,981

Included in trade receivables at the end of the reporting period were the following:-

	The Group	
	2014	**2013**
	RM'000	RM'000
Amounts owing by related parties:		
- Roncato Sdn. Bhd.	60	60
- MX Too Sdn. Bhd.	2	1
- MESB Technology Sdn. Bhd.	-	16
- Orlando Corporation Sdn. Bhd.	23	52
	85	129

The Group's normal trade credit terms range from cash terms to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Other receivables	2,046	801	-	-
Less: Allowance for impairment losses	(450)	(480)	-	-
	1,596	321	-	-
Deposits	400	274	7	6
Prepayments	195	316	-	-
	2,191	911	7	6

	The Group		The Company	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Allowance for impairment losses:-				
At 1 April 2013/2012	(480)	(680)	-	-
Addition during the financial year	(15)	(30)	-	-
Writeback during the financial year	45	200	-	-
Transferred to assets of disposal group held for sale	-	30	-	-
At 31 March 2014/2013	(450)	(480)	-	-

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing are non-trade in nature, unsecured, interest-free and receivable/repayable on demand. The amounts owing are to be settled in cash.

14. FIXED DEPOSITS WITH LICENSED BANKS

(a) The weighted average effective interest rate of the fixed deposits of the Group and the Company at the end of the reporting period was 2.85% (2013 – 2.62%) and 2.98% (2013 – 2.43%) per annum respectively. The fixed deposits have maturity periods ranging from 1 to 12 months (2013 - 1 to 12 months).

(b) Included in fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM8,989,000 (2013: RM3,474,000) which has been pledged to licensed banks as security for banking facilities granted to the Group.

15. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Reclassified from property and equipment (Note 7):				
- leasehold land and buildings ^	-	1,612	-	-
Reclassified from investment in a subsidiary:				
- investment in MDSB @	-	-	-	*
	-	**-**	-	*

* Amount less than RM1,000

^ In the previous financial year, a subsidiary entered into a Sale and Purchase Agreement with a third party to dispose of its leasehold land and building for a total cash consideration of RM5,030,570. The disposal was completed during the current financial year.

@ The disposal of investment in MESB Development Sdn. Bhd. ("MDSB") was completed during the current financial year as disclosed in Note 16 to the financial statements.

16. ASSETS/LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In the previous financial year, the Company entered into a Share Sale Agreement with a third party to dispose of its entire equity interest in a subsidiary, MDSB, for a total cash consideration of RM56,000. The disposal was completed in the current financial year.

The assets and liabilities of the disposal group, measured at the lower of their carrying amounts and fair values less costs to sell, were as follows:-

	The Group	
	2014	**2013**
	RM'000	RM'000
Assets		
Property and equipment (Note 7)	-	3
Cash and bank balances (Note 35)	-	17
Assets of disposal group classified as held for sale	-	20
Liabilities		
Other payables and accruals	-	3
Liabilities of disposal group classified as held for sale	-	3

17. SHARE CAPITAL

	The Company			
	2014	**2013**	**2014**	**2013**
	Number Of Shares			
Ordinary Shares Of RM1 Each:-	'000	'000	RM'000	RM'000
Authorised	100,000	100,000	100,000	100,000
Issued And Fully Paid-Up	42,000	42,000	42,000	42,000

18. SHARE PREMIUM

This relates to the premium arising from shares issued and is not distributable by way of cash dividends.

19. CAPITAL RESERVE

This relates to the equity-settled share option previously granted to employees. This reserve consists of the cumulative value of services received from employees recorded on the grant of the share options. The share options were implemented on 14 December 2004 and expired on 13 December 2009.

20. RETAINED PROFITS

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

21. HIRE PURCHASE PAYABLES

	The Group		The Company	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Minimum hire purchase payments:				
- not later than one year	327	329	124	124
- later than one year but not later than five years	419	751	244	373
	746	1,080	368	497
Less: Future finance charges	(99)	(141)	(51)	(68)
Present value of hire purchase payables	647	939	317	429
The net hire purchase payables are repayable as follows:-				
Current:				
- not later than one year	284	289	107	107
Non-current:				
- later than one year but not later than five years	363	650	210	322
	647	939	317	429

The hire purchase payables of the Group and of the Company are subjected to weighted average effective interest rates ranging from 5.14% to 6.00% (2013 - 5.14% to 6.00%) per annum.

22. TERM LOANS

	The Group	
	2014	**2013**
	RM'000	RM'000
Current portion:		
- repayable within one year	623	768
Non-current portion:		
- repayable between one to two years	371	725
- repayable between two to five years	503	1,133
- repayable after five years	-	2,092
	874	3,950
	1,497	4,718

Details of the term loans at the end of the reporting period are as follows:-

Term Loan	Number Of Monthly Instalments	Monthly Instalments RM	Effective Dates Of Commencement Of Repayment	Amount Outstanding **2014** RM'000	Amount Outstanding **2013** RM'000
1	60	24,592	January 2012	756	1,004
2	36	31,267	January 2012	272	612
3	180	20,696	January 2012	-	2,451
4	120	8,255	April 2012	-	651
5	60	10,102	November 2013	469	-
				1,497	4,718

The term loans of the Group at the end of the reporting period are subject to a weighted average effective interest rate of 6.46% (2013 – 5.77%) per annum and are secured by:-

(i) a first legal charge over the leasehold land and buildings of the Group;

(ii) a pledge over the fixed deposits of a subsidiary; and

(iii) a corporate guarantee of the Company.

23. DEFERRED TAX LIABILITIES

	The Group	
	2014 RM'000	**2013** RM'000
At 1 April 2013/2012	264	267
Recognised in profit or loss (Note 30)	(221)	(3)
At 31 March 2014/2013	43	264

The deferred tax liabilities are attributable to the following:-

	2014 RM'000	**2013** RM'000
Taxable temporary differences attributable to a accelerated capital allowances	168	264
Deductible temporary differences	(125)	-
	43	264

24. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 days.

25. AMOUNT OWING TO A DIRECTOR

The amount owing to a director in the previous financial year represented the balance of the consideration payable for the acquisition of equity interest in Miroza Leather (M) Sdn. Bhd. in prior years. The amount owing was unsecured, interest-free and was settled during the financial year.

26. BANKERS' ACCEPTANCES

The bankers' acceptances of the Group are subjected to weighted average effective interest rates ranging from 4.50% to 5.00% (2013 - 3.35% to 4.69%) per annum at the end of the reporting period and are secured by:-

(i) legal charges over the leasehold land and buildings of the Group;

(ii) a pledge over the fixed deposits of a subsidiary; and

(iii) a corporate guarantee of the Company.

27. REVENUE

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Trading	91,231	87,993	-	-
Rental of property	19	19	-	-
Dividends received from subsidiaries	-	-	2,917	-
	91,250	88,012	2,917	-

28. COST OF SALES

	The Group	
	2014	**2013**
	RM'000	RM'000
Trading	33,728	33,109
Rental of property	68	50
	33,796	33,159

29. PROFIT BEFORE TAXATION

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for impairment losses on other receivables	15	-	-	-
Audit fee:				
- for the financial year	72	73	30	35
- (over)/underprovision in the previous financial year	(1)	3	-	2
Bad debts written off	56	-	79	365
Depreciation of property and equipment	1,852	1,886	124	127
Directors' fee	100	107	100	107
Directors' non-fee emoluments	810	859	252	310
Equipment written off	236	153	-	-
Impairment loss on investment in a subsidiary	-	-	275	-
Interest expense:				
- bank overdrafts	35	17	-	-
- bankers' acceptances	570	509	-	-
- hire purchase	42	41	17	17
- term loans	278	298	-	-
- others	-	2	-	-
Rental of premises	661	632	-	-
Staff costs:				
- salaries, wages, allowances and bonus	16,190	14,487	174	101
- defined contribution plans	1,504	1,374	18	14
- other benefits	509	384	4	1
Inventories written down	132	92	-	-

29. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Allowance for impairment losses on other receivables written back	(45)	(200)	-	-
Dividends from subsidiaries	-	-	(2,917)	-
Gain on disposal of property and equipment	(10,308)	(44)	-	(32)
Gain on disposal of non-current asset held for sale	(3,217)	(1,123)	-	-
Gain on disposal of a subsidiary	(107)	(10,279)	(56)	(14,723)
Interest income:				
- fixed deposit	(326)	(230)	(260)	(129)
- others	-	(1)	-	-
Realised gain on foreign exchange	(29)	(35)	-	-
Rental income	(162)	(527)	-	-
Share of results in an associate	(900)	(1,282)	-	-

30. INCOME TAX EXPENSE

	The Group		The Company	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Current tax:				
- for the financial year	1,109	1,072	167	-
- overprovision in the previous financial year	(43)	(19)	-	-
	1,066	1,053	167	-
Deferred taxation (Note 23):				
- for the financial year	(40)	-	-	-
- overprovision in the previous financial year	(181)	(3)	-	-
	(221)	(3)	-	-
	845	1,050	167	-

30. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Profit before taxation	16,116	13,705	1,914	12,719
Tax at the statutory tax rate of 25%	4,028	3,426	478	3,180
Tax effects of:-				
Share of results in an associate	(225)	(321)	-	-
Non-taxable gains	(3,462)	(2,993)	(576)	(3,690)
Non-deductible expenses	728	960	265	510
Overprovision in the previous financial year:				
- current tax	(43)	(19)	-	-
- deferred tax	(181)	(3)	-	-
Income tax expense for the financial year	845	1,050	167	-

31. (LOSS)/PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS

The discontinued operations relate to the discontinuance of the following subsidiaries during the financial year:-.

(a) the disposal of the entire equity interest in a wholly owned subsidiary, MESB Development Sdn. Bhd. was completed during the financial year.

(b) MESB Agriculture Sdn. Bhd. had been struck off from the register pursuant to Section 308 of the Companies Act, 1965.

The related information on the discontinued operations are as follows:-

(i) Analysis of the results of the discontinued operations is as follows:-

	The Group	
	2014	**2013**
	RM'000	RM'000
Revenue	-	1,715
Cost of sale	-	(606)
Gross profit	-	1,109
Other Income	-	9
	-	1,118
Administrative and other expenses	(75)	(515)
Finance costs	-	(87)
(Loss)/Profit before taxation	(75)	516
Income tax expense:		
- current tax	-	(300)
(Loss)/Profit after taxation from discontinued operations	(75)	216

31. (LOSS)/PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS (CONT'D)

(b) Included in profit before taxation of the discontinued operations are the following:-

	The Group	
	2014	**2013**
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Allowance for impairment losses on other receivables	-	30
Amortisation of intangible asset	-	2
Audit fee	-	3
Depreciation of property and equipment	-	431
Directors' fee	-	16
Directors' non-fee emoluments	-	144
Hire of machineries and vehicles	-	1
Term loans interest expense	-	87
Rental of land	-	182
Rental of premises	-	7
Staff costs:		
- salaries, allowances and bonuses	33	114
- defined contribution plan	3	13
- others	19	2
Fixed deposit interest income	-	(1)

(c) The cash flows attributable to the discontinued operations are as follows:-

	The Group	
	2014	**2013**
	RM'000	RM'000
Net cash (for)/from operating activities	(13)	2,156
Net cash for investing activities	-	(109)
Net cash for financing activities	-	(1,511)
Net cash (for)/from discontinued operations	(13)	536

32. EARNINGS PER SHARE

	The Group	
	2014	**2013**
Continuing operations		
Profit attributable to owners of the Company (RM'000)	15,271	12,655
Number of ordinary shares at 31 March ('000)	42,000	42,000
Basic earnings per share (sen)	36.36	30.13
Discontinued operations		
(Loss)/Profit after taxation (RM'000)	(75)	216
Less: Profit attributable to non-controlling interest (RM'000)	-	(259)
Loss attributable to owners of the Company (RM'000)	(75)	(43)
Number of ordinary shares at 31 March ('000)	42,000	42,000
Basic loss per share (sen)	(0.18)	(0.10)

The diluted earnings per share is not applicable as there are no potential dilutive ordinary shares outstanding at the end of the reporting period.

33. DISPOSAL OF A SUBSIDIARY

The Company disposed of the following subsidiaries:-

(i) During the financial year, the Company disposed of its wholly owned subsidiary, MESB Development Sdn. Bhd. for a total cash consideration of RM56,000.

(ii) In the previous financial year, the Company disposed of its entire equity interest of 55% in Dynamic Communication Link Sdn. Bhd. for a total cash consideration of RM15,000,000.

The effects of the abovementioned disposals on the consolidated financial statements of the Group are as follows:-

(a) Effects on Consolidated Statement of Profit or Loss and Other Comprehensive Income

The effects on the consolidated results of the Group up to the date of disposal in the current financial year were as follows:-

	2014 RM'000	**2013** RM'000
Revenue	-	1,716
Cost of sales	-	(606)
Gross profit	-	1,110
Other income	-	8
Administrative and other operating expenses	(69)	(154)
Finance costs	-	(87)
(Loss)/Profit before taxation	(69)	877
Income tax expense	-	(300)
(Loss)/Profit after taxation	(69)	577

33. DISPOSAL OF A SUBSIDIARY (CONT'D)

(b) Effects on Consolidated Financial Position

The effects on the consolidated financial position of the Group as at the date of disposal in the current financial year were as follows:-

	2014 RM'000	**2013** RM'000
Equipment	3	13,560
Intangible asset	-	14
Trade and other receivables	-	1,909
Cash and bank balances	4	1,575
Provision for taxation	-	(222)
Trade and other payables	(58)	(1,379)
Term loan	-	(3,569)
Deferred taxation	-	(3,149)
Fair value of net assets disposed	(51)	8,739
Minority interest	-	(4,018)
Gain on disposal of a subsidiary	107	10,279
Sale proceeds from disposal of a subsidiary, net of incidental cost	56	15,000
Cash and bank balances	(4)	(1,575)
Cash inflow from disposal of a subsidiary	52	13,425

34. PURCHASE OF EQUIPMENT

	The Group		The Company	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Cost of equipment purchased:				
- equipment (Note 7)	1,408	2,663	-	6
- assets of disposal group classified as held for sale	-	18	-	-
	1,408	2,681	-	6
Amount financed through hire purchase	-	(81)	-	-
Cash disbursed for purchase of equipment	1,408	2,600	-	6

35. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Deposits with licensed banks (Note 14)	16,730	10,077	7,741	6,602
Cash and bank balances	13,952	7,170	2,786	188
	30,682	17,247	10,527	6,790
Less : Deposit pledged to licensed banks	(8,989)	(3,474)	-	-
	21,693	13,773	10,527	6,790
Assets of disposal group classified as held for sale:				
- cash and bank balances (Note 16)	-	17	-	-
	21,693	13,790	10,527	6,790

36. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:-

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Executive directors:				
- salaries and allowances	790	839	232	290
- fees	36	35	36	35
	826	874	268	325
Non-executive directors:				
- allowances	20	20	20	20
- fees	64	72	64	72
	84	92	84	92
	910	966	352	417

37. RELATED PARTY DISCLOSURES

(a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

37. RELATED PARTY DISCLOSURES (CONT'D)

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Dividends received from subsidiaries	-	-	2,917	-
Sales to related parties:				
- Roncato Sdn Bhd. *	2,006	1,560	-	-
- MX Too Sdn. Bhd. *	21	80	-	-
- MESB Technology Sdn. Bhd. *	2	15	-	-
- Orlando Corporation Sdn. Bhd. *	289	189	-	-
Royalty charged by a related party:				
- MX Too Sdn. Bhd. *	3,329	2,556	-	-
- Milazo Pte. Ltd. *	345	-	-	-
Waiver of debt to a subsidiary	-	-	23	365

* *Companies in which certain directors have substantial financial interests.*

37. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

The remuneration paid to directors of the Company and its subsidiaries, who are the key management personnel of the Group and the Company during the financial year as follows:-

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	1,035	1,234	384	387
Post employment benefits	108	123	26	30

The outstanding amounts of the related parties will be settled in cash. No guarantees have been given or received.

38. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors of the Group as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, 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 segment – involved in the trading of leather.

(ii) Investment holding segment – involved in investment holding.

38. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

	Continuing Operations				
	Trading Segment RM'000	Investment Holding Segment RM'000	Group RM'000	Discontinued Operations RM'000	Total Operations RM'000
2014					
Revenue					
Total revenue	91,231	3,020	94,251	-	94,251
Inter-segment revenue	-	(3,001)	(3,001)	-	(3,001)
External revenue	91,231	19	91,250	-	91,250
Results					
Segment results	5,247	(297)	4,950	(75)	4,875
Allowance of impairment loss written back	45	-	45	-	45
Gain on disposal of property and equipment	10,308	-	10,308	-	10,308
Gain on disposal of non-current asset held for sale	-	3,217	3,217	-	3,217
Interest income	106	220	326	-	326
Rental income	143	19	162	-	162
Realised gain on foreign exchange	29	-	29	-	29
Allowance for impairment losses on receivables	(15)	-	(15)	-	(15)
Depreciation of property and equipment	(1,677)	(175)	(1,852)	-	(1,852)
Equipment written off	(236)	-	(236)	-	(236)
Rental of premises	-	(661)	(661)	-	(661)
Inventories written down	(132)	-	(132)	-	(132)
	13,818	2,323	16,141	(75)	16,066
Finance costs	(908)	(17)	(925)	-	(925)
Share of profit in an associate	-	900	900	-	900
Profit before taxation	12,910	3,206	16,116	(75)	16,041
Income tax expense	(663)	(182)	(845)	-	(845)
Consolidated profit after taxation	12,247	3,024	15,271	(75)	15,196

38. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Continuing Operations				
	Trading Segment RM'000	Investment Holding Segment RM'000	Total RM'000	Discontinued Operations RM'000	Total Group RM'000
2014					
Assets					
Segment assets	80,595	14,328	94,923	-	94,923
Tax recoverable	-	156	156	-	156
	80,595	14,484	95,079	-	95,079
Investment in associate					7,730
Consolidated total assets					102,809
Liabilities					
Segment liabilities	20,484	643	21,127	-	21,127
Deferred tax liabilities					43
Provision for taxation					269
Consolidated total liabilities					21,439
Other segment items					
Investment in associate	-	7,730	7,730	-	7,730
Property and equipment	5,504	2,794	8,298	-	8,298
Other assets	500	40	540	-	540
Goodwill on consolidation	24,668	-	24,668	-	24,668
	30,672	10,564	41,236	-	41,236

38. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	← Continuing Operations →				
	Trading Segment RM'000	Investment Holding Segment RM'000	Group RM'000	Discontinued Operations RM'000	Total Operations RM'000
2013					
Revenue					
Total revenue	87,993	103	88,096	1,715	89,811
Inter-segment revenue	-	(84)	(84)	-	(84)
External revenue	87,993	19	88,012	1,715	89,727
Results					
Segment results	5,619	(2,004)	3,615	1,255	4,870
Allowance of impairment loss written back	200	-	200	-	200
Gain on disposal of equipment	12	32	44	-	44
Gain on disposal of non-current asset held for sale	1,123	-	1,123	-	1,123
Gain on disposal group classified as held-for-sale	-	10,279	10,279	-	10,279
Interest income	100	130	230	1	231
Rental income	508	19	527	-	527
Realised gain on foreign exchange	35	-	35	-	35
Allowance for impairment losses on receivables	-	-	-	(30)	(30)
Amortisation of intangible asset	-	-	-	(2)	(2)
Depreciation of property and equipment	(1,696)	(190)	(1,886)	(431)	(2,317)
Equipment written off	(153)	-	(153)	-	(153)
Hire of machineries and vehicles	-	-	-	(1)	(1)
Rental of land	-	-	-	(182)	(182)
Rental of premises	(632)	-	(632)	(7)	(639)
Inventories written down	(92)	-	(92)	-	(92)
	5,024	8,266	13,290	603	13,893
Finance costs	(850)	(17)	(867)	(87)	(954)
Share of profit in an associate	-	1,282	1,282	-	1,282
Profit before taxation	4,174	9,531	13,705	516	14,221
Income tax expense	(1,184)	134	(1,050)	(300)	(1,350)
Consolidated profit after taxation	2,990	9,665	12,655	216	12,871

38. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	← Continuing Operations		→		
	Trading Segment RM'000	Investment Holding Segment RM'000	Total RM'000	Discontinued Operations RM'000	Total Group RM'000
2013					
Assets					
Segment assets	78,307	12,194	90,501	-	90,501
Tax recoverable	-	153	153	-	153
Disposal group	-	-	-	20	20
	78,307	12,347	90,654	20	90,674
Investment in associate					6,830
Consolidated total assets					97,504
Liabilities					
Segment liabilities	29,357	1,215	30,572	3	30,575
Disposal group	-	-	-	3	3
	29,357	1,218	30,572	6	30,578
Deferred taxation					264
Provision for taxation					488
Consolidated total liabilities					31,330
Other segment items					
Investment in associate	-	6,830	6,830	-	6,830
Property and equipment	9,857	2,981	12,838	(3)	12,835
Other assets	500	40	540	-	540
Goodwill on consolidation	24,668	-	24,668	-	24,668
	35,025	9,851	44,876	(3)	44,873

An analysis by geographical segment is not presented as the Group operates primarily in Malaysia.

38. OPERATING SEGMENTS (CONT'D)

MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of Group revenue:-

	Revenue		**Segment**
	2013 RM'000	**2012** RM'000	
Customer A	22,326	31,565	Trading segment
Customer B	12,074	15,364	Trading segment

39. OPERATING LEASE COMMITMENTS

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group	
	2014 RM'000	**2013** RM'000
Not later than one year	675	527
Later than one year but not later than five years	262	458
	937	985

40. CONTINGENT LIABILITY

	The Company	
	2014 RM'000	**2013** RM'000
Unsecured:-		
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary	16,930	20,270

41. FOREIGN EXCHANGE RATE

The principal closing foreign exchange rate used for the translation of the Group's foreign currency balance at the end of the reporting period was as follow:-

	2014 RM	**2013** RM
1 Brunei Dollar	2.30	2.30

42. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group does not have any significant exposure to any foreign currency and hence is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 42(a)(iii) to the financial statements.

<u>Interest rate risk sensitivity analysis</u>

A 100 basis points strengthening/weakening in the interest rate as at the end of the reporting period would have immaterial impact on profit after taxation/equity. This assumes that all other variables remain constant.

42. FINANCIAL INSTRUMENTS (CONT'D)

(a) FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(i) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

<u>Credit risk concentration profile</u>

The Group's major concentration of credit risk relates to the amounts owing by two (2) customers which constituted approximately 58% (2013 - 56%) of its trade receivables as at the end of the reporting period.

<u>Exposure to credit risk</u>

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

42. FINANCIAL INSTRUMENTS (CONT'D)

(a) FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(ii) Credit Risk (Cont'd)

Exposure to credit risk (Cont'd)

The exposure of credit risk for trade receivables by geographical region is as follows:-

	The Group	
	2014 RM'000	**2013** RM'000
Brunei	37	46
Vietnam	-	90
Malaysia	12,776	13,845
	12,813	13,981

Ageing analysis

The ageing analysis of the Group's trade receivables as at the end of the reporting period is as follows:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
2014				
Not past due	12,159	-	-	12,159
Past due:-				
- less than 3 months	624	-	-	624
- over 3 months	425	(316)	(79)	30
	13,208	(316)	(79)	12,813

42. FINANCIAL INSTRUMENTS (CONT'D)

(a) FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(ii) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
2013				
Not past due	13,112	-	-	13,112
Past due:-				
- less than 3 months	869	-	-	869
- over 3 months	395	(316)	(79)	-
	14,376	(316)	(79)	13,981

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

42. FINANCIAL INSTRUMENTS (CONT'D)

(a) FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2014						
Trade payables	-	929	929	929	-	-
Other payables and accruals	-	2,621	2,621	2,621	-	-
Hire purchase payables	5.57%	647	746	327	419	-
Term loans	6.46%	1,497	1,652	698	954	-
Bankers' acceptances	4.75%	15,433	15,433	15,433	-	-
		21,127	21,381	20,008	1,373	-

42. FINANCIAL INSTRUMENTS (CONT'D)

(a) FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(iii) Liquidity Risk (Cont'd)

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2013						
Trade payables	-	6,111	6,111	6,111	-	-
Other payables and accruals	-	3,179	3,179	3,179	-	-
Amount owing to a director	-	76	76	76	-	-
Hire purchase payables	5.57%	939	1,080	329	751	-
Term loans	5.77%	4,718	6,070	1,018	2,483	2,569
Bankers' acceptances	4.55%	15,552	15,552	15,552	-	-
		30,575	32,068	26,265	3,234	2,569

42. FINANCIAL INSTRUMENTS (CONT'D)

(a) FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(iii) Liquidity Risk (Cont'd)

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2014						
Other payables and accruals	-	306	306	306	-	-
Hire purchase payables	6.00%	317	368	124	244	-
		623	674	430	244	-

42. FINANCIAL INSTRUMENTS (CONT'D)

(a) FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(iii) Liquidity Risk (Cont'd)

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2013						
Other payables and accruals	-	193	193	193	-	-
Amount owing to a subsidiary	-	80	80	80	-	-
Amount owing to a director	-	76	76	76	-	-
Hire purchase payables	6.00%	429	497	124	373	-
		778	846	473	373	-

(b) CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less fixed deposits with licensed banks and cash and bank balances.

42. FINANCIAL INSTRUMENTS (CONT'D)

(b) CAPITAL RISK MANAGEMENT (CONT'D)

The debt-to-equity-ratio was not presented for the current financial year as the fixed deposits with licensed banks and cash and bank balances are in excess of the debts of the Group.

The debt-to-equity ratio of the Group as at the end of the previous reporting period was as follows:-

	The Group **2013** RM'000
Trade payables	6,111
Other payables and accruals	3,179
Amount owing to a director	76
Hire purchase payables	939
Term loans	4,718
Bankers' acceptances	15,552
	30,575
Less: Fixed deposits with licensed banks	(10,007)
Less: Cash and bank balances	(7,170)
Net debt	13,398
Total equity	66,174
Debt-to-equity ratio	0.20

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

42. FINANCIAL INSTRUMENTS (CONT'D)

(c) CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Financial assets				
Available-for-sale financial assets				
Other investment	40	40	40	40
Loans and receivables financial assets				
Trade receivables	12,813	13,981	-	-
Other receivables and deposits	1,996	595	7	6
Amount owing by subsidiaries	-	-	18	4,431
Fixed deposits with licensed banks	16,730	10,077	7,741	6,602
Cash and bank balances	13,952	7,170	2,786	188
	45,491	31,823	10,552	11,227
Financial liabilities				
Other financial liabilities				
Trade payables	929	6,111	-	-
Other payables and accruals	2,621	3,179	306	193
Amount owing to a subsidiary	-	-	-	80
Amount owing to a director	-	76	-	76
Hire purchase payables	647	939	317	429
Term loans	1,497	4,718	-	-
Bankers' acceptances	15,433	15,552	-	-
	21,127	30,575	623	778

42. FINANCIAL INSTRUMENTS (CONT'D)

(d) FAIR VALUE INFORMATION

Other than disclosed below, the fair values of the financial asset and financial liability maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			**Total Fair Value**	**Carrying Amount**
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group								
Financial Assets								
Other investment	-	40	-	-	-	-	40	40
Financial Liabilities								
Hire purchase payables	-	-	-	-	419	-	419	363
Term loans	-	-	-	-	954	-	954	874
The Company								
Financial Assets								
Other investment	-	-	-	-	-	-	40	40
Financial Liabilities								
Hire purchase payables	-	-	-	-	244	-	244	210

42. FINANCIAL INSTRUMENTS (CONT'D)

(d) FAIR VALUE INFORMATION (CONT'D)

Other than disclosed below, the fair values of the financial asset and financial liability maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value	**Total Fair Value**	**Carrying Amount**
	Level 1	Level 2	Level 3	Level*		
2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group						
Financial Assets						
Other investment	-	40	-	-	40	40
Financial Liabilities						
Hire purchase payables	-	-	-	751	751	650
Term loans	-	-	-	5,052	5,052	3,950
The Company						
Financial Assets						
Other investment	-	40	-	-	40	40
Financial Liabilities						
Hire purchase payables	-	-	-	373	373	322

* Comparative fair value information is not presented by levels, by virtue of the exemption given in MFRS 13.

42. FINANCIAL INSTRUMENTS (CONT'D)

(d) FAIR VALUE INFORMATION (CONT'D)

The fair value of the above financial liabilities are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	%	%	%	%
Financial Liabilities				
Hire purchase payables	5.57	5.57	6.00	6.00
Term loans	6.46	5.77	-	-

43. SIGNIFICANT EVENT OCCURRING AFTER THE END OF THE REPORTING PERIOD

On 11 June 2014, the Company incorporated a new subsidiary, PC Global Trends Sdn. Bhd. ("PCGT") with an issued and paid up capital of RM100 representing 100 ordinary shares of RM1 each. The Company subscribed for 51% of the issued and paid-up capital of PCGT. The intended principal activity of PCGT is in the business of importing, exporting and acting as a retail agent of all types of foot wear products.

44. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the presentation of the current financial year:-

	As Restated RM'000	As Previously Reported RM'000
CONSOLIDATED STATEMENT OF CASH FLOWS (EXTRACT):-		
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of fixed deposits	(100)	-
NET CASH FROM INVESTING ACTIVITIES	12,208	12,308
NET CHANGES IN CASH AND CASH EQUIVALENTS	7,149	7,249
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	6,641	10,015
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	13,790	17,264

45. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysia Institute of Accountants, as follows :-

	The Group		The Company	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Total retained profits/(losses):				
- realised	29,272	23,741	6,958	5,211
- unrealised	(43)	(264)	-	-
	29,229	23,477	6,958	5,211
Total share of retained profit of associate:				
- realised	7,588	6,788	-	-
- unrealised	(518)	(618)	-	-
	7,070	6,170	-	-
	36,299	29,647	-	-
Less: Consolidation adjustments	3,029	(5,515)	-	-
	39,328	24,132	6,958	5,211