# FCW HOLDINGS BERHAD
3116-K

# 2015 ANNUAL REPORT

FCW HOLDINGS BERHAD 3116-K

2015 ANNUAL REPORT

CFM design
Designed and Printed by
CFM Printing & Stationery Sdn. Bhd. (7533-H)
Tel : 603-4023 1066

# Contents

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Sixtieth Annual General Meeting of the shareholders of the Company will be held at Bukit Kiara Equestrian and Country Resort, Dewan Berjaya Room, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Tuesday, 22 December 2015 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:-

**AGENDA**

1. To lay before the meeting the Audited Financial Statements of the Group and the Company for the financial year ended 30 June 2015 together with the Reports of the Directors and Auditors thereon. **Please refer Explanatory Note A**

2. To re-elect the following Directors retiring in accordance with Article 85 of the Company's Articles of Association:

   (a) Dato' Thor Poh Seng; and **Ordinary Resolution 1**

   (b) Mr Teh Kay Yeong **Ordinary Resolution 2**

3. To re-appoint Tan Sri Dato' Tan Hua Choon as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting of the Company. **Ordinary Resolution 3**

4. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

5. To approve the payment of Directors' fees of RM99,000 in respect of the financial year ended 30 June 2015, an increase of RM48,000 from the financial year ended 30 June 2014. **Ordinary Resolution 5**

6. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

Lim Lai Sam (MAICSA No. 0877479)
Loh Poh Wah (MAICSA No. 7047338)
Tan Shien Yin (MAICSA No. 7018545)
Secretaries

Kuala Lumpur
30 November 2015

**Notes:**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (but not more than two) to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment(s) shall be invalid.

2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it shall be entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. Where an authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

5. Depositors whose names appear in the Record of Depositors on a date not less than three (3) market days before the Annual General Meeting shall be entitled to attend and vote at the Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf.

6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

7. The Proxy Form shall be deposited with the Company's Registered Office at No. 8, 3rd Floor, Jalan Segambut, 51200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

**Explanatory Note A**

This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put forward for voting.

# Corporate Information

**BOARD OF DIRECTORS**

| | |
|---|---|
| **Tan Sri Dato' Tan Hua Choon** | *- Chairman, Non-Independent Non-Executive Director* |
| **Dato' Thor Poh Seng** | *- Non-Independent Non-Executive Director* |
| **Mr Teh Kay Yeong** | *- Independent Non-Executive Director* |
| **Tuan Haji Azizzuddin Bin Haji Hussein** | *- Independent Non-Executive Director* |
| **Mr Lai Sze Pheng** | *- Executive Director* |
| **Mr Tang Tat Chun** | *- Executive Director* |

**AUDIT COMMITTEE**

Mr Teh Kay Yeong (Chairman) (MIA)
Dato' Thor Poh Seng
Tuan Haji Azizzuddin Bin Haji Hussein

**NOMINATION COMMITTEE**

Tan Sri Dato' Tan Hua Choon
Mr Teh Kay Yeong
Tuan Haji Azizzuddin Bin Haji Hussein

**REMUNERATION COMMITTEE**

Tan Sri Dato' Tan Hua Choon
Dato' Thor Poh Seng

**SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR**

Mr Teh Kay Yeong
Fax: (603) 4043 6750

**COMPANY SECRETARIES**

Ms Lim Lai Sam (MAICSA No. 0877479)
Ms Loh Poh Wah (MAICSA No. 7047338)
Ms Tan Shien Yin (MAICSA No. 7018545)

**REGISTERED OFFICE**

No. 8, 3rd Floor
Jalan Segambut
51200 Kuala Lumpur
Tel: (603) 6195 1600
Fax: (603) 4043 6750

**PRINCIPAL BANKERS**

Malayan Banking Berhad
RHB Bank Berhad
OCBC Bank (Malaysia) Berhad

**REGISTRARS**

Shareworks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur
Tel: (603) 6201 1120
Fax: (603) 6201 3121/ 6201 5959

**AUDITORS**

Messrs Baker Tilly Monteiro Heng
(Chartered Accountants)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel: (603) 2297 1000
Fax: (603) 2282 9980

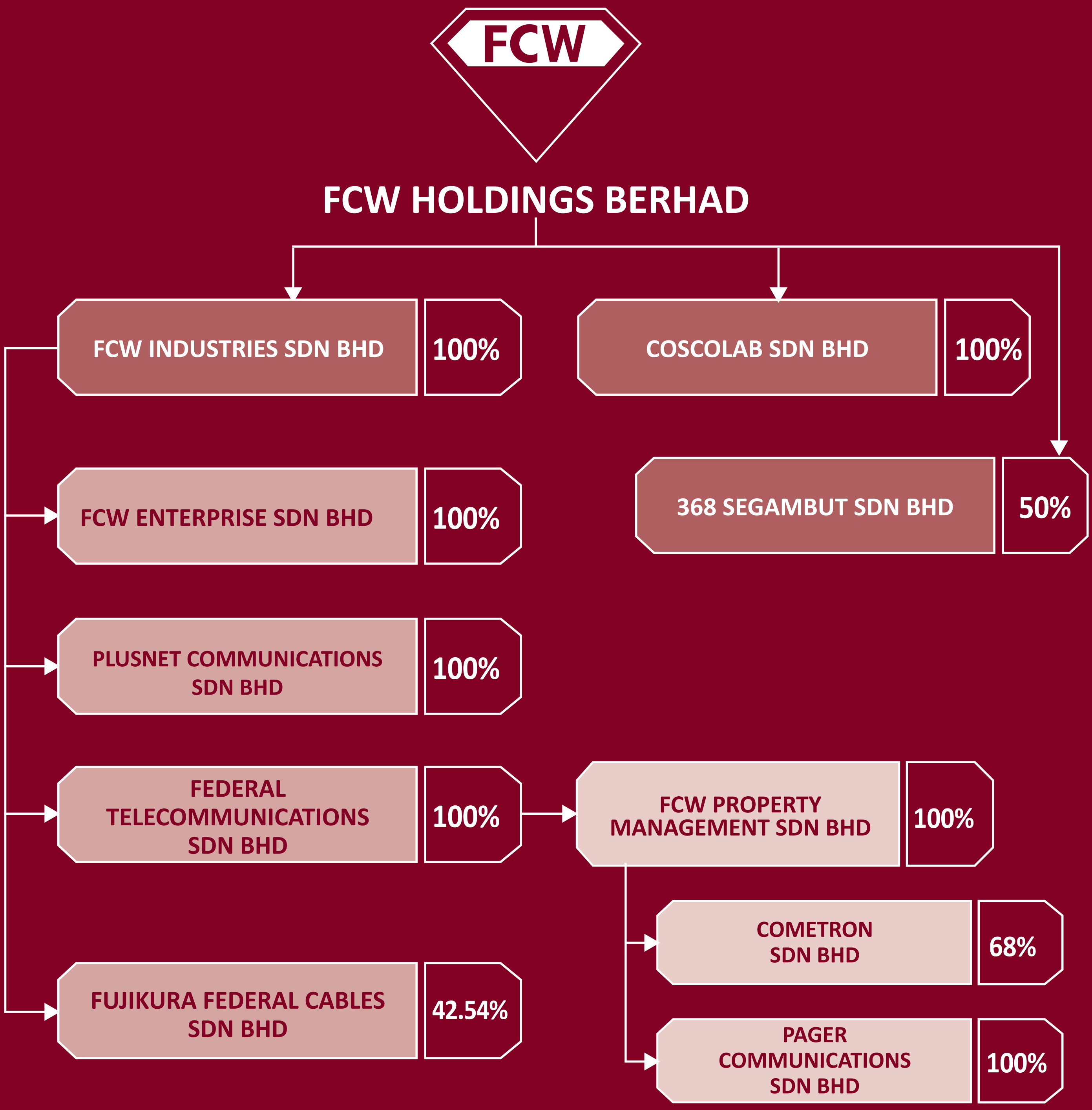
**STOCK EXCHANGE LISTING**

Bursa Malaysia Securities Berhad Main Market
Stock Name: FCW
Stock Code: 2755

**WEBSITE**

www.fcw.com.my

# Corporate Structure

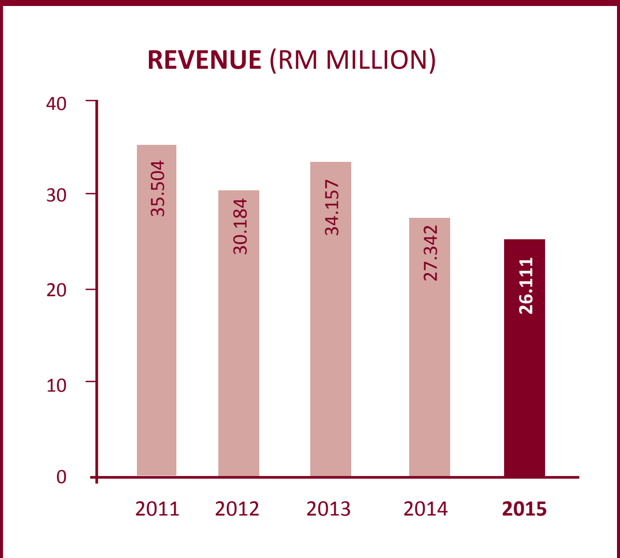


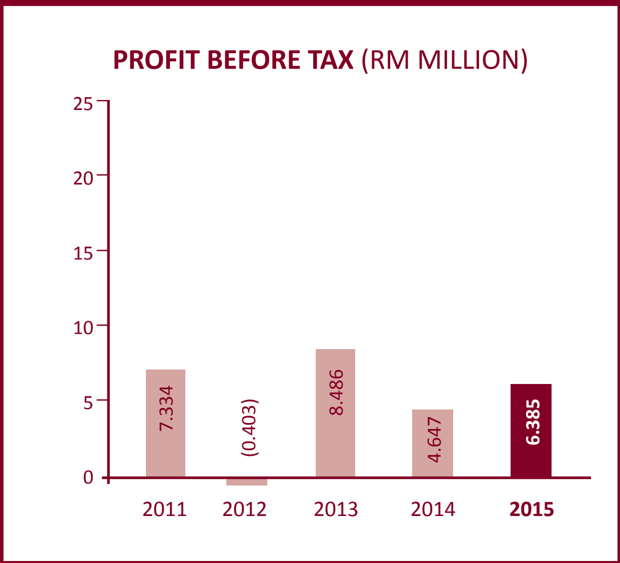

Note: Companies which are dormant or which have ceased operations are excluded.

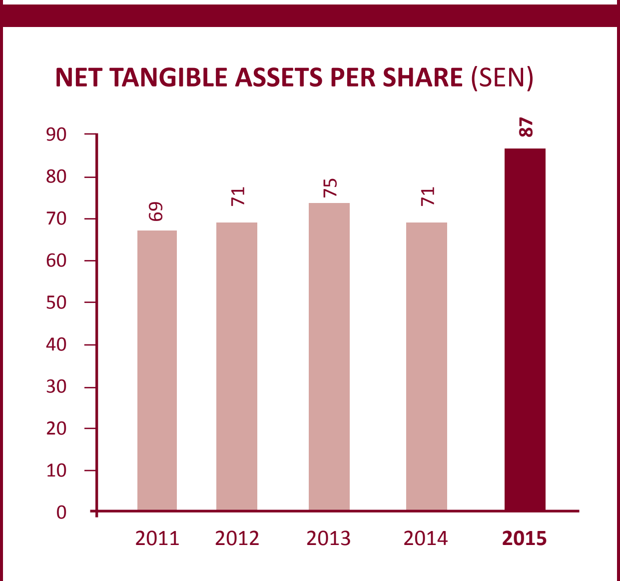
# Financial Highlights

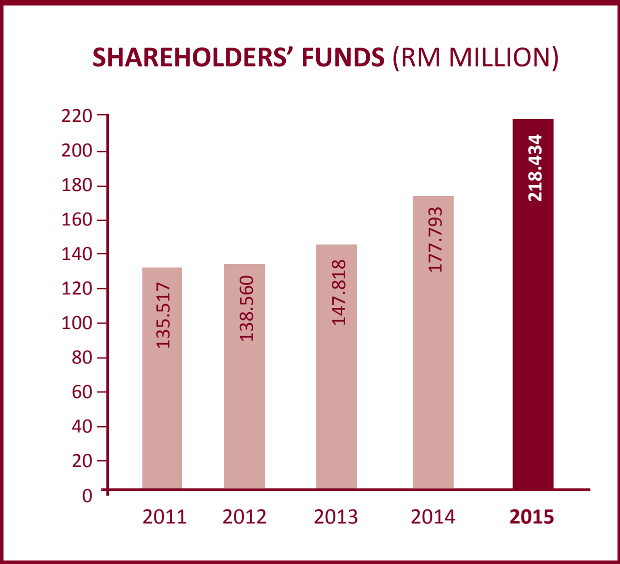
| | | 2011 RM Million | 2012 *(Restated) RM Million | 2013 RM Million | 2014 RM Million | 2015 RM Million |
|---|---|---|---|---|---|---|
| Revenue | | 35.504 | 30.184 | 34.157 | 27.342 | **26.111** |
| Profit /(Loss)Before Tax | | 7.334 | (0.403) | 8.486 | 4.647 | **6.385** |
| Profit Attributable to Owners of the Company | | 11.138 | 3.043 | 8.651 | 6.869 | **54.053** |
| Dividends Paid | | - | - | - | 3.750 | **12.500** |
| Shareholders' Funds | | 135.517 | 138.560 | 147.818 | 177.793 | **218.434** |
| Earnings Per Share Attributable to Owners of the Company (sen) | Basic | 5.71 | 1.56 | 4.41 | 2.97 | **21.62** |
| | Diluted | 5.36 | 1.43 | 4.08 | 2.97 | **21.62** |
| Net Tangible Assets per Share (sen) | | 69 | 71 | 75 | 71 | **87** |
| Dividend Rate (%) | | - | - | - | 3% | **10%** |

** Figures were restated to reflect the effect of adopting Malaysian Financial Reporting Standards ("MFRS's").*



# Directors' Profile

## Tan Sri Dato' Tan Hua Choon

Aged 74, Malaysian

• *Chairman* • *Non-Independent Non-Executive Director*

Tan Sri Dato' Tan was appointed as Director and Chairman of the Board on 26 January 1999 and 16 February 2000 respectively. On 21 February 2002, he was appointed to the Board's Nomination Committee and Remuneration Committee.

A self-made businessman with vast experiences in various fields and industries, Tan Sri Dato' Tan has been involved in a wide range of businesses which include manufacturing, marketing, banking, shipping, property development and trading.

He has built-up investments in numerous public listed companies. He is also the Chairman of the Board of Jasa Kita Berhad, JKG Land Berhad (formerly known as Keladi Maju Berhad), Marco Holdings Berhad and Goh Ban Huat Berhad.

## Dato' Thor Poh Seng

Aged 55, Malaysian

• *Non-Independent Non-Executive Director*

Dato' Thor was appointed to the Board of the Company on 26 January 1999 and has been a member of the Audit Committee since January 2000. He was also appointed to the Remuneration Committee on 21 February 2002.

Dato' Thor holds a Bachelor of Engineering degree from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) and a Master's degree in Business Management from the Asian Institute of Management, Philippines. He has extensive experience in corporate finance and industry. Dato' Thor has served on the Board of several public listed companies, with business activities covering a wide range of industries. He was also an ex-investment banker from CIMB Investment Bank Berhad ("CIMB") and has held senior positions in operations and finance in public listed companies prior to joining CIMB. Currently, he is also a Director of Computer Forms (Malaysia) Berhad and JKG Land Berhad (formerly known as Keladi Maju Berhad).

Dato' Thor was a Board member of Jasa Kita Berhad from 1993 to 2013, GPA Holdings Berhad from 2000 to 2013, Marco Holdings Berhad from 2001 to 2013, Goh Ban Huat Berhad from 2008 to 2013, Malaysia Aica Berhad (now known as Sunsuria Berhad) from 1995 to 2014 and PDZ Holdings Bhd from 1996 to 2014.

## Lai Sze Pheng

Aged 54, Malaysian

• *Executive Director*

Mr Lai was appointed to the Board of the Company on 8 August 2012. He holds a Bachelor of Science Degree in Business Administration from U.S.A. Upon graduation, he started his career as an auditor at Ernst & Whinney Public Accountants in 1986. He joined PDL Wylex Sdn Bhd (now known as PWE Industries Bhd) which involved in the manufacturing and distribution of electrical accessories, and held various positions during the period from 1987 to 1990.

He joined Hume Industries Malaysia Berhad (A member of the Hong Leong Group) in mid 1990 and held various senior positions with the last position as Chief Operating Officer. He spent 17 years with the said group, managing a divest business in manufacturing and distribution of building materials, and has gained vast experience in both marketing and manufacturing sectors. During his tenure with Hume Industries Malaysia Berhad, he was involved in a wide range of assignment covering general management, new business development and new business set up.

In 2007, he joined Malaysian Mosaic Berhad, a company involved in the manufacturing and distribution of ceramic tiles as the Director of Sales & Marketing. Subsequently, he joined Goh Ban Huat Berhad Group as Executive Director since March 2010.

**Tang Tat Chun**
Aged 50, Malaysian
• *Executive Director*

Mr Tang was appointed to the Board of the Company on 8 August 2012 as a Non-Independent Non-Executive Director. He was then re-designated to the position of Executive Director on 1 January 2013.

He holds a Bachelor of Business (Accounting) from Australia and he is also a member of CPA Australia and the Malaysian Institute of Accountants. He commenced his career with Ernst & Young (Singapore office) and has held senior positions in internal audit units of several public listed companies involved in industries such as manufacturing, trading, property development and telecommunication. He is also a director of other public companies, namely, Goh Ban Huat Berhad, Jasa Kita Berhad and several other private companies.

**Teh Kay Yeong**
Aged 52, Malaysian
• *Independent Non-Executive Director*

Mr Teh was appointed as Director and Chairman of the Audit Committee on 1 October 2012. He was also appointed as the Senior Independent Non-Executive Director of the Company and a member of the Board's Nomination Committee on the same date.

Mr Teh holds a Bachelor of Accounting (Honours) from University of Malaya and a Master's Degree in Business Administration majoring in Finance from University of Hull, United Kingdom. He is also a member of the Malaysian Institute of Accountants. He has extensive experience in accounting and finance and has held senior positions in operations and finance.

**Haji Azizzuddin Bin Haji Hussein**
Aged 57, Malaysian
• *Independent Non-Executive Director*

Haji Azizzuddin was appointed to the Board as well as a member of Audit Committee and Nomination Committee on 1 November 2013. He obtained a Higher National Diploma in Business Studies, majoring in Finance and Accounting from Stockport College of Technology (Manchester), United Kingdom in 1979 and did his practical training in London where he was attached to a Chartered Accountants firm from 1980 to 1982. Upon his return to Malaysia, he ventured into private business. From 1992 to 1997, he was a management consultant and at end 1997, he joined Myriad MISM (M) Sdn. Bhd., a software development and management information system consultancy company, as its Finance & Administration Director and left in 2001. He was a director of A&M Realty Berhad, a property development company from 1994 to 1995. He was a State Assemblyman for the constituency of Mengkebang, Kelantan representing Barisan Nasional from 2004 to 2008. Between 2000 to 2014, Haji Azizzuddin was a Board member of GPA Holdings Berhad, Jasa Kita Berhad, Malaysia Aica Berhad (now known as Sunsuria Berhad) and JKG Land Berhad (formerly known as Keladi Maju Berhad). He also sits on the Board of Marco Holdings Berhad.

**Additional Information on members of the Board**

- There is no other family relationship among the Board members and the major shareholders of the Company.
- As at to-date, there has not been any occurrence of conflict of interest between any member of the Board and the Company.
- None of the Board members have been convicted of any offence within the past 10 years, other than traffic offences, if any.
- The attendance of the Directors at Board Meetings of the Company held during the financial year is set out in page 12 of this Annual Report.

# Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of FCW Holdings Berhad and of the Group for the financial year ended 30th June 2015.

## FINANCIAL REVIEW

For the financial year ended 30th June 2015, the Group recorded a revenue of RM26.11 million from its continuing operations, a decrease of 4.5% over the 27.34 million registered in the previous financial year. At the same time, the discontinued operation also recorded a 80% decline in revenue to RM0.85 million for the year ended 30th June 2015.

Despite that, the Group recorded a significant improvement in profit after tax of RM54.05 million as compared with RM7.19 million in the previous financial year, mainly due to the recognition of gain on disposal of its assets held for sales.

## OPERATIONS REVIEW

The contract manufacturing segment registered a revenue of RM26.11 million, which was a decrease of 4.5% over the preceding financial year's RM27.34 million. The segment also registered a lower profit before tax of RM0.74 million which was lower as compared with RM2.22 million in the preceding year, mainly due to lower profit margins from its product sales mix. The introduction of GST in Malaysia has contributed to lower demand for consumer products, as the introduction of GST together with the weakening Ringgit have reduced consumers' spending power.

Our associate company, Fujikura Federal Cables Sdn Bhd, contributed a share of loss of RM1.15 million as compared with a RM3.56 million profit in the preceding financial year. The decline was mainly due to higher foreign exchange loss in the current year due to the strength of the US Dollar versus the Ringgit.

Our joint venture company, 368 Segambut Sdn Bhd, contributed a profit of RM0.88 million for the financial year ended 30th June 2015 derived mainly from the rental income from properties on the land purchased.

Revenue from the property rental segment (which has been reclassified as discontinued operation following the disposal of 4 plots of land to the joint venture company, in which FCW Holdings Berhad is a 50% partner) declined by 80% year-on-year from RM4.2 million for the year ended 30th June 2014 to RM0.85 million for the year under review as the sale of the land was completed on 18th September 2014 and the revenue stream has since discontinued. However, the profit before tax for the segment increased multiple folds to RM49.58 million for the year ended 30th June 2015. The significant increase in profit was mainly due to the recognition of gain on disposal of assets held for sale upon completion of the transaction for the segment.

## FUTURE DIRECTION AND PROSPECTS

2 subsidiaries of the Group had entered into separate sale and purchase agreements on 19 September 2013 to dispose of 4 plots of land to a joint venture company, in which FCW Holdings Berhad has a 50% stake. The objective is to enable the Group to unlock the value of its assets by realizing the capital appreciation of its investment properties and to participate in the future development of the land. The disposals were completed on 18th September 2014 with the Group booking in a gain on disposal of RM48.95 million.

Our partner in the joint-venture, IJM Land Berhad, is an established property developer. Through this joint-venture we will leverage on our partner's experience, technical, marketing expertise and branding to make our maiden development project a success.

## FUTURE DIRECTION AND PROSPECTS (continued)

On the contract manufacturing front, the Group expects the segment's revenue and profitability to be sustained in the next financial year, but will strive to open up alternative revenue streams to maintain the competitiveness of this segment.

The prospects of the associate company, which is in the cables business, remain challenging in the coming financial year in view of keen competition in both the local and export markets and sluggish global economy that may dampen demand for metal cable products. The strength of the US Dollar versus Ringgit is also expected to affect the results of the operation.

## DIVIDENDS

A first interim single-tier dividend in respect of the financial year ended 30th June 2015, of 10% per ordinary share of RM0.50/-, amounting to RM12,499,706/- was declared and paid on 26th June 2015.

The directors do not recommend the payment of final dividend in respect of the financial year ended 30th June 2015.

## APPRECIATION

On behalf of the Board, I wish to thank the management team and staff for their contribution, commitment and loyalty, and to all our valued customers, suppliers, business associates, bankers and most importantly, our shareholders, thank you for your continued support and confidence in the Group.

# Corporate Governance Statement

The Board of Directors of FCW Holdings Berhad fully subscribes to and supports the spirit of the Malaysian Code on Corporate Governance 2012 ("the Code") and is committed to ensuring that the principles and best practices of the Code are being observed.

The Board is pleased to report on how the Group has applied the principles and complied with the best practices outlined in the Code as required under the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"). Nevertheless, ongoing reviews will be carried out from time to time to reassess and refine the governance framework towards further enhancing the Groups' performance and corporate accountability.

## A. BOARD OF DIRECTORS

### i) The Board

The Board of Directors of FCW Holdings Berhad has within it individuals drawn from varied professions and specialisation in the fields of management, marketing, trading, administration, finance and accounting. Together with the Management, they collectively bring a diverse range of skills and expertise to effectively discharge their responsibilities towards achieving the Group's business strategies and corporate goals.

### ii) Board Balance

Presently, the composition of the Board comprises six members with two Executive Directors and four Non-Executive Directors (including the Chairman), two of whom are Independent Non-Executive Directors.

There is clear segregation of responsibility between the Chairman of the Board and the Executive Directors to ensure that there is a balance of power and authority in the Group:

- The Non-Executive Chairman is primarily responsible for the effectiveness and proper conduct of the Board; while

- The Executive Directors have the responsibility of implementing the policies and decisions of the Board. The Executive Directors communicate with the Management, delegate authorities to the Management and monitor such delegated authorities, oversee and evaluate the implementation of corporate policies, strategies and business plans carried out by the Management in the day-to-day operations, so as to work towards achieving the Group's overall objectives.

The Non-Executive Directors participate in areas such as establishment of policies and strategies, performance monitoring as well as improving governance and control and are independent of management and have no relationships which could materially interfere the exercise of their independent judgment so as to ensure that the interests of not only the Group, but also the stakeholders and the public in general are represented.

The Code recommends that the board of directors of a public listed company should comprise of majority of independent directors where the chairman of the board is not an independent director. The Board of Directors of the Company, whose Chairman is a Non-Independent Non-Executive Director notwithstanding, is of the opinion that the element of independence which currently exists is adequate to provide assurance that there is balance of power, authority and objectivity on the Board.

The Board acknowledges the importance of Boardroom diversity, including gender, ethnicity and age. The Board considers its current composition with the mix of skills and expertise sufficient and optimum to discharge its duties and responsibilities effectively. On gender diversity, Board members are appointed based on their experience, qualifications and suitability for the position, the Nomination Committee does not discriminate against any women candidates. The profiles of each Board member are set out in pages 7 to 8 of this Annual Report.

## A. BOARD OF DIRECTORS (continued)

### iii) Board Charter

The Board has formalised a Board Charter which sets out the roles and responsibilities of the Board and its committees, and serves as a general statement of intent and expectation as to how the Board will discharge its duties and responsibilities. The content of the Board Charter had been published in the Company's website at http//www.fcw.com.my.

### iv) Board of Directors' Meetings

The Board members meet to review and discuss matters specifically reserved to the Board for decision to ensure that the direction and control of the Group is firmly in its hands. Key matters tabled at Board meetings include review and adoption of the Group's quarterly and year end financial results, business plans, annual budget, adoption of internal-audit reports, assets acquisition, considerations of major capital expenditure projects and consideration of significant financial matters, Group policies and delegated authority limits.

The Executive Directors chair the Group's management meetings wherein operational procedures and other issues are discussed and considered. Apart from the management meetings, the Executive Directors also hold informal meetings with the other members of the Board whenever necessary.

There were two official Board Meetings held during the reporting financial year with full attendance of the Directors.

All deliberation and conclusions thereon had been properly recorded by the Company Secretary present at the meetings. The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

### v) Board Committees

The Board has delegated specific functions to its three Committees; namely the Audit, Nomination and Remuneration Committees which operate under their respective clearly defined terms of reference. These Committees, which do not have executive powers, will deliberate and examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision, however, lies with the Board.

***Audit Committee***

Details of the Audit Committee are set out in the Audit Committee Report on pages 19 to 22 of this Annual Report.

***Nomination Committee***

The Board's Nomination Committee, which had been established since 21 February 2002 comprising three Non-Executive Directors, two of whom are independent, is tasked with the responsibility of recommending to the Board, suitable candidates for appointment as Directors and to fill the seats on Board Committees wherever necessary.

It will also carry out the process of assessing the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director. All assessments and evaluations carried out were properly documented.

Decision on appointments of new Directors is made by the Board on a collective basis after considering recommendations of the Nomination Committee.

The Nomination Committee will assist the Board to review annually its required mix of skills, experience and other qualities, including core competencies which the Non-Executive Directors should bring to the Board.

## A. BOARD OF DIRECTORS (continued)

### v) Board Committees (continued)

***Nomination Committee (continued)***

During the annual assessment carried out on the effectiveness and performance of individual directors, Board committees and the Board as a whole for the financial year, the Nomination Committee had also conducted a separate assessment on the two Independent Non-executive Directors of the Company to determine if they can continue to be independent and provide objective judgement on Board deliberations and decision making, and was generally satisfied with the level of independence demonstrated by them in discharging their responsibilities.

The present members of the Nomination Committee are:-

1) Tan Sri Dato' Tan Hua Choon - Non-Independent Non-Executive Director
2) Mr Teh Kay Yeong – Independent Non - Executive Director
3) Tuan Haji Azizzuddin Bin Haji Hussein - Independent Non-Executive Director

There was one Nomination Committee meeting held during the reporting financial year with full attendance of all its members. All deliberation and conclusions thereon had been properly recorded by the Company Secretary present at the meeting.

***Remuneration Committee***

The Board had also set up a Remuneration Committee on 21 February 2002 which comprises wholly of Non-Executive Directors. The Remuneration Committee is responsible for making recommendation to the Board, the remuneration of the Executive Directors in all its forms, drawing from outside resources where necessary.

The present members of the Remuneration Committee are:-

1) Tan Sri Dato' Tan Hua Choon - Non-Independent Non-Executive Director
2) Dato' Thor Poh Seng - Non-Independent Non-Executive Director

There was one Remuneration Committee meeting held during the financial year with full attendance of its members. All deliberation and conclusions thereon had been properly recorded by the Company Secretary present at the meeting.

### vi) Supply of Information

All the Board and Committee members have timely access to relevant information pertaining to the Group as well as to the advice and services of the Company Secretary, Management representatives and independent professional advisers, whenever necessary, at the Company's expense to enable the Board and Committee members to discharge their duties with adequate knowledge on the matters being deliberated. They are also kept informed of the requirements and updates issued by the regulatory authorities from time to time.

Prior to each scheduled Board Meeting, all Board members are provided with the requisite notice, agenda and the relevant Board Papers to enable them to have sufficient time to study the papers and, if necessary, obtain further information or clarification from the Management to ensure effectiveness of the proceeding of the meetings. Senior Management members are invited to attend these meetings to explain and clarify matters.

In addition, there is a formal schedule of matters specifically reserved for the Board's decisions including, among other things, business strategies and directions, operational policies and efficacies, product quality measures, acquisitions and disposals of material assets, investment policies, approval of financial statements, and adoption of internal-audit reports.

## A. BOARD OF DIRECTORS (continued)

### vii) Appointments to the Board

Appointments of new Directors will first be considered and evaluated by the Nomination Committee, after which appropriate recommendations will be put forward to the Board for its consideration and approval.

### viii) Directors' Training

All the Directors of the Company have completed the Mandatory Accreditation Programme accredited by Bursa Securities in compliance with the MMLR. Apart from attending the Continuing Educational Programmes accredited by Bursa Securities, the Directors are also encouraged to attend relevant courses/seminars and training programmes from time to time to keep abreast with changes and development in the business environment.

Conferences, seminars and training programmes attended by the Directors during the financial year are summarised as follows:

| Title | Area of Focus |
|---|---|
| 1. CG Breakfast Series with Directors - How to Maximise Internal Audit | Corporate Governance |
| 2. BDO Goods & Services Tax Workshop | Taxation |
| 3. Powering The Economy Leading with Dynamism | Business & Economy |
| 4. New Companies Bill – Latest Updates and Development | Company Law |

### ix) Re-election of Directors

In accordance with the Company's Memorandum and Articles of Association, one-third of the Directors for the time being or, if their number is not a multiple of three, the number nearest to one-third shall retire from the office and be eligible for re-election at each Annual General Meeting. Newly appointed Directors shall hold office until the conclusion of the next Annual General Meeting and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. The Articles also provide that all Directors be subject to retirement by rotation at least once every three years.

### x) Code of Conduct

The culture of proper behavior and ethical conduct by employees within the Company and the Group had been observed via employee handbooks, company's rules and regulations, system of internal controls, operating procedures, guidance from the Board and senior management and also values inferred from past practices in carrying out the business operations. Nevertheless, the Board is committed to and will formalise a set of Code of Conduct which will be applicable to all Directors and employees and serves as a formal and explicit guide for its compliance by all to uphold a good corporate culture with good ethical values and conducts.

## B. DIRECTORS' REMUNERATION

### i) Level and make-up

The Board as a whole reviews the levels of remuneration offered to Directors to ensure that they are sufficient to attract and retain Directors with the relevant experience and expertise needed to manage the Group successfully, while taking into consideration at the same time the state of the economy in general and the performance of the industry and the Group in particular.

In the case of Executive Directors, the component parts of remuneration are structured to link rewards to corporate and individual performance. As for the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned.

## B. DIRECTORS' REMUNERATION (continued)

### ii) Procedure

The Remuneration Committee is responsible for recommending to the Board the policy framework of executive remuneration and the fixing of the remuneration of individual Directors. The Director concerned will abstain from deliberation and decision in respect of his/her own remuneration package.

### iii) Disclosure

The details of Directors' remuneration payable to all the Directors of the Company who served during the financial year ended 30 June 2015 are as follows:-

a) Aggregate remuneration of Directors categorised into the following components:

| Category of Remuneration | Executive Directors (RM) | Non-Executive Directors (RM) | Total (RM) |
|---|---|---|---|
| (a) Fees | - | 99,000 | 99,000 |
| (b) Salaries and other emoluments | 529,620 | - | 529,620 |
| (c) Estimated value of benefits-in-kind | 9,000 | - | 9,000 |
| **Total** | **538,620** | **99,000** | **637,620** |

b) The number of Directors whose remuneration fall within the following bands:

| Remuneration Band (RM) | No. of Executive Directors | No. of Non-Executive Directors | Total |
|---|---|---|---|
| 1 – 50,000 | - | 3 | 3 |
| 50,001 – 100,000 | - | 1 | 1 |
| 100,001 – 150,000 | - | - | - |
| 150,001 – 200,000 | - | - | - |
| 200,001 – 250,000 | 1 | - | 1 |
| 250,001 - 300,000 | - | - | - |
| 300,001 - 350,000 | 1 | - | 1 |
| **Total** | **2** | **4** | **6** |

## C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

### i) Dialogue between Company and Investors

Timely release of the quarterly financial results of the Group, audited financial statements, corporate developments and announcements of the Group via the BURSA LINK, Company's annual reports and other circulars to shareholders and, where appropriate, ad hoc press statements serve as the principal channel to keep the shareholders and the investing public informed of the Group's major development, financial performance and progress throughout the year.

**C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS (continued)**

**i) Dialogue between Company and Investors (continued)**

The Board is committed in ensuring that any public disclosures regarding the business, operations and financial performance of the Group are accurate, timely, factual, informative, consistent and broadly disseminated.

The Board is also committed to uphold the value of transparent, consistent and coherent communications with investors taking into consideration of commercial confidentiality and compliance with disclosure obligations as required under the MMLR as well as other regulatory requirements.

**ii) General Meetings of Shareholders**

The Annual General Meetings ("AGM") of the shareholders of the Company represent the main forum for interaction between the Board and the shareholders. At each AGM, the Board presents the progress and performance of the business of the Group during the particular financial year as contained in the Annual Report. Shareholders are given the opportunity to express their views or seek clarification on issues pertaining to the Group's financial statements, transactions, business activities and prospects of the Group wherein, the Directors, Accountant and Auditors are available to respond to the queries before each resolution is carried.

Extraordinary General Meetings ("EGM") of the Company will be held as and when shareholders' approvals are required on specific matters. Notices of AGM and EGM are advertised in a major local daily newspaper. They are also distributed to shareholders within a reasonable and sufficient time frame. In addition to that, a press conference is normally held after each AGM or EGM of the Company whereat, the Board members are available to answer questions pertaining to the business operations and directions of the Group posted by journalists.

Any queries and concerns pertaining to the Group may be conveyed to Mr Teh Kay Yeong, the Senior Independent Non-Executive Director of the Company via fax no. 603-4043 6750 or via the Company's website at http//www.fcw.com.my or by mail to the registered office of the Company.

**D. ACCOUNTABILITY AND AUDIT**

**i) Financial Reporting**

The Audit Committee assists the Board in overseeing the information for public disclosure so as to ensure accuracy, adequacy and completeness as well as giving a true and fair view of the state of affairs of the Group, which includes reviewing the Group's quarterly results and annual financial statements to ensure correctness and adequacy prior to these results being presented to the Board. The Board takes note of the comments and recommendations of the Audit Committee and conducts a balanced and detailed assessment of the Group's financial position and prospects. The results are then released by the Secretary via BURSA LINK after the Board adopts them.

A statement by Directors of their responsibilities in preparing the financial statements is set out in page 30 of this Annual Report.

**ii) Internal Control**

The Board places significant emphasis on a sound internal control system which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investment and the Group's assets. The internal control system is designed to meet the Group's particular needs and to manage the risks to which it is exposed.

The Statement on Risk Management & Internal Control by the Board which provides an overview of the Group's state of internal control is set out in pages 23 to 24 of this Annual Report.

## D. ACCOUNTABILITY AND AUDIT (continued)

### iii) Relationship with External Auditors

The Board of Directors and the Management maintain a professional and transparent relationship with the Group's External Auditors in seeking their professional advice and opinion with regard to the Group's compliance with the relevant approved accounting standards.

The Board's Audit Committee would assist to monitor the suitability and independence of the External Auditors. In this regard, the External Auditors had confirmed that they had been independent throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements.

The External Auditors can also be engaged by the Company to perform non-audit services at a fee to be agreed upon from time to time, which services are not perceived to have any conflict with their role as the Group's External Auditors.

The External Auditors are invited to the AGM of the Company and are available to answer the Shareholders' questions with regards to the financials and contents of the audit report.

The role of the Audit Committee and its relationship with the External Auditors is set out in pages 19 to 22 of this Annual Report.

## E. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group takes into account the significance of environment, social obligations and corporate governance matters in pursuing its business objectives. Throughout the recent years, the Group carried out its CSR activities focusing on the following areas:

The Group has developed and established occupational safety and health practices to ensure a safe work place environment for our employees, customers and neighbours.

The Group is committed to provide an environment where all staff, regardless of age, gender, race and religion, will have equal opportunity to perform, excel and work together in achieving organizational goals. Staff are recruited based on their experience, qualification and suitability for the position.

The Group has donated RM50,000.00 to Alzheimer's Disease Foundation Malaysia for construction of a dementia daycare and training centre at Petaling Jaya Old Town.

The Group is also committed to implementing procedures that assist in ensuring that our operations are conducted and performed in compliance with existing laws, regulations and standards.

For instance, our subsidiary, Coscolab Sdn Bhd ("CSB") has introduced the following measures:-

i. Proper discharge of effluents

   CSB treats all effluents from production chemically and biologically with their state-of-the-art Waste Water Treatment System, according to local environmental standards set by the Department of Environment ("DOE"). Such effluents, which are required to comply with DOE's Standard A parameters, are then tested with a "HACH" machine to ensure compliance. Treated effluents are then either discharged or recycled. Untreatable effluents are sent to Glory Water Management Sdn Bhd on a regular basis.

ii. Recycling initiatives

   CSB has a recycling system in which papers are recycled (stamped and re-used) whenever possible and also sent to professional recycling companies.

## E. CORPORATE SOCIAL RESPONSIBILITY ("CSR") (continued)

iii. Training/ Staff functions

All staff-members of CSB are reminded of social responsibilities via internal trainings, which are inducted into production trainings held on a regular basis. Staff welfare activities, such as Target Achievement dinners, team building trips, sports club etc, are organized regularly to boost staff morale and improve staff bonding, productivity and team work.

iv. Introduction of organic and/or biodegradable ingredients/materials

CSB's R&D team continuously update themselves on the latest ingredients and materials, and consciously try to implement environmental-friendly processes and procedures for all manufacturing processes. In addition, they are also aware of the impact of non-organic and/or non-biodegradable ingredients/materials to the environment, and are always on the lookout for organic/biodegradable ingredients/materials to be introduced into all their products.

Our associate company, Fujikura Federal Cables Sdn Bhd ("FFC"), participated in CSR Project which was organized by the Department of Occupational Safety and Health ( Ministry of Human Resources) (DOSH) and was awarded a Certificate of Appreciation from Deputy Minister of Human Resource on 30 September 2014.

FFC had also supervised the rectification works for a secondary school, SMK Guar Perahu Indah, located in Bukit Mertajam with population of 1,000 students to comply with DOSH safety requirements.

## F. ADDITIONAL COMPLIANCE INFORMATION

### 1. Non Audit Fee

Non audit fee payable to the external auditors by the Group for the financial year ended 30 June 2015 amounted to RM41,500.

### 2. Material Contracts Involving Directors' and Major Shareholders' Interests

There were no material contracts entered into by the Group which involved Directors' and major shareholders' interests during the reporting financial year.

## G. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards to give a true and fair view of the Company and the Group's affairs, results and cash flow position for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 June 2015, the Group has used the appropriate accounting policies and applied them consistently and prudently. The Directors also noted that all relevant accounting standards have been followed in the preparation of these financial statements. The Directors have the responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have a fiduciary responsibility in taking reasonable steps to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

# Audit Committee Report

The Board of Directors of FCW Holdings Berhad ("FCW") is pleased to present the Report of FCW Audit Committee ("the Audit Committee"), which had been established since 17 February 1994, for the financial year as follows :-

## MEMBERSHIP

The composition and memberships of the Audit Committee are as follows:

| Name | Membership | Status |
|---|---|---|
| Teh Kay Yeong<br>(MIA Member) | Chairman | Independent Non-Executive Director |
| Dato' Thor Poh Seng | Member | Non- Independent Non-Executive Director |
| Haji Azizzuddin Bin Haji Hussein | Member | Independent Non-Executive Director |

## MEETINGS

The Audit Committee held four meetings during the financial year ended 30 June 2015 with full attendance of all the Committee members.

The Executive Directors, Accountant, Internal Audit Consultants and other non-member Directors were invited to attend the Audit Committee meetings for briefing on the activities involving their areas of responsibilities. The Audit Committee was briefed by the external auditors on their annual audit findings and they met twice during the financial year without the presence of the executive board members and employees of the Group.

The proceedings of each Audit Committee meeting were documented and distributed to all the Board members.

## TERMS OF REFERENCE

### 1. Membership

The Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than 3 members. All the Audit Committee members must be non-executive directors, with a majority of them being independent directors. Executive director(s) and alternate director(s) cannot be appointed as member(s) of the Committee. In the event of any vacancy in the Committee which results in non-compliance of paragraph 15.09(1)(a) of Main Market Listing Requirements ("MMLR"), the vacancy shall be filled within 3 months.

At least one member of the Audit Committee must be qualified under paragraph 15.09 (1)(c) of the MMLR.

The Chairman, who shall be elected by the Committee, shall be an independent director.

### 2. Frequency of Meetings

Meetings shall be held not less than four times in each financial year. In addition, the Chairman of the Audit Committee may call a meeting of the Audit Committee upon the request of the external auditors, to consider any matter the external auditors believe should be brought to the attention of the Board and shareholders.

Majority members present in person who are independent non-executive directors shall be a quorum.

**TERMS OF REFERENCE (continued)**

**3. Secretary**

The Company Secretary shall be the secretary of the Committee.

**4. Authority**

The Audit Committee shall, at the Company's expense, have the following authority and rights:-

1. full and unrestricted access to any information and documents from the external auditors and senior management of the Company and the Group which are relevant to the activities of the Company.

2. be provided with the necessary resources which are required to perform its duties.

3. the right to investigate into any matter within its Terms of Reference and as such, have direct communication channel with the external auditors and persons carrying out the internal audit function of the Company.

4. the liberty to obtain independent professional advice and to secure the attendance of such external parties with relevant experience and expertise at its meeting if it considers this necessary.

5. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of executive directors and employees of the Group, whenever deemed necessary.

6. may extend invitation to other non-member directors and officers of the Company to attend a specific meeting, whenever deemed necessary.

**5. Duties**

The Audit Committee shall report to the Board of Directors either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference.

The duties of the Audit Committee shall be:-

i) To discuss with the external auditors before the audit commences, the nature and scope of the audit, audit plan and ensure co-ordination where more than one (1) audit firm is involved;

ii) To review the audit report with the external auditors;

iii) To review the assistance given by the Company's officers to the external auditors and to meet with the external auditors without executive board members present at least twice a year;

iv) To review the quarterly results and year end financial statements of the Company and the Group, prior to the approval by the Board, focussing particularly on:

   a. changes in or implementation of major accounting policies and practices;

   b. significant and unusual events;

   c. significant adjustments arising from the audit;

   d. the going concern assumption; and

   e. compliance with accounting standards, regulatory and other legal requirements.

v) To discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of management, where necessary);

**TERMS OF REFERENCE (continued)**

**5. Duties (continued)**

vi) To review any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

vii) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and to ensure that it has the necessary authority to carry out its work;

viii) To take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning, if the staff member concerned so desires;

ix) To review any internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

x) To review any evaluation made on the systems of internal controls with the internal and external auditors;

xi) To recommend to the Board of Directors the appointment of the external auditors and the level of their fees;

xii) To consider any resignation or removal of the external auditors, and to furnish such written explanation or representation from the external auditors to Bursa Malaysia Securities Berhad ("Bursa Securities");

xiii) To review and monitor the suitability and independence of external auditors, to obtain written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;

xiv) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;

xv) The Chairman of the Audit Committee should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the company; and

xvi) To undertake such other functions as may be agreed by the Audit Committee and the Board.

**6. Performance Review**

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board of Directors of the Company at least once every three years to determine whether the committee and members have carried out their duties in accordance with the Audit Committee's Terms of Reference.

**ACTIVITIES OF THE COMMITTEE**

During the financial year ended 30 June 2015, the activities carried out by the Audit Committee included, among others, the following:-

1. Reviewed the audited financial statements of the Group for the financial year ended 30 June 2014, prior to their adoption by the Board and for release to Bursa Securities.

**ACTIVITIES OF THE COMMITTEE (continued)**

2. Reviewed the unaudited quarterly reports on the consolidated results and financial statements of the Company and the Group prior to tabling of the same to the Board of Directors.

3. Reviewed the adequacy of the existing policies, procedures and systems of internal control of the Group including the associate company, reviewed internal audit reports, and discussed with the Management together with the Internal Audit Consultants on actions to be taken to improve the systems of internal control.

4. Discussed with the external auditors, the applicability and the impact of any accounting standards on the Group.

5. Reviewed the external auditors' report in relation to their audit findings and accounting issues arising from the audit of the Group for the financial year ended 30 June 2014.

6. Reviewed the Group Budget for the financial year ended 30 June 2015.

**INTERNAL AUDIT FUNCTION**

The Board has outsourced the internal audit function to an internal audit consultancy company which assists the Board, Audit Committee and Management in ensuring the systems of Internal Control operates effectively within the Group.

The role of the internal audit consultants is to provide independent and objective quarterly reports on the state of internal control, compliance to policies, procedures and statutory requirements, the extent the Group's assets are accounted for and safeguarded, and any improvements to operations, processes and control systems. These report findings together with the related recommendations are reported to the Audit Committee.

The Group has an established risk framework and self-assessment approach in arriving at the audit plan for the Group. This internal audit plan is approved by the Audit Committee. The Board and Management together with the internal audit consultants also conduct regular reviews in identifying, evaluating and managing the principal risks that the Group faces covering various operational, financial and statutory aspects of the Group's businesses.

The total cost incurred for the Group's internal audit function in respect of the financial year ended 30 June 2015 was RM53,000.00. The activity of the internal audit function is detailed in the Statement on Risk Management & Internal Control on pages 23 to 24 of this Annual Report.

# Statement on Risk Management & Internal Control

In compliance with Paragraph 15.26(b) of Bursa Securities Main Market Listing Requirements and the "Statement on Risk Management & Internal Control - Guidelines for Directors of Public Listed Issuers", the Board is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 30 June 2015.

## 1. Board's Responsibility

The Board recognises its overall responsibility for the adequacy and effectiveness of the Group's risk management framework and system of internal controls to safeguard shareholders' investment and the Group's assets. The Board is equally aware that the risk management framework and internal control system are intended to manage the Group's risks within an acceptable risk appetite, rather than eliminate all risks of failure to achieve the business objectives of the Group. In this regard, the risk management framework and internal control system can only provide reasonable assurance, and not absolute assurance against material misstatement of financial information and records or against financial losses or fraud.

## 2. Risk Management Framework

The Group adopts an enterprise wide risk management approach and all the active businesses of the companies within the Group are considered and categorized in accordance with their main functional activities. This process has been in place for the year under review and up to the date of issuance of the annual report and financial statements.

*Risk identification and evaluation process*

The risks are identified through a series of interviews and discussions with the key personnel and management of the Group. The risk identification process includes consideration of both internal and external environmental factors. External environmental factors include economic and political changes, changes in the behavior of competitors, new regulations or legislations and technological developments. Internal factors include changes in key personnel, introduction of new or revision of existing policies and procedures. Next, the risks identified are evaluated by examining the potential ***impact*** on the Group if a risk was to crystallize as well as the ***likelihood*** of occurrence. The risk levels rated *low, medium* and *high* and are determined according to the Risk Analysis Matrix. The risks are also classified into four categories according to their potential impact on the Group:

- Business Risks
- Strategic Risks
- Operational Risks
- Financial Risks

*Risk adoption and monitoring process*

All the risk identified are documented into a "Business Risk Profile". The Business Risk Profile of the Group is updated on an ongoing basis and approved by the Board.

The Business Risk Profile serves as a tool for the heads of department/business unit for managing key risks applicable to their areas of business. All key risks and issues are regularly reviewed and resolved by the Management team at regular meeting. Through these mechanisms, key risks identified in the Business Risk Profile are assessed in a timely manner and control procedures or mitigating factors are re-evaluated accordingly in order to ensure that the key risks are mitigated to an acceptable level.

The Internal Audit Function reviews the effectiveness and adequacy of control procedures adopted by the company on a regular basis in mitigating the key risks identified in the Business Risk Profile. Any weaknesses noted during the review are reported to the Audit Committee. Through these mechanisms, the Audit Committee can be assured that the key risks of the company are regularly reviewed and appropriately managed to an acceptable level.

**3. System of Internal Controls**

The key elements of the Group's system of internal controls that the Board has established in reviewing the adequacy and effectiveness of the risk management and internal control system are as follows:

- Management has clear responsibility for identifying and evaluating the risks facing their business and implementing procedures to mitigate and monitor such risks. In addition, issues are identified, discussed and resolved at monthly management meetings within the Group, and where necessary, these are reviewed and reported to the Audit Committee;

- A management structure exits with clearly defined delegation of responsibilities to the Management of the Group's companies, including authorization levels for all aspects of the business and operations;

- Clearly documented internal policies are set out in a set of Standard Operating Procedures, covering various aspects of the business and operations of the Group. The Standard Operating Procedures are subject to regular reviews, enhancement and improvement;

- Promotion of a strong internal control culture through the Group's values and ethics;

- Adequate reports are generated for reviews on various operating units of the Group encompassing operational, financial and regulatory areas. Comprehensive management accounts and reports are reviewed on monthly basis by the Chairman, Executive Director and senior management for effective monitoring and decision-making. Quarterly, the Executive Director reviews with the Audit Committee on all significant issues pertinent to the Group;

- There is a detailed and comprehensive budgeting process for monitoring monthly performance against the budget. The budget is submitted to the Executive Director for review and approval by the Board. Key variances from the budget are reported monthly and followed up by management;

- Investment proposals are subject to formal review and authorization by the Executive Director and the Board for considerations and approval. Monthly management reports are submitted by major associates and subsidiaries to management to monitor financial and operational performance;

- Quarterly risk-based internal audits carried out by internal audit consultants focusing on key risk areas;

- The Audit Committee also reviews on a quarterly basis the audit reports on internal control and risk issues identified by the internal audit consultants, external auditors, regulatory bodies and senior management, and evaluate the effectiveness of the Group's risk management and internal control systems; and

- Through the establishment of sound internal control, which includes monitoring and reporting systems, the Board reports that the existing system of internal controls is satisfactory. No material losses have occurred during the financial year under review as a result of weaknesses in internal control. The Board together with management continues to take measures to strengthen the control environment.

**4. Assurance from Management**

In accordance with the Statement on Risk Management & Internal Control – Guidelines for Directors of Listed issuers, the Board has received assurance from the Executive Director that to the best of their knowledge the risk management and internal control system of the Group are operating adequately and effectively, in all material respects, based on the risk management and internal control described above.

**5. Review of the Statement by External Auditors**

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management & Internal Control. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control system and risk management of the Group.

# Financial Statements

# Directors' Report

The directors hereby present their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 30th June 2015.

## PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were investment holding and providing management services. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

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

## RESULTS

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Profit for the financial year | | |
| - Continuing Operations | 4,819 | 13,363 |
| - Discontinued Operation | 49,231 | - |
| | 54,050 | 13,363 |
| Profit for the year attributable to: | | |
| Owners of the Company | 54,053 | 13,363 |
| Non-controlling interests | (3) | - |
| | 54,050 | 13,363 |

## DIVIDENDS

A first interim single-tier dividend in respect of the financial year ended 30th June 2015, of 10% per ordinary share of RM0.50/- each, amounting to RM12,499,706/- have been declared and paid on 26th June 2015.

The directors do not recommend the payment of final dividends in respect of the financial year ended 30th June 2015.

## RESERVES AND PROVISIONS

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

## BAD AND DOUBTFUL DEBTS

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

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

## CURRENT ASSETS

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

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

## VALUATION METHODS

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

## CONTINGENT AND OTHER LIABILITIES

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

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

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

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

## CHANGE OF CIRCUMSTANCES

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

## ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in Note 16 and Note 26 to the financial statements.

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 in which this report is made.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company had not issued any debentures.

## WARRANTS

The Warrants A and B of the Company are constituted under a Deed Poll dated 24th June 2003 and 19th November 2007 respectively executed by the Company. The warrants are listed in the Bursa Malaysia Securities Berhad are as follows:-

*Warrants A*

Each Warrants A in issue entitles the warrant holder to subscribe for one new ordinary share of RM0.50/- in the Company at an adjusted exercise price of RM1.50/- pursuant to the Company's Capital Restructuring in the financial year 2008. The warrants were quoted to the official list of Bursa Malaysia Securities Berhad on 8th January 2008.

*Warrants B*

Total 55,733,340 free Warrants B were issued in financial year 2008 and the exercise price is RM0.50/- for one new ordinary share of RM0.50/-. The warrants were admitted, listed and quoted to the official list of Bursa Malaysia Securities Berhad on 8th January 2008.

In the previous financial year, there were 53,711,896 Warrants B exercised at RM0.50/-. Total proceeds from the conversion of warrants amounting to RM26,855,948/-. The details of these warrants are disclosed in Note 17 to the financial statements.

On 11th November 2013, both Warrants A and Warrants B have lapsed accordingly to the Deed Poll dated 24th June 2003 and 19th November 2007.

## DIRECTORS

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

Tan Sri Dato' Tan Hua Choon
Thor Poh Seng
Tang Tat Chun
Lai Sze Pheng
Teh Kay Yeong
Haji Azizzuddin Bin Haji Hussein

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 30th June 2015 are as follows:-

| | **Number of ordinary shares of RM0.50/-each** | | | |
|---|---|---|---|---|
| | **At 1.7.2014** | **Acquired** | **Disposed** | **At 30.6.2015** |
| *The Company:* | | | | |
| Tan Sri Dato' Tan Hua Choon | | | | |
| - Direct interest | 27,869,377 | - | - | 27,869,377 |
| - Indirect interest | 35,498,308 | - | - | 35,498,308 |

Tan Sri Dato' Tan Hua Choon by virtue of his interest in shares in the Company is also deemed interested in shares of all Company's subsidiaries to the extent in which the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had 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 of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown into the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

**AUDITORS**

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

| | |
|---|---|
| ............................................... | ............................................... |
| TAN SRI DATO' TAN HUA CHOON | TANG TAT CHUN |
| Director | Director |

Kuala Lumpur

Date: 8th October 2015

# Statement by Directors
pursuant to Section 169(15) of the Companies Act, 1965

We, **TAN SRI DATO' TAN HUA CHOON** and **TANG TAT CHUN**, being two of the directors of FCW Holdings Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 33 to 93 are properly drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30th June 2015 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The supplementary information set out on page 94 have been prepared in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

| | |
|---|---|
| ....................................................... | ....................................................... |
| **TAN SRI DATO' TAN HUA CHOON** | **TANG TAT CHUN** |
| **Director** | **Director** |

Kuala Lumpur

Date: 8th October 2015

# Statutory Declaration
pursuant to Section 169(16) of the Companies Act, 1965

I, TANG TAT CHUN, being the director primarily responsible for the financial management of FCW Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 33 to 93 and the supplementary information set out on page 94 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.......................................................
**TANG TAT CHUN**

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 8th October 2015.

Before me,

.......................................................
**TAN KIM CHOOI**
Commissioner for Oaths
License No. W 661

# Independent Auditors' Report
to the members of FCW Holdings Berhad (Incorporated in Malaysia)

## Report on the Financial Statements

We have audited the financial statements of FCW Holdings Berhad, which comprise the statements of financial position as at 30th June 2015 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 33 to 93.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the 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 controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30th June 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the 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 Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

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

### Other Reporting Responsibilities

The supplementary information set out on page 94 are disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Lock Peng Kuan
No. 2819/10/16 (J)
Chartered Accountant

Kuala Lumpur

Date: 8th October 2015

# Statements of Financial Position
as at 30th June 2015

| | Note | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 4 | 5,441 | 6,021 | 160 | 208 |
| Investment property | 5 | 3,100 | 3,100 | - | - |
| Goodwill on consolidation | 6 | 1,726 | 1,726 | - | - |
| Investment in subsidiaries | 7 | - | - | 17,243 | 85,519 |
| Investment in an associate | 8 | 29,899 | 31,048 | - | - |
| Investment in a joint venture | 9 | - | 237 | 250 | 250 |
| Other investments | 10 | 10,127 | 124 | 10,000 | - |
| Investment in securities | 11 | - | 262 | - | 262 |
| | | 50,293 | 42,518 | 27,653 | 86,239 |
| **Current assets** | | | | | |
| Inventories | 12 | 4,516 | 4,686 | - | - |
| Trade and other receivables | 13 | 37,274 | 17,272 | 35,233 | 15,449 |
| Tax recoverable | | 422 | 59 | 198 | 40 |
| Derivatives | 14 | - | 194 | - | 194 |
| Cash and bank balances | 15 | 180,711 | 54,443 | 73,982 | 24,280 |
| | | 222,923 | 76,654 | 109,413 | 39,963 |
| Assets classified as held for sale | 16 | - | 90,082 | - | - |
| | | 222,923 | 166,736 | 109,413 | 39,963 |
| **TOTAL ASSETS** | | 273,216 | 209,254 | 137,066 | 126,202 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 17 | 124,997 | 124,997 | 124,997 | 124,997 |
| Reserves | 18 | 1,559 | 2,471 | - | - |
| Retained profits/ (Accumulated losses) | | 91,878 | 50,325 | (8,934) | (9,797) |
| | | 218,434 | 177,793 | 116,063 | 115,200 |
| Non-controlling interests | | (11) | 2,803 | - | - |
| **TOTAL EQUITY** | | 218,423 | 180,596 | 116,063 | 115,200 |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 19 | 1,636 | 2,019 | - | - |
| Deferred tax liabilities | 20 | 472 | 532 | - | - |
| Deferred income | 21 | 47,824 | - | - | - |
| | | 49,932 | 2,551 | - | - |
| **Current liabilities** | | | | | |
| Trade and other payables | 22 | 3,932 | 25,535 | 21,003 | 11,002 |
| Loan and borrowings | 19 | 378 | 394 | - | - |
| Tax payable | | 551 | 178 | - | - |
| | | 4,861 | 26,107 | 21,003 | 11,002 |
| **TOTAL LIABILITIES** | | 54,793 | 28,658 | 21,003 | 11,002 |
| **TOTAL EQUITY AND LIABILITIES** | | 273,216 | 209,254 | 137,066 | 126,202 |

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

# Statements of Profit or Loss and Other Comprehensive Income
for the financial year ended 30th June 2015

| | Note | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|---|
| **CONTINUING OPERATIONS** | | | | | |
| Revenue | 23 | 26,111 | 27,342 | 13,336 | 4,341 |
| Cost of sales | 24 | (21,674) | (21,803) | - | - |
| **Gross Profit** | | 4,437 | 5,539 | 13,336 | 4,341 |
| Other income | | 8,389 | 1,254 | 1,650 | 769 |
| Administrative expenses | | (1,857) | (2,194) | (1,450) | (1,215) |
| Selling and distribution expenses | | (176) | (189) | (173) | (78) |
| Other expenses | | (3,974) | (3,100) | - | - |
| **Operating Profit** | | 6,819 | 1,310 | 13,363 | 3,817 |
| Finance costs | 25 | (170) | (212) | - | - |
| Share of results of an associate | | (1,149) | 3,562 | - | - |
| Share of results of a joint venture | | 885 | (13) | - | - |
| **Profit Before Taxation** | 26 | 6,385 | 4,647 | 13,363 | 3,817 |
| Taxation | 27 | (1,566) | (628) | - | (5) |
| **Profit From Continuing Operations** | | 4,819 | 4,019 | 13,363 | 3,812 |
| **DISCONTINUED OPERATION** | | | | | |
| Profit from discontinued operation, net of tax | 16 | 49,231 | 3,168 | - | - |
| **Profit For The Financial Year** | | 54,050 | 7,187 | 13,363 | 3,812 |
| Other comprehensive income | | - | - | - | - |
| **Total Comprehensive Income For The Financial Year** | | 54,050 | 7,187 | 13,363 | 3,812 |
| Profit attributable to: | | | | | |
| Owners of the Company | | 54,053 | 6,869 | 13,363 | 3,812 |
| Non-controlling interests | | (3) | 318 | - | - |
| | | 54,050 | 7,187 | 13,363 | 3,812 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | 54,053 | 6,869 | 13,363 | 3,812 |
| Non-controlling interests | | (3) | 318 | - | - |
| | | 54,050 | 7,187 | 13,363 | 3,812 |
| **Earnings per share attributable to owners of the Parent (sen):** | | | | | |
| Basic, earnings per ordinary share (sen) | 28(a) | | | | |
| - continuing operations | | 1.93 | 1.60 | | |
| - discontinued operation | | 19.69 | 1.37 | | |
| Diluted, earnings per ordinary share (sen) | 28(b) | | | | |
| - continuing operations | | 1.93 | 1.60 | | |
| - discontinued operation | | 19.69 | 1.37 | | |

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

# Statements of Changes in Equity
for the financial year ended 30th June 2015

| Group | Note | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Share Capital RM'000 | Capital Reserve RM'000 | Premium Paid on Acquisition of Minority Interest RM'000 | Distributable- Retained Profits RM'000 | Total RM'000 | Non-Controlling Interests RM'000 | Total RM'000 |
| Balance as at 1st July 2013 | | 98,141 | 2,704 | (233) | 47,206 | 147,818 | 2,485 | 150,303 |
| Exercise of warrants | | 26,856 | - | - | - | 26,856 | - | 26,856 |
| Dividend paid | 36 | - | - | - | (3,750) | (3,750) | - | (3,750) |
| Total comprehensive income for the financial year | | - | - | - | 6,869 | 6,869 | 318 | 7,187 |
| Balance as at 30th June 2014 | | 124,997 | 2,704 | (233) | 50,325 | 177,793 | 2,803 | 180,596 |
| Acquired shares of a subsidiary from its non-controlling interest | | - | - | (912) | - | (912) | (2,811) | (3,723) |
| Dividend paid | 36 | - | - | - | (12,500) | (12,500) | - | (12,500) |
| Total comprehensive income for the financial year | | - | - | - | 54,053 | 54,053 | (3) | 54,050 |
| Balance as at 30th June 2015 | | 124,997 | 2,704 | (1,145) | 91,878 | 218,434 | (11) | 218,423 |

| | Note | Share Capital RM'000 | Accumulated Losses RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Company** | | | | |
| Balance as at 1st July 2013 | | 98,141 | (9,859) | 88,282 |
| Exercise of warrants | | 26,856 | - | 26,856 |
| Dividend paid | 36 | - | (3,750) | (3,750) |
| Total comprehensive income for the financial year | | - | 3,812 | 3,812 |
| Balance as at 30th June 2014 | | 124,997 | (9,797) | 115,200 |
| Dividend paid | 36 | - | (12,500) | (12,500) |
| Total comprehensive income for the financial year | | - | 13,363 | 13,363 |
| Balance as at 30th June 2015 | | 124,997 | (8,934) | 116,063 |

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

# Statements of Cash Flows
for the financial year ended 30th June 2015

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Profit before tax | | | | |
| - continuing operations | 6,385 | 4,647 | 13,363 | 3,817 |
| - discontinued operations | 49,583 | 3,830 | - | - |
| | 55,968 | 8,477 | 13,363 | 3,817 |
| Adjustments for: | | | | |
| Bad debts written off | 337 | - | - | - |
| Depreciation of property, plant and equipment | 656 | 805 | 48 | 32 |
| Fair value gain on derivatives | - | (116) | - | (116) |
| Fair value gain on investment in securities | - | (7) | - | (7) |
| Gain on disposal of:- | | | | |
| - property, plant and equipment | - | (75) | - | (75) |
| - non-current assets held for sale | (48,946) | - | - | - |
| - other investments | (2,300) | - | - | - |
| (Reversal of)/Impairment loss on trade and other receivables | (337) | - | 21 | - |
| Interest expense:- | | | | |
| - bank overdraft | - | 18 | - | - |
| - hire purchases | 8 | 15 | - | - |
| - term loans | 162 | 179 | - | - |
| Interest income:- | | | | |
| - deposits | (5,640) | (777) | (1,650) | (571) |
| - other investments | (3) | (2) | - | - |
| Inventories written down | 7 | - | - | - |
| Reversal of fair value on derivatives | 194 | - | 194 | - |
| Share of results of:- | | | | |
| - an associate | 1,149 | (3,562) | - | - |
| - a joint venture | (885) | 13 | - | - |
| Unrealised loss/(gain) on foreign exchanges | 70 | (70) | - | - |
| Operating cash flows before changes in working capital | 440 | 4,898 | 11,976 | 3,080 |
| Changes in working capital:- | | | | |
| Inventories | 163 | (426) | - | - |
| Receivables | (802) | 1,223 | 90 | (3,995) |
| Payables | (21,673) | 19,708 | (14) | 19 |
| Net cash flows from operations | (21,872) | 25,403 | 12,052 | (896) |
| Interest received | 5,640 | 777 | 1,447 | 571 |
| Interest paid | (170) | (18) | - | - |
| Tax paid | (1,780) | (720) | (158) | (49) |
| Net Operating Cash Flows | (18,182) | 25,442 | 13,341 | (374) |

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Net changes in subsidiaries' balances | - | - | 9,522 | 548 |
| Advances to a joint venture | (19,200) | (9,750) | (19,200) | (9,750) |
| Purchase of additional shares of subsidiary | (3,723) | - | (3,723) | - |
| Purchase of property, plant and equipment | (76) | (281) | - | (240) |
| Proceeds from disposal of:- | | | | |
| - property,plant and equipment | - | 75 | - | 75 |
| - unquoted shares | 2,300 | - | - | - |
| - investment in securities | 262 | - | 262 | - |
| Investment in:- | | | | |
| - long term fund investment | (10,000) | - | (10,000) | - |
| - a joint venture | - | (250) | - | (250) |
| Discontinued operations:- | | | | |
| - proceeds from disposal of non-current assets held for sale | 187,974 | - | - | - |
| - tax paid on gain on disposal | (188) | - | - | - |
| Net Investing Cash Flows | 157,349 | (10,206) | (23,139) | (9,617) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from exercise of warrants | - | 26,856 | - | 26,856 |
| Dividend paid | (12,500) | (3,750) | (12,500) | (3,750) |
| Interest paid | - | (194) | - | - |
| Net changes in bankers' acceptances | - | (293) | - | - |
| Redemption of preference shares | - | - | 72,000 | - |
| Repayment of:- | | | | |
| - hire purchase payables | (110) | (148) | - | - |
| - term loans | (289) | (273) | - | - |
| Net Financing Cash Flows | (12,899) | 22,198 | 59,500 | 23,106 |
| **NET CHANGES IN CASH AND CASH EQUIVALENTS** | 126,268 | 37,434 | 49,702 | 13,115 |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR** | 54,443 | 17,009 | 24,280 | 11,165 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR** | 180,711 | 54,443 | 73,982 | 24,280 |
| **ANALYSIS OF CASH AND CASH EQUIVALENTS** | | | | |
| Cash and bank balances | 38,640 | 7,270 | 19,268 | 227 |
| Deposits placed with licensed bank | 142,071 | 47,173 | 54,714 | 24,053 |
| | 180,711 | 54,443 | 73,982 | 24,280 |

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

# Notes to the Financial Statements

## 1. CORPORATE INFORMATION

The principal activities of the Company during the financial year were investment holding and providing management services. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

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

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

The registered office of the Company is located at No. 8, 3rd Floor, Jalan Segambut, 51200 Kuala Lumpur.

The principal place of business of the Company is located at No. 2, Jalan Murai 2, Batu Kompleks, 51100 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8th October 2015.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

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

The financial statements are expressed in Ringgit Malaysia and all values are rounded to the nearest thousands ("000") except when otherwise stated.

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

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

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

### 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")

#### (a) Adoption of Amendments/Improvements to MFRSs and New IC Int

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

<u>Amendments/Improvements to MFRSs</u>

| | |
|---|---|
| MFRS 1 | First-time Adoption of Malaysian Financial Reporting Standards |
| MFRS 2 | Share-based Payment |
| MFRS 3 | Business Combinations |
| MFRS 8 | Operating Segments |
| MFRS 10 | Consolidated Financial Statements |
| MFRS 12 | Disclosure of Interests in Other Entities |
| MFRS 13 | Fair Value Measurements |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

#### (a) Adoption of Amendments/Improvements to MFRSs and New IC Int (continued)

Amendments/Improvements to MFRSs (continued)

| | |
|---|---|
| MFRS 116 | Property, Plant and Equipment |
| MFRS 119 | Employee Benefits |
| MFRS 124 | Related Party Transactions |
| MFRS 127 | Separate Financial Statements |
| MFRS 132 | Financial Instruments: Presentation |
| MFRS 136 | Impairment of Assets |
| MFRS 138 | Intangible Assets |
| MFRS 139 | Financial Instruments: Recognition and Measurement |
| MFRS 140 | Investment Property |

New IC Int

| | |
|---|---|
| IC Int 21 | Levies |

The adoption of the above amendments/improvements to MFRSs and new IC Int do not have any significant effect on the financial statements of the Group and of the Company.

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

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

| | | Effective for financial periods beginning on or after |
|---|---|---|
| New MFRSs | | |
| MFRS 9 | Financial Instruments | 1 January 2018 |
| MFRS 15 | Revenue from Contracts with Customers | 1 January 2018 |
| Amendments/Improvements to MFRSs | | |
| MFRS 5 | Non-current Asset Held for Sale and Discontinued Operations | 1 January 2016 |
| MFRS 7 | Financial Instruments: Disclosures | 1 January 2016 |
| MFRS 10 | Consolidated Financial Statements | 1 January 2016 |
| MFRS 11 | Joint Arrangements | 1 January 2016 |
| MFRS 12 | Disclosures of Interests in Other Entities | 1 January 2016 |
| MFRS 101 | Presentation of Financial Statements | 1 January 2016 |
| MFRS 116 | Property, Plant and Equipment | 1 January 2016 |
| MFRS 119 | Employee Benefits | 1 January 2016 |
| MFRS 127 | Separate financial statements | 1 January 2016 |
| MFRS 128 | Investments in Associates and Joint Ventures | 1 January 2016 |
| MFRS 138 | Intangible Assets | 1 January 2016 |
| MFRS 141 | Agriculture | 1 January 2016 |

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

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

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

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

***MFRS 9 Financial Instruments***

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

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

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

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

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

***MFRS 15 Revenue from Contracts with Customers***

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:-

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

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

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

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:-

| | |
|---|---|
| MFRS 111 | Construction Contracts |
| MFRS 118 | Revenue |
| IC Interpretation 13 | Customer Loyalty Programmes |
| IC Interpretation 15 | Agreements for the Construction of Real Estate |
| IC Interpretation 18 | Transfers of Assets from Customers |
| IC Interpretation 131 | Revenue – Barter Transactions Involving Advertising Services |

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

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

***Amendments to MFRS 7 Financial Instruments: Disclosures***

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

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

***Amendments to MFRS 11 Joint Arrangements***

Amendments to MFRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets / liabilities and recognition of acquisition-related costs as expenses. The Amendments does not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

***Amendments to MFRS 101 Presentation of Financial Statements***

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

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

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

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

***Amendments to MFRS 116 Property, Plant and Equipment***

Amendments to MFRS 116 clarifies the accounting for the accumulated depreciation/ amortisation when an asset is re-valued. It clarifies that:

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

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

***Amendments to MFRS 119 Employee Benefits***

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

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

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

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

***Amendments to MFRS 127 Separate Financial Statements***

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

***Amendments to MFRS 138 Intangible Assets***

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

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

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

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

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

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

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

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

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

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

- Exemption from presenting consolidated financial statements:- the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

- Consolidation of intermediate investment entities:- the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

- Policy choice for equity accounting for investments in associates and joint ventures:- the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

**2.3 Significant Accounting Policies**

**(a) Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expense and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (a) Basis of Consolidation (continued)

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expense and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), 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 is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in the Note 2.3(e) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

#### (b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. 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 fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The transaction costs of the investments shall be recognised as expense in the profit or loss in the period in which the costs are incurred.

An investment in subsidiaries which is eliminated on consolidation is stated in the Company's separate financial statements at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(o) to the financial statements. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the profit or loss.

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

**2.3 Significant Accounting Policies (continued)**

**(c) Transactions eliminated on consolidation**

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

Unrealised gains arising from disposal of assets to joint venture company are eliminated to the extent that it does not exceed the carrying amount of the Group's interest in the joint venture company. The remaining unrealised gain in excess of the Group's interest in the joint venture company is recognised as deferred income.

The deferred income will be realised and recognised in the profit or loss as and when these assets are being sold to third party.

**(d) Transactions with Non-Controlling Interest**

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners to of the Company.

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

**(e) Goodwill on Consolidation**

*(i) Acquisition before 1st January 2011*

Goodwill represents the excess of the cost of business combination over the Group's share of net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Following the initial recognition, goodwill is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(o) to the financial statements.

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

Negative goodwill represents the excess of the fair value of the Group's share of net assets acquired over the cost of acquisition. Negative goodwill is recognised directly in the statement of comprehensive income.

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (e) Goodwill on Consolidation (continued)

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

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

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

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

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

#### (f) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of profit or loss of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (g) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:-

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

#### (h) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(o) to the financial statements.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

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

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

| | |
|---|---|
| Buildings | 2% |
| Plant and machineries | 10% - 33.33% |
| Motor vehicles | 20% |
| Furniture and fittings | 7.5% - 33.33% |
| Office equipment | 10% - 33.33% |

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values, useful lives and depreciation method are included in the profit or loss for the financial year in which the changes arise.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (i) Investment Properties

Investment properties are freehold land and buildings which are held either to earn rental income or capital appreciation or for both and are not substantially occupied by the Group. Such properties are measured initially at cost, including transaction costs. Subsequent to the initial recognition, investment properties are stated at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(o) to the financial statements.

No depreciation is provided on the freehold land as it has indefinite useful life.

Investment properties are derecognised when they have been disposed off or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposals. Any gains and losses on the retirement or disposal of investment properties are recognised in the profit or loss in the year in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in 2.3(h) up to the date of change in use.

#### (j) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first in, first out method.

The cost of raw materials comprises cost of purchase and incidental costs bringing the inventories to their present locations and conditions. The cost of finished goods and work-in-progress consists of raw materials, direct labour and a proportion of manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (k) Financial Instruments

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

A financial instrument is recognised initially, at its fair value, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (k) Financial Instruments (continued)

The Group and the Company categorise the financial instruments as follows:-

*(i) Financial Assets*

*Financial assets at fair value through profit or loss*

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in statement of comprehensive income.

*Loans and receivables*

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

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

*Held-to-maturity investments*

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

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

*Available-for-sale financial assets*

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

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

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

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

**2.3 Significant Accounting Policies (continued)**

**(k) Financial Instruments (continued)**

*(ii) Financial Liabilities*

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated as fair value through profit or loss upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

*(iii) Financial Guarantee Contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss over the contractual period or, upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

*(iv) Regular way purchase or sale of financial assets*

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:-

(i) the recognition of an asset to be received and the liability to pay for it onthe trade date; and

(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

*(v) Derecognition*

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (l) Cash and Cash Equivalents

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

#### (m) Taxation

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

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

The carrying amount of deferred tax assets, if any, is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised.

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

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and current tax liabilities on a net basis.

#### (n) Foreign Currencies

*(i) Functional and Presentation Currency*

The individual financial statements of each entity in the Group are measured using the functional currency which is 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.

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

**2.3 Significant Accounting Policies (continued)**

**(n) Foreign Currencies (continued)**

*(ii) Foreign Currency Transactions and Translations*

Foreign currency transactions are translated to Ringgit Malaysia at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies at the statement of financial position are translated into Ringgit Malaysia at the rates ruling at the reporting date. All exchange differences are included in profit or loss.

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

**(o) Impairment of Assets**

*(i) Impairment of Financial Assets*

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries and associates) are assessed at each reporting date 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. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments 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 asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost 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 current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (o) Impairment of Assets (continued)

*(ii) Impairment of Non-financial Assets*

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

For goodwill that has an indefinite useful life and are not available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU's") fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss.

#### (p) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:-

*(i) Sales of Goods*

Revenue is recognised net of discounts and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs of the possible return of goods.

*(ii) Rental Income*

Revenue from rental of properties is recognised on an accrual basis.

*(iii) Interest Income*

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

*(iv) Management Fees*

Management fees are recognised when services are rendered.

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

**2.3 Significant Accounting Policies (continued)**

**(q) Borrowing Costs**

Borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowings of funds.

**(r) Employee Benefits**

*(i) Short term employee benefits*

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

*(ii) Post-employment benefits*

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

**(s) Finance Leases**

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The corresponding liability is included in the statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used in the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowings rate is used.

Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets and assets under hire purchase is consistent with that for depreciable property, plant and equipment as described in Note 2.3(h) to the financial statements.

**(t) Share Capital**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary share are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (u) Segmental Reporting

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. Operating segment results are reviewed regularly by the chief operating decision maker, which in the case are Executive Directors of the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers' report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

#### (v) Assets Classified As Held for Sale

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Assets once classified as held for sale are not amortised or depreciated.

#### (w) Fair Value Measurements

The Group and the Company adopted MFRS 13 Fair Value Measurement which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell and asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability 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 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.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:-

### *(i) Assets classified as held for sale*

In the financial year ended 30th June 2013, the Group classified certain investment properties ("Properties") as assets held for sale, as the Group had committed to a plan to sell the investment properties as at date of classification. The Group had identified a potential buyer for its investment properties and initiated the negotiation with the potential buyer and the Group expects that the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification. Accordingly, the directors exercise judgement based on the above circumstance that the investment properties shall be reclassified to assets held for sale in the previous financial year.

On 19th September 2013, as disclosed in Note 16 to the financial statements, the Group announced its decision to dispose the Properties to 368 Segambut Sdn. Bhd ("368 SSB").

As at 30th June 2014, the settlement of the balance purchase price to the Group remains outstanding and resulted in the non-completion of the delivery of the legal possession of the Properties to 368 SSB. This is mainly due to the elongated time in approval of the financing from the financiers of 368 SSB for the purchase of the Properties.

The directors are of the opinion that the extension of the period required to complete the sale beyond one year from the date of classification is a delay of an event or circumstances beyond the Group's control and the Group remains committed to its plan to sell the Properties. Hence, the directors exercise judgement and continue to classify the Properties as asset held for sale in the current financial year even though the period of the completion of the sale have extended beyond one year since the date of its reclassification.

As at 30th June 2015, the sale and purchase of the Properties with Federal Telecommunications Sdn Bhd and FCW Industries Sdn Bhd have been completed and the Group has received full payment on the balance outstanding.

### *(ii) Useful lives of property, plant and equipment*

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the relevant assets. In addition, the estimation of useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in these factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

### *(iii) Impairment of property, plant and equipment*

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

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### *(iii) Impairment of property, plant and equipment (continued)*

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

### *(iv) Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units ("CGUs") to which goodwill is allocated. Estimating a value in use amount requires management to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill on consolidation as at 30th June 2015 is disclosed in Note 6 to the financial statements.

### *(v) Impairment of investment in subsidiaries and associate*

The Company carried out the impairment test based on a variety estimation of including the value-in-use of the cash generating unit. Estimating a value-in-use amount requires the Company to make an estimation of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The management determined the recoverable amount of the investment in subsidiaries based on the individual assets' value in use and the probability of the realisation of the assets. The present value of the future cash flows to be generated by the asset is the asset's value in use, and it is assumed to be the same as the net worth of the asset as at reporting date. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

In view of the above, the management are in the opinion that no impairment is required for the investment in subsidiaries as at statement of financial position date.

### *(vi) Allowance for impairment of receivables*

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

## 4. PROPERTY, PLANT AND EQUIPMENT

| Group 2015 | Long term Freehold Land RM'000 | Buildings RM'000 | Plant and Machineries RM'000 | Motor Vehicles RM'000 | Furniture and Fittings RM'000 | Office Equipment RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1st July 2014 | 2,100 | 2,400 | 2,283 | 791 | 1,441 | 363 | 9,378 |
| Additions | - | - | 46 | - | 5 | 25 | 76 |
| At 30th June 2015 | 2,100 | 2,400 | 2,329 | 791 | 1,446 | 388 | 9,454 |
| **Accumulated Depreciation** | | | | | | | |
| At 1st July 2014 | - | 252 | 1,720 | 376 | 697 | 312 | 3,357 |
| Depreciation for the financial year | - | 55 | 243 | 166 | 163 | 29 | 656 |
| At 30th June 2015 | - | 307 | 1,963 | 542 | 860 | 341 | 4,013 |
| **Carrying Amount** | | | | | | | |
| At 30th June 2015 | 2,100 | 2,093 | 366 | 249 | 586 | 47 | 5,441 |

## 4. PROPERTY, PLANT AND EQUIPMENT (continued)

| | Long term Freehold Land RM'000 | Buildings RM'000 | Plant and Machineries RM'000 | Motor Vehicles RM'000 | Furniture and Fittings RM'000 | Office Equipment RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| **Group 2014** | | | | | | | |
| **Cost** | | | | | | | |
| At 1st July 2013 | 2,100 | 2,400 | 2,248 | 723 | 1,435 | 363 | 9,269 |
| Additions | - | - | 35 | 240 | 6 | - | 281 |
| Disposals | - | - | - | (172) | - | - | (172) |
| At 30th June 2014 | 2,100 | 2,400 | 2,283 | 791 | 1,441 | 363 | 9,378 |
| **Accumulated Depreciation** | | | | | | | |
| At 1st July 2013 | - | 197 | 1,331 | 394 | 534 | 268 | 2,724 |
| Depreciation for the financial year | - | 55 | 389 | 154 | 163 | 44 | 805 |
| Disposals | - | - | - | (172) | - | - | (172) |
| At 30th June 2014 | - | 252 | 1,720 | 376 | 697 | 312 | 3,357 |
| Carrying Amount | | | | | | | |
| At 30th June 2014 | 2,100 | 2,148 | 563 | 415 | 744 | 51 | 6,021 |

## 4. PROPERTY, PLANT AND EQUIPMENT (continued)

| | 2015 RM'000 | 2014 RM'000 |
|---|---|---|
| **Company** | | |
| **Motor Vehicles** | | |
| **Cost** | | |
| At 1st July | 240 | 172 |
| Addition | - | 240 |
| Disposal | - | (172) |
| At 30th June | 240 | 240 |
| **Accumulated Depreciation** | | |
| At 1st July | 32 | 172 |
| Depreciation for the financial year | 48 | 32 |
| Disposal | - | (172) |
| At 30th June | 80 | 32 |
| **Carrying Amount** | | |
| At 30th June | 160 | 208 |

(i) The freehold land and buildings of the Group at the carrying amount of RM4.193 million (2014: RM4.248 million) are pledged to financial institutions as security for banking facilities granted to the Group as stated at Note 19 to the financial statements.

(ii) Included in property, plant and equipment of the Group are assets acquired under hire purchase instalment plans with carrying amount as follows:-

| | Group | |
|---|---|---|
| | 2015 RM'000 | 2014 RM'000 |
| Plant and machineries | 67 | 215 |
| Motor vehicles | 85 | 203 |
| | 152 | 418 |

## 5. INVESTMENT PROPERTY

| | Group | |
|---|---|---|
| | 2015 RM'000 | 2014 RM'000 |
| **At Cost** | | |
| At 1st July/30th June | 3,100 | 3,100 |

**5. INVESTMENT PROPERTY (continued)**

Fair value information

Fair value of investment property is categorised as follow:-

| | 2015 | | | |
|---|---|---|---|---|
| | **Level 1 RM'000** | **Level 2 RM'000** | **Level 3 RM'000** | **Total RM'000** |
| **Group** | | | | |
| Freehold land | - | - | 3,200 | 3,200 |

(i) Level 1: Quoted prices (unadjusted) in active markets for identical investment property that the entity can access at the measurement date.

(ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3: Inputs for the investment property that is not based on observable market data (unobservable inputs).

The market value for the above investment properties of approximately RM3.2 million is determined based on Director's best estimate through information available through internal research.

**6. GOODWILL ON CONSOLIDATION**

| | Group | |
|---|---|---|
| | **2015 RM'000** | **2014 RM'000** |
| **At Cost - Wholesale segment** | | |
| At 1st July/30th June | 1,726 | 1,726 |

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the Directors are of the opinion that since all the CGU's are to be held on a long term basis, value in use would best reflect its recoverable amount. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:-

- Cash flows were projected based on past experience and actual operating results. Management believes that this five-year forecasts period was justified due to the long-term nature of the wholesale business.

- The average growth rates in financial year 2016 to financial year 2020 are within the range of 1% to 5%. Based on past performances, these ranges have been its achievable growth. Management believes its growth rate for the next 5 years are justifiable based on several strategies in place such as increase in market share.

- The 9.9% discount rate is pre-tax used based on the weighted average cost of capital of the Company.

The values assigned to the above key assumptions represent Directors' assessment of future trends in the industry and are based on both external sources and internal source of information.

Based on the sensitivity analysis performed, Directors believe that no reasonably possible change in any of the above key assumptions would cause the carrying values of the cash-generating units ("CGUs") to exceed its recoverable amounts.

## 7. INVESTMENT IN SUBSIDIARIES

| | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|
| **Unquoted shares, at cost** | | |
| At 1st July | 281,847 | 281,847 |
| Redemption of preference shares | (72,000) | - |
| Purchase of shares from a minority shareholder | 3,724 | - |
| At 30th June | 213,571 | 281,847 |
| **Less: Accumulated impairment losses** | | |
| At 1st July/30th June | 196,328 | 196,328 |
| **Carrying Amount** | | |
| At 30th June | 17,243 | 85,519 |

(a) The equity interest in the subsidiaries which are all incorporated in Malaysia and their respective principle activities are as follows:-

| Name of Companies | Effective Equity Interest Held 2015 % | Effective Equity Interest Held 2014 % | Principal Activities |
|---|---|---|---|
| FCW Industries Sdn. Bhd. | 100 | 100 | Investment holding, provision of management services, trading in telecommunications equipment and renting of properties. |
| Coscolab Sdn. Bhd. | 100 | 80 | Engaged as a wholesaler and processor of pharmaceutical, cosmetics, toiletries, and other related products. |
| **Subsidiaries of FCW Industries Sdn. Bhd.** | | | |
| FCW Enterprise Sdn. Bhd. | 100 | 100 | Property investment. |
| FCW Housing and Realty Development Sdn. Bhd. | 100 | 100 | Property development - dormant. |
| Federal Telecommunications Sdn. Bhd. | 100 | 100 | Turnkey contracting, distribution, servicing of telecommunications equipment and renting of properties. |
| United Malaysian Steel Mills Berhad | 77 | 77 | Manufacturing and trading of steel products - dormant. |
| FT Spares & Services Sdn. Bhd. | 100 | 100 | Servicing of telecommunications equipment - dormant. |
| Plusnet Communications Sdn. Bhd. | 100 | 100 | Retailing of telecommunications equipment - dormant. |

## 7. INVESTMENT IN SUBSIDIARIES (continued)

| Name of Companies | Effective Equity Interest Held 2015 % | 2014 % | Principal Activities |
|---|---|---|---|
| **Subsidiaries of Federal Telecommunications Sdn. Bhd.** | | | |
| FCW Property Management Sdn. Bhd. | 100 | 100 | Property management. |
| Pedoman Jitu Sdn. Bhd. | 100 | 100 | Trading of telecommunications equipment - dormant. |
| **Subsidiaries of FCW Property Management Sdn. Bhd.** | | | |
| Pager Communications Sdn. Bhd. | 100 | 100 | Renting of communication access - dormant. |
| Ultra Matrix Sdn. Bhd. | 100 | 100 | Investment holding - dormant. |
| Cometron Sdn. Bhd. | 68 | 68 | Sale and hire of telecommunications equipment and electronic goods and the provision of paging services - dormant. |

(b) The Group does not have any material non-controlling interests.

(c) On 9th January 2015, the Company acquired the remaining 20% of equity interest in Coscolab Sdn Bhd ("Coscolab") for a purchase consideration amounting to RM 3,723,969/- which was settled by cash. This resulted in Coscolab become a wholly owned subsidiary of the Company.

## 8. INVESTMENT IN AN ASSOCIATE

| | Group 2015 RM'000 | 2014 RM'000 |
|---|---|---|
| **At Cost** | | |
| Unquoted shares | 32,365 | 32,365 |
| Share of post-acquisition reserves | 5,689 | 6,838 |
| At 30th June | 38,054 | 39,203 |
| **Less : Accumulated impairment losses** | | |
| At 1st July/30th June | (8,155) | (8,155) |
| **Carrying Amount** | | |
| At 30th June | 29,899 | 31,048 |

## 8. INVESTMENT IN AN ASSOCIATE (continued)

The details of the associate which is incorporated in Malaysia are as follows:-

| Name of Associate | Principal Place of Business | Effective Equity Interest Held 2015 % | 2014 % | Principal Activities |
|---|---|---|---|---|
| **Held by FCW Industries Sdn. Bhd.** | | | | |
| Fujikura Federal Cables Sdn. Bhd. * | Malaysia | 42.54 | 42.54 | Manufacture and marketing of power, telecommunications cables and wires. |

* *Audited by firm other than Messrs Baker Tilly Monteiro Heng.*

The summarised financial information of associate not adjusted for the proportion of ownership interest held by the Group is as follow:-

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| **As at 30th June** | | |
| Non-current assets | 47,538 | 44,248 |
| Current assets | 121,135 | 101,817 |
| Current liabilities | (98,389) | (73,079) |
| | 70,284 | 72,986 |
| **For the Financial Year Ended 30th June** | | |
| Revenue | 266,538 | 284,900 |
| Expenses including finance cost and tax expenses | (269,239) | (276,526) |
| (Loss)/Profit for the financial year | (2,701) | 8,374 |

## 9. INVESTMENT IN A JOINT VENTURE

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| **Unquoted shares, at cost** | | | | |
| At 1st July | 237 | - | 250 | - |
| Investment in a joint venture | - | 250 | - | 250 |
| Share of post-acquisition reserves | 885 | (13) | - | - |
| | 1,122 | 237 | 250 | 250 |
| Share of unrealised profit on sales to joint venture | (1,122) | - | - | - |
| At 30th June | - | 237 | 250 | 250 |

Investment in a joint venture represents investment in 368 Segambut Sdn. Bhd. ("368 SSB") which is principally engaged in the property development activities in Malaysia.

## 9. INVESTMENT IN A JOINT VENTURE (continued)

The summarised financial information of joint venture not adjusted for the proportion of ownership interest held by the Group is as follow:-

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| *Percentage of ownership interest* | 50% | 50% |
| *Percentage of voting interest* | 50% | 50% |
| | **RM'000** | **RM'000** |
| **As at 30th June** | | |
| Non current assets | 194,512 | - |
| Current assets | 17,086 | 19,978 |
| Non current liabilities | (150,000) | - |
| Current liabilities | (59,353) | (19,504) |
| Cash and cash equivalents | 9,928 | 1,181 |
| **Year ended 30th June** | | |
| Profit/(Loss) for the financial year/ Total comprehensive profit | 1,770 | (25) |
| **Reconciliation of net current (liabilities)/assets to carrying amount as at 30th June** | | |
| Group's share of net current (liabilities)/assets/ carrying amount | (21,134) | 237 |

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | **RM'000** | **RM'000** |
| **Group's share of results** | | |
| **Year ended 30th June** | | |
| Group's share of profit/(loss)/ Total comprehensive profit/(loss) | 885 | (13) |

## 10. OTHER INVESTMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Unquoted shares, at cost | 5,626 | 5,626 | - | - |
| Disposal | (5,606) | - | - | - |
| | 20 | 5,626 | - | - |
| Less: Accumulated impairment loss | 5,626 | 5,626 | - | - |
| Disposal | (5,606) | - | - | - |
| | 20 | 5,626 | - | - |
| | - | - | - | - |

## 10. OTHER INVESTMENTS (continued)

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| Cash management fund | 127 | 124 | - | - |
| Long term fixed deposit with licensed bank | 10,000 | - | 10,000 | - |
| | 10,127 | 124 | 10,000 | - |

(a) In financial year 2007, the Group owned 27.50% and 29.68% of Ghamal Industries Company Limited and Federal Power Sdn. Bhd. respectively. Although the ownership interests in these companies more than 20%, these investments have been reclassified to other investments due to the lack of significant influence as the Company has no representation on the investees' boards of directors.

(b) The interest rate of the long term fixed deposit with licensed bank as at the reporting date of the Company is 4.00% per annum with a maturity period of 24 months.

(c) The details of other investments are as follows:-

| Name of Company | Country of Incorporation | Effective Equity Interest Held 2015 % | Effective Equity Interest Held 2014 % | Principal Activities |
|---|---|---|---|---|
| **Held by FCW Industries Sdn. Bhd.** | | | | |
| Federal Power Sdn. Bhd. | Malaysia | - | 29.68 | Manufacture and sale of power cables and electronical conductors. |
| Ghamal Industries Company Limited | Ghana | 27.50 | 27.50 | Design, supply, installation, testing and commissiong of the Copper Subcribes and access network in Ghana - dormant. |

(d) During the financial year, the Company has disposed all of the shares held in Federal Power Sdn. Bhd. with a total cash consideration of RM2.3 million.

## 11. INVESTMENT IN SECURITIES

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| **Fair value through profit or loss** | | | | |
| *Unit trusts quoted in Malaysia* | | | | |
| At 1st July | 262 | 255 | 262 | 255 |
| Disposal | (262) | - | (262) | - |
| Fair value changes recognised in profit or loss | - | 7 | - | 7 |
| At 30th June | - | 262 | - | 262 |

## 12. INVENTORIES

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| **At Cost** | | |
| Raw materials | 1,646 | 1,667 |
| Packing materials | 2,132 | 2,074 |
| Work-in-progress | 437 | 306 |
| Finished goods | 301 | 639 |
| | 4,516 | 4,686 |

During the financial year, inventories of the Group recognised as cost of sales amounted to RM 18,432,725/- (2014: RM 19,747,138/-).

## 13. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| **Trade receivables** | | | | |
| Third parties | 7,811 | 7,200 | - | - |
| Amount due from subsidiaries | - | - | 1,492 | 1,500 |
| | 7,811 | 7,200 | 1,492 | 1,500 |
| Less: Allowance for impairment | | | | |
| Third parties | (285) | (622) | - | - |
| Amount due from subsidiaries | - | - | (2) | (2) |
| | (285) | (622) | (2) | (2) |
| | 7,526 | 6,578 | 1,490 | 1,498 |
| **Other receivables deposits and prepayments** | | | | |
| Amount due from subsidiaries | - | - | 7,355 | 6,854 |
| Amount due from a joint venture | 28,950 | 9,750 | 28,950 | 9,750 |
| Other receivables | 315 | 285 | 203 | 91 |
| Deposits | 70 | 121 | 5 | 5 |
| Prepayments | 413 | 538 | 12 | 12 |
| | 29,748 | 10,694 | 36,525 | 16,712 |
| *Less: Allowance for impairment* | | | | |
| Amount due from subsidiaries | - | - | (2,782) | (2,761) |
| | 29,748 | 10,694 | 33,743 | 13,951 |
| | 37,274 | 17,272 | 35,233 | 15,449 |

(i) The Group's normal trade credit terms are non-interest bearing and generally within 30 to 90 days (2014: 30 to 90 days). Other credit terms are assessed and approved on a case-to-case basis.

**13. TRADE AND OTHER RECEIVABLES (continued)**

(ii) Ageing analysis on trade receivables

The ageing analysis of the Group's and the Company's trade receivables are as follows:-

| | Group | |
|---|---|---|
| | **2015 RM'000** | **2014 RM'000** |
| Neither past due nor impaired | 6,162 | 3,551 |
| *Past due but not impaired:* | | |
| - 1 to 30 days | 657 | 1,474 |
| - 31 to 120 days | 460 | 1,473 |
| - More than 121 days | 247 | 80 |
| | 1,364 | 3,027 |
| Impaired | 285 | 622 |
| | 7,811 | 7,200 |

*(a) Receivables that are neither past due nor impaired*

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

*(b) Receivables that are past due but not impaired*

The Group has not made any allowance for impairment for receivables that are past due but not impaired as there has not been a significant change in the credit quality of these receivables and the amounts due are still recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The Group has policies in place to ensure that credit is extended only to customers with acceptable credit history and payment track records. Allowances for impairment are made on specific trade receivable when there is objective evidence that the Group will not able to collect the amounts due.

*(c) Receivables that are impaired*

The Group's and company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:-

| | Individually impaired Group | |
|---|---|---|
| | **2015 RM'000** | **2014 RM'000** |
| Trade receivables | | |
| - nominal amounts | 285 | 622 |
| Less: Allowance for impairment | (285) | (622) |
| | - | - |

## 13. TRADE AND OTHER RECEIVABLES (continued)

(ii) Ageing analysis on trade receivables (continued)

*(c) Receivables that are impaired (continued)*

The movement of the allowance accounts used to record the impairment are as follows:-

| | Group and Company 2015 RM'000 | 2014 RM'000 |
|---|---|---|
| At 1st July | 622 | 622 |
| Less: Reversal of impairment loss no longer required | (337) | - |
| At 30th June | 285 | 622 |

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are long outstanding with no collection. These receivables are not secured by any collateral or credit enhancements.

(iii) Amounts due by subsidiaries whether trade nor non-trade are unsecured, non-interest bearing and repayable on demand.

(iv) Amount due by joint venture represents advance to joint venture. The amount due is unsecured, non-interest bearing and repayable on demand.

(v) Approximate 72% (2014: 69%) of the Group's third parties' trade receivables arise from 2 customers (2014: 3). These receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

## 14. DERIVATIVES

| | Group and Company 2015 RM'000 | 2014 RM'000 |
|---|---|---|
| *Option to purchase additional shares in Coscolab Sdn. Bhd.* | | |
| At 1st July | 194 | 78 |
| Fair value changes for derivaties | - | 116 |
| Execise of option | (194) | - |
| At 30th June | - | 194 |

In connection with the Sale of Shares Agreement dated 15th September 2009 ("SSA"), the Company had on 30th June 2011 entered into a Supplemental Agreement ("SA") with the minority shareholder of Coscolab Sdn. Bhd., Mr. Teo Ker-Wei, to amend the terms and conditions of the Call and Put Options under Clause 10 of SSA, particularly on the extension of option and basis of determining the option price.

During the year, Mr. Teo Ker-Wei has exercised the Put Option to sell and the Company has accepted the Put Option to buy from him the remaining equity interest not already owned for a total cash consideration of RM3,723,969/-.

## 15. CASH AND BANK BALANCES

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| Cash and bank balances | 38,640 | 7,270 | 19,268 | 227 |
| Deposits placed with licensed banks | 142,071 | 47,173 | 54,714 | 24,053 |
| | 180,711 | 54,443 | 73,982 | 24,280 |

The interest rate as at the reporting date and the remaining maturities of the Group and the Company deposits placed with licensed banks are as follows:-

| | Group 2015 | Group 2014 | Company 2015 | Company 2014 |
|---|---|---|---|---|
| Interest rate (%) (per annum) | 2.90 - 3.80 | 3.52 | 2.90 - 3.80 | 3.52 |
| Maturity (days) | 5 - 90 | 30 - 90 | 5 - 90 | 30 - 90 |

## 16. ASSETS CLASSIFIED AS HELD FOR SALE

(a) In the previous financial year, the Group classified certain investment properties ("Properties") as assets held for sale, as the Group had committed to a plan to sell the Properties as at date of classification. These investment properties are freehold land and buildings which were held to earn rental income. The rental income which previously reported in the properties renting segment represents one major line of the Group business. The Group had identified a potential buyer for its investment properties and initiated the negotiation with the potential buyer and the Group expects that the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification. Accordingly, the directors exercise judgement based on the above circumstance that the investment properties shall be reclassified to assets held for sale in the previous financial year.

On 19th September 2013, the Company entered into a Shareholder Agreement with IJM Land Berhad ("IJM Land") and 368 Segambut Sdn. Bhd. ("368 SSB") to regulate the relationship between the Company and IJM Land as shareholders of 368 SSB in relation to a mixed development of residential and commercial properties project on the said Properties.

Further on the same date, 368 SSB entered into 2 separate Sale and Purchase Agreements (SPAs) with 2 wholly-owned subsidiaries of the Company, namely Federal Telecommunications Sdn. Bhd. ("FTSB") and FCW Industries Sdn. Bhd. ("FCWI"), to acquire the Properties for a cash consideration of RM187,973,520/-.

On 14th March 2014, via the Group's Extraordinary General Meeting, the Group had obtained approval from its shareholders for the sale of Properties and the joint development between IJM Land and the Group.

As at 30th June 2014, the settlement of the balance purchase price amounting to RM169,088,332/- to the Group remains outstanding and resulted in the non-completion of the delivery of the legal possession of the Properties to 368 SSB. This is mainly due to the elongated time in approval of the financing from the financiers of 368 SSB for the purchase of the Properties.

As at 30th June 2015, the sale and purchase of the Properties with FTSB and FCWI have been completed and the Group have received full payment on the outstanding balance.

**16. ASSETS CLASSIFIED AS HELD FOR SALE (continued)**

(b) An analysis of the result of the discontinued operation in arriving at the result recognised from the investment properties are as follows:-

| | Group | |
|---|---|---|
| | 2015 RM'000 | 2014 RM'000 |
| Revenue | 852 | 4,191 |
| Other income | 48,946 | - |
| Direct operating expenses | (215) | (361) |
| **Profit Before Tax** | 49,583 | 3,830 |
| Taxation (Note 27) | (352) | (662) |
| **Profit For The Financial Year** | 49,231 | 3,168 |

(c) The following amounts have been included in arriving at operating profit of the discontinued operation:-

| | Group | |
|---|---|---|
| | 2015 RM'000 | 2014 RM'000 |
| And crediting:- | | |
| Rental income | (852) | (4,191) |
| Gain on disposal of non-current assets held for sales | (48,946) | - |

The cash flows attributable to the discontinued operation are as follows:-

| | Group | |
|---|---|---|
| | 2015 RM'000 | 2014 RM'000 |
| Net cash inflows from operating activities | 637 | 3,830 |
| Net cash inflows from investment activities | 187,786 | - |

**17. SHARE CAPITAL**

| | Group and Company | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | Number of shares '000 Unit | RM'000 | Number of shares '000 Unit | RM'000 |
| *Ordinary shares of RM0.50 each* | | | | |
| **Authorised:** | | | | |
| At 1st July/30th June | 600,000 | 300,000 | 600,000 | 300,000 |
| **Issued and fully paid:** | | | | |
| At 1st July | 249,993 | 124,997 | 196,281 | 98,141 |
| Issue of shares via exercise of Warrants B | - | - | 53,712 | 26,856 |
| At 30th June | 249,993 | 124,997 | 249,993 | 124,997 |

**17. SHARE CAPITAL (continued)**

*(i) Share capital*

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

In the previous financial year, the issued and paid-up capital of the Company increased from RM98,141,115/- to RM124,997,063/- via the issuance of 53,711,896 units new ordinary shares of RM0.50/- each in conjunction with the exercise of Warrants B.

The ordinary shares arising from Warrants A and Warrants B rank pari passu in all respects with the existing issued and fully paid up ordinary shares of RM0.50/- each in the Company except that the renounceable rights shares shall not entitled to any dividend, right, allotment and/or other distribution that may be declared, made or paid prior to the date of allotment and exercise of Warrants.

*(ii) Warrants*

On 26th May 2003, the Company issued 92,886,400 Warrants A in conjunction with the rights issue of 92,886,400 ordinary shares of the Company implemented in that financial year.

The Warrants A are constituted by a Deed Poll dated 24th June 2003 made by the Company. Following the Capital Restructuring in 2007/the financial year 2008, each Warrant entitles its registered holder the right to subscribe for one ordinary shares of RM0.50/- in the Company at an adjusted exercise price of RM1.50/- at any time during the period from 8th January 2008 until 5.00 pm on 11th November 2013 and the number of "Warrants A" has been adjusted to 29,211,830.

In the financial year 2008, the Company implemented and completed a renounceable rights issue of 139,333,350 new ordinary shares of RM0.50/- each ("FCW shares"), together with 55,733,340 free detachable new warrants ("Warrants B") on the basis of five new FCW shares together with two free Warrants B for every two existing FCW shares held after the Capital Restructuring at an issue price of RM0.50/- per share.

The Warrants B are constituted by a Deed Poll dated 19th November 2007 made by the Company. Each Warrant entitles its registered holder the right to subscribe for new one ordinary shares of RM0.50/- in the Company at an exercise price of RM0.50/- at any time during a period of approximately six years commencing from 8th January 2008 until 5.00 pm on 11th November 2013.

The new shares to be issued upon the exercise of both the Warrants A and Warrants B (collectively known as "Warrants") shall, upon allotment and issue, rank pari passu in all respects with the existing issued and fully paid-up shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement, dates of which are before the date of allotment of the new shares arising from the exercise of the Warrants.

On 11th November 2013, both Warrants A and Warrants B had lapsed according to the Deed Poll dated 24th June 2003 and 19th November 2007. The movement of both Warrants A and Warrants B in the balance before expired date are as follows:-

| | **Warrants A** | **Warrants B** | **Total** |
|---|---|---|---|
| | Units | Units | Unit |
| At 1st July 2013 | 29,211,830 | 54,517,800 | 83,729,630 |
| Exercise of warrants | - | (53,711,896) | (53,711,896) |
| Lapsed of warrants | (29,211,830) | (805,904) | (30,017,734) |
| At 30th June 2014/30th June 2015 | - | - | - |

## 18. RESERVES

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| Non-distributable | | |
| Capital reserve | 2,704 | 2,704 |
| Premium paid on acquisition of minority interest | (1,145) | (233) |
| | 1,559 | 2,471 |

Capital reserve represents the capitalisation of earnings for bonus issues by subsidiaries.

## 19. LOANS AND BORROWINGS

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| **Current** | | |
| Floating rate bank loan (note a) | 305 | 283 |
| Hire purchase payables (note b) | 73 | 111 |
| | 378 | 394 |
| **Non-current** | | |
| Floating rate bank loan (note a) | 1,606 | 1,917 |
| Hire purchase payables (note b) | 30 | 102 |
| | 1,636 | 2,019 |
| **Total loans and borrowings** | 2,014 | 2,413 |

*(a) Floating rate bank loan*

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| **Current liabilities:** | | |
| - Repayable within one year | 305 | 283 |
| **Non-current liabilities:** | | |
| - Later than one year but not later than two years | 700 | 305 |
| - Later than two years but not later than five years | 820 | 1,061 |
| - Later than five years | 86 | 551 |
| | 1,606 | 1,917 |
| | 1,911 | 2,200 |

The effective interest rate as at reporting date is 7.60% (2014: 7.60%) per annum.

The floating rate bank loan and bankers' acceptance of the Group are secured by:-

(i) legal charges over certain property, plant and equipment of the Group, as disclosed in Note 4 to the financial statements; and

(ii) corporate guarantees by the Company.

## 19. LOANS AND BORROWINGS (continued)

*(b) Hire purchase payables*

| | Group | |
|---|---|---|
| | 2015 RM'000 | 2014 RM'000 |
| *Minimum hire purchase payments* | | |
| - not later than one year | 76 | 119 |
| - later than one year but not later than two years | 30 | 76 |
| - later than two years but not later than five years | - | 30 |
| | 106 | 225 |
| Less: Amount representing future finance charges | (3) | (12) |
| Present value of minimum hire purchase payment | 103 | 213 |
| Represented by: | | |
| *Current* | | |
| - not later than one year | 73 | 111 |
| *Non-current* | | |
| - later than one year but not later than two years | 30 | 73 |
| - later than two years but not later than five years | - | 29 |
| | 30 | 102 |
| | 103 | 213 |

*Obligations under hire purchase:-*

(i) The obligations under finance leases bear interest at flat rates ranging from 4.43% to 8.09% (2014: 4.43% to 8.09%) per annum;

(ii) These obligations are secured by a charge over the leased assets as disclosed in Note 4 to the financial statements of the Group; and

(iii) The hire purchase liabilities are effectively secured on the rights of the assets under hire purchase arrangement.

## 20. DEFERRED TAX

| | Group | |
|---|---|---|
| | 2015 RM'000 | 2014 RM'000 |
| At 1st July | 532 | 54 |
| Recognised in profit or loss (Note 27) | (60) | 478 |
| At 30th June | 472 | 532 |
| *Presented after appropriate offsetting as follows:* | | |
| Deferred tax liabilities | (472) | (532) |

## 20. DEFERRED TAX (continued)

*(i) The deferred liabilities are arising from:-*

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| *Deferred tax liabilities:* | | |
| - Accelerated capital allowances | (472) | (532) |

*(ii) Unrecognised deferred tax assets*

Deferred tax assets have not been recognised in respect of the following items:-

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| *Deferred tax assets:* | | | | |
| - Excess of tax written down value over corresponding carrying amounts | 3,251 | 1,182 | - | - |
| Unabsorbed tax losses | 29,446 | 33,496 | 6,194 | 7,844 |
| Unabsorbed capital allowances | 35 | 25 | 34 | 24 |
| | 32,732 | 34,703 | 6,228 | 7,868 |
| Potential deferred tax assets not recognised at 24% (2014: 25%) | 7,856 | 8,676 | 1,495 | 1,967 |

## 21. DEFERRED INCOME

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| **At Cost** | | |
| At 1st July | - | - |
| Addition | 47,824 | - |
| At 30th June | 47,824 | - |

Deferred income represents the unrecognised profit arising from the sale of properties to a joint venture company.

## 22. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| **Trade payables** | | | | |
| Third parties | 3,079 | 4,341 | - | - |

## 22. TRADE AND OTHER PAYABLES (continued)

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| **Other payables and accruals** | | | | |
| Amount due to subsidiaries | - | - | 20,769 | 10,754 |
| Other payables | 451 | 1,742 | 55 | 37 |
| Deposits | 9 | 18,885 | - | - |
| Accruals | 393 | 567 | 179 | 211 |
| | 853 | 21,194 | 21,003 | 11,002 |
| | 3,932 | 25,535 | 21,003 | 11,002 |

(i) The normal trade credit term granted to the Group and the Company range from 30 to 90 days (2014: 30 to 90 days).

(ii) The amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

(iii) In the previous year, the deposits represent sum received from 368 SSB in relation to the acquisition of Lands.

## 23. REVENUE

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| Sales of pharmaceutical, cosmetics, toiletries, and other related products | 26,111 | 27,342 | - | - |
| Management fee income | - | - | 378 | 378 |
| Dividend income | - | - | 12,958 | 3,963 |
| | 26,111 | 27,342 | 13,336 | 4,341 |

## 24. COST OF SALES

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| **Continuing operations** | | |
| Sales of pharmaceutical, cosmetics, toileries, and other related products | 21,674 | 21,803 |

## 25. FINANCE COSTS

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| Bank overdraft interest | - | 18 |
| Hire purchase interest | 8 | 15 |
| Term loan interest | 162 | 179 |
| | 170 | 212 |

## 26. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):-

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| After charging: | | | | |
| Audit fees: | | | | |
| - audit | 125 | 125 | 73 | 80 |
| - under accruals in prior years | 3 | - | - | - |
| - non-audit | 4 | 4 | 4 | 4 |
| Bad debts written off | 337 | - | - | - |
| Depreciation | 656 | 805 | 48 | 32 |
| Direct operating expenses arising from investment properties: | | | | |
| - rental generating properties | 9 | 361 | - | - |
| Directors' remuneration | 1,311 | 1,545 | 629 | 524 |
| Employee benefits expenses: | | | | |
| - salaries and other emoluments | 2,746 | 2,509 | 48 | 46 |
| - defined contribution plans | 211 | 187 | 4 | 4 |
| - other staff related expenses | 155 | 125 | 9 | 2 |
| Reversal of fair value gain on derivatives | 194 | - | 194 | - |
| Impairment loss on trade and other receivables | - | - | 21 | - |
| Inventories written down | 7 | - | - | - |
| Rental of office premises | | 146 | 27 | 22 |
| Unrealised foreign exchange loss | 70 | - | - | - |
| And crediting: | | | | |
| Dividend income | - | - | (12,958) | (3,963) |
| Fair value gain on derivatives | - | (116) | - | (116) |
| Gain on disposal of: | | | | |
| - other investments | (2,300) | - | - | - |
| - property, plant and equipment | - | (75) | - | (75) |
| - non-current assets held for sales | (48,946) | - | - | - |
| Impairment loss on trade and other receivables no longer required | (337) | - | - | - |
| Interest income from: | | | | |
| - deposits | (5,640) | (777) | (1,650) | (571) |
| - other investments | (3) | (9) | - | (7) |
| Realised foreign exchange gain | - | (85) | - | - |
| Unrealised foreign exchange gain | - | (70) | - | - |

## 27. TAXATION

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| Income tax | | | | |
| - current year | 1,279 | 651 | - | - |
| - (over)/underprovision in prior years | (4) | (5) | - | 5 |
| | 1,275 | 646 | - | 5 |
| Deferred taxation (Note 20) | | | | |
| - current year | (29) | (17) | - | - |
| - under/(over) provision in prior years | 320 | (1) | - | - |
| | 291 | (18) | - | - |
| | 1,566 | 628 | - | 5 |
| **Discontinued operation** | | | | |
| Income tax (Note 16) | | | | |
| - current year | 503 | 166 | - | - |
| - under provision in prior years | 12 | - | - | - |
| | 515 | 166 | - | - |
| Real property gains tax | 188 | - | - | - |
| Deferred taxation (Note 16 and Note 20) | | | | |
| - current year | (487) | 496 | - | - |
| - under provision in prior years | 136 | - | - | - |
| | (351) | 496 | - | - |
| | 352 | 662 | - | - |
| | 1,918 | 1,290 | - | 5 |

The income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated taxable profit for the fiscal year.

The statutory tax rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016.

The reconciliation of income tax expense applicable to profit before tax at the statutory tax rate to income tax expense at the effective income tax rate is as follows:-

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| Profit before taxation: | | | | |
| - continuing operations | 6,385 | 4,647 | 13,363 | 3,817 |
| - discountinued operation | 49,583 | 3,830 | - | - |
| | 55,968 | 8,477 | 13,363 | 3,817 |

**27. TAXATION (continued)**

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| Tax at applicable tax rate of 25% (2014: 25%) | (13,992) | (2,119) | (3,341) | (954) |
| Tax effects arising from: | | | | |
| - non-deductible expenses | (1,105) | (198) | (41) | (77) |
| - non-taxable income | 12,906 | - | 2,972 | 990 |
| - reversal of deferred tax assets not recognised in the financial statements | 820 | 685 | 472 | 129 |
| - effect of share of results of an associate and joint venture | (66) | 890 | - | - |
| - tax effect arising from RPGT on discontinued operation | 282 | - | - | - |
| - (over)/under provision in prior years | (464) | 6 | - | (5) |
| - reinvestment tax allowance | 28 | 7 | - | - |
| - changes in tax rate | (327) | (561) | (62) | (88) |
| | (1,918) | (1,290) | - | (5) |

**28. EARNINGS PER SHARE**

**(a) Basic earnings per ordinary share**

Basic earnings per ordinary share is calculated by dividing the profits for the financial year attributable to the owners of the Company by the weighted average number of ordinary shares in issued during the financial year.

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| Profit attributable to owners of the Company | | |
| - continuing operations | 4,822 | 3,701 |
| - discontinued operation | 49,231 | 3,168 |
| | 54,053 | 6,869 |
| | **Number of shares Unit'000** | **Unit'000** |
| *Weighted average number of ordinary shares in issue* | | |
| At 1st July | 249,993 | 196,281 |
| Add: Effect of exercise of Warrants B | - | 35,704 |
| At 30th June | 249,993 | 231,985 |
| Basic earnings per ordinary share (sen) | | |
| - continuing operations | 1.93 | 1.60 |
| - discontinued operation | 19.69 | 1.37 |

## 28. EARNINGS PER SHARE (continued)

### (b) Diluted earnings per ordinary share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

For the purpose of calculating diluted earnings per share, the profit for the period attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, arising warrants.

Both Warrants A and Warrants B had lapsed on 11th November 2013 according to the Deed Poll dated 24th June 2003 and 19th November 2007, thus the Company does not have any potential shares outstanding at reporting date.

## 29. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Group and the Company during the year are as follows:-

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| **Executive Directors:** | | | | |
| - salaries and other emoluments | 1,082 | 1,339 | 472 | 425 |
| - defined contribution plans | 128 | 157 | 57 | 51 |
| - others | 2 | 2 | 1 | 1 |
| | 1,212 | 1,498 | 530 | 477 |
| **Non-Executive Directors:** | | | | |
| - fees | 99 | 47 | 99 | 47 |
| - defined contribution plans | - | - | - | - |
| | 99 | 47 | 99 | 47 |
| | 1,311 | 1,545 | 629 | 524 |

## 30. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

The Company has a related party relationship with:-

(i) its subsidiaries as disclosed in Note 7 to the financial statements;

(ii) the director who are the key management personnel; and

(iii) companies in which a director of the Company has interest:-
- Goh Ban Huat Berhad; and
- GBH Ceramics Sdn. Bhd..

## 30. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

During the financial year under review, the significant related party transactions were as follows:-

*(a) Transaction with related parties*

| | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|
| **Subsidiaries** | | |
| - *FCW Industries Sdn. Bhd.* | | |
| Management fee income | 156 | 156 |
| Dividend income | 12,958 | 2,885 |
| Management fee expenses | - | (180) |
| - *Federal Telecommunications Sdn. Bhd.* | | |
| Management fee income | 132 | 132 |
| Dividend income | - | 1,078 |
| - *Coscolab Sdn. Bhd.* | | |
| Management fee income | 90 | 90 |

*(b) Transaction with related parties in which director has interest*

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| **Related Parties** | | | | |
| Management fee charged by:- | | | | |
| - Goh Ban Huat Berhad | (76) | (108) | - | - |
| Rental fee expense charged by:- | | | | |
| - Good Respond Sdn. Bhd. | (12) | (12) | - | - |
| - Goh Ban Huat Berhad | (36) | (19) | (12) | (9) |
| Rental income from:- | | | | |
| - Goh Ban Huat Berhad | - | 123 | - | - |
| - GBH Ceramics Sdn. Bhd. | 356 | 1,665 | - | - |

*(c) Key management personnel compensation*

The remuneration of key management personnel, which includes the director's remuneration, is disclosed as follows:-

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| - salaries and other emoluments | 1,082 | 1,339 | 472 | 425 |
| - defined contribution plans | 128 | 157 | 57 | 51 |
| - others | 2 | 2 | 1 | 1 |
| | 1,212 | 1,498 | 530 | 477 |

## 31. FINANCIAL GUARANTEES

| | Company 2015 RM'000 | 2014 RM'000 |
|---|---|---|
| Corporate guarantees given to a financial institution for credit facilities granted to a subsidiary | 1,911 | 2,200 |
| Corporate guarantees given to a financial institution for credit facilities granted to a joint venture company | 75,000 | - |

## 32. FAIR VALUE OF FINANCIAL INSTRUMENTS

*(a) Categories of financial instruments*

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables;
(b) Fair value though profit or loss;
(c) Available-for-sales financial assets ; and
(d) Financial liabilities measured at amortised cost.

| | Carrying Amount RM'000 | Loans and Receivables RM'000 | Fair value through profit or loss RM'000 | Available-for-Sale Financial Assets RM'000 | Financial Liabilities RM'000 |
|---|---|---|---|---|---|
| **2015** | | | | | |
| **Financial assets** | | | | | |
| **Group** | | | | | |
| Other investments: | | | | | |
| - cash management fund | 127 | - | - | 127 | - |
| - fixed deposit with licensed bank | 10,000 | 10,000 | - | - | - |
| Trade and other receivables # | 36,861 | 36,861 | - | - | - |
| Cash and cash equivalents | 180,711 | 180,711 | - | - | - |
| | 227,699 | 227,572 | - | 127 | - |
| **Company** | | | | | |
| Other investments: | | | | | |
| - cash management fund | 10,000 | 10,000 | - | - | - |
| Trade and other receivables # | 35,233 | 35,233 | - | - | - |
| Cash and cash equivalents | 73,982 | 73,982 | - | - | - |
| | 119,215 | 119,215 | - | - | - |
| **2015** | | | | | |
| **Financial liabilities** | | | | | |
| **Group** | | | | | |
| Loans and borrowings | (2,014) | - | - | - | (2,014) |
| Trade and other payables | (3,932) | - | - | - | (3,932) |
| | (5,946) | - | - | - | (5,946) |
| **Company** | | | | | |
| Trade and other payables | (21,003) | - | - | - | (21,003) |

*# Prepayments were excluded from trade and other receivables.*

## 32. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

*(a) Categories of financial instruments (continued)*

| | Carrying Amount RM'000 | Loans and Receivables RM'000 | Fair value through profit or loss RM'000 | Available-for-Sale Financial Assets RM'000 | Financial Liabilities RM'000 |
|---|---|---|---|---|---|
| **2014** | | | | | |
| **Financial assets** | | | | | |
| **Group** | | | | | |
| Other investments: | | | | | |
| - cash management fund | 124 | - | - | 124 | - |
| Investment in securities | 262 | - | 262 | - | - |
| Trade and other receivables # | 16,734 | 16,734 | - | - | - |
| Derivative financial assets | 194 | - | 194 | - | - |
| Cash and cash equivalents | 54,443 | 54,443 | - | - | - |
| | 71,633 | 71,177 | 456 | - | - |
| **Company** | | | | | |
| Investment in securities | 262 | - | 262 | - | - |
| Trade and other receivables # | 15,437 | 15,437 | - | - | - |
| Derivative financial assets | 194 | - | 194 | - | - |
| Cash and cash equivalents | 24,280 | 24,280 | - | - | - |
| | 40,173 | 39,717 | 456 | - | - |
| **2014** | | | | | |
| **Financial liabilities** | | | | | |
| Group | | | | | |
| Loans and borrowings | (2,413) | - | - | - | (2,413) |
| Trade and other payables | (25,535) | - | - | - | (25,535) |
| | (27,948) | - | - | - | (27,948) |
| **Company** | | | | | |
| Trade and other payables | (11,002) | - | - | - | (11,002) |

*# Prepayments were excluded from trade and other receivables.*

*(b) Net gain or loss arising from financial instrument*

| | 2015 RM'000 | 2014 RM'000 |
|---|---|---|
| Net gain on fair value through profit or loss | - | 125 |

*(c) Fair value*

(i) Determination of Fair Value

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, payables and accruals and short term borrowings are reasonable approximation of fair values due to the relatively short term nature of these financial instruments.

(ii) Fair Value Hierarchy

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value disclosed, together with their fair value any carrying amounts shown in the statement of financial position.

## 32. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

### *(c) Fair value (continued)*

#### (ii) Fair Value Hierarchy (continued)

| | Fair value of financial instruments carried at fair value | | | | Total fair value | Carrying amount |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **2015** | | | | | | |
| **Financial assets** | | | | | | |
| **Group** | | | | | | |
| Other investments: | | | | | | |
| - cash management fund | 27 | - | - | 27 | 27 | 27 |
| **2014** | | | | | | |
| **Financial assets** | | | | | | |
| **Group** | | | | | | |
| Investment in securities | 262 | - | - | 262 | 262 | 262 |
| Derivative financial assets | - | 194 | - | 194 | 194 | 194 |
| **Company** | | | | | | |
| Investment in securities | 262 | - | - | 262 | 262 | 262 |
| Derivative financial assets | - | 194 | - | 194 | 194 | 194 |

| | Fair value of financial instruments carried at fair value | | | | Total fair value | Carrying amount |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **2015** | | | | | | |
| **Group** | | | | | | |
| **Financial asset** | | | | | | |
| Investment property | - | - | 3,100 | 3,100 | 3,100 | 3,100 |
| **Financial liabilities** | | | | | | |
| Bank loans | - | (1,911) | - | (1,911) | (1,911) | (1,911) |
| Finance lease liabilities | - | (103) | - | (103) | (103) | (103) |
| | - | (2,014) | - | (2,014) | (2,014) | (2,014) |
| **2014** | | | | | | |
| **Group** | | | | | | |
| **Financial asset** | | | | | | |
| Investment property | - | - | 3,100 | 3,100 | 3,100 | 3,100 |
| **Financial liabilities** | | | | | | |
| Bank loans | - | (2,200) | - | (2,200) | (2,200) | (2,200) |
| Finance lease liabilities | - | (213) | - | (213) | (213) | (213) |
| | - | (2,413) | - | (2,413) | (2,413) | (2,413) |

## 32. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

*(c) Fair value (continued)*

(ii) Fair Value Hierarchy (continued)

Level 1 fair value

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

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value

Level 3 fair value is estimated using inputs for the financial assets or liabilities that is not based on observable market data (unobservable inputs).

*(d) Derivatives*

Call and put options are valued using a valuation technique with no market observable inputs. The applied valuation technique includes binomial tree options model. The model incorporate various inputs and assumptions. Since this involves a private company, the share price is not known. The estimated stock price was based on Net Tangible Asset value per share.

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

**(a) Credit Risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company does not hold any collateral as security and other credit enhancements for the above financial assets.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure. The management has a credit policy in place to monitor and minimise the exposure of default. The Group trades only with recognised and credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade receivables are monitored on an on-going basis.

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (a) Credit Risk (continued)

*(i) Exposure to credit risk*

At the reporting date, the Group's and Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables recognised in the statements of financial position.

Information regarding credit enhancements for trade receivables is disclosed in Note 13 to the financial statements.

The Group determines concentrations of credit risk by monitoring the ageing profile of its trade receivables on an on-going basis. The Group's trade receivables credit risk is concentrated in Malaysia.

The significant concentration of credit risk of the Group is disclosed in Note 13(v) to the financial statements. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the statements of financial position.

*(ii) Financial assets that are either past due or impaired*

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements.

Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Information regarding financial assets that are past due or impaired is disclosed in Note 13 to the financial statements.

*(iii) Inter-company balances*

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

*(iv) Financial guarantee*

The Company provides unsecured financial guarantees to financial institution in respect of bank facilities granted to a subsidiary. The Company monitors on an on-going basis the results of the subsidiary and repayments made by the subsidiary.

As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

### (b) Liquidity Risk

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

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. In addition, the Group strive to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institution and balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (b) Liquidity Risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

| 2015 | Contractual interest rate % | Carrying amount RM'000 | Contractual cash flow RM'000 | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **Financial liabilities** | | | | | | |
| Trade and other payables | - | 3,932 | 3,932 | 3,932 | - | - |
| Loans and borrowings: | | | | | | - |
| - Hire purchase payables | 4.43 - 8.09 | 103 | 106 | 76 | 30 | - |
| - Floating rate bank loan | 7.60 | 1,911 | 2,396 | 450 | 1,850 | 96 |
| Total undiscounted financial liabilities | | 5,946 | 6,434 | 4,458 | 1,880 | 96 |
| **Company** | | | | | | |
| **Financial liabilities** | | | | | | |
| Trade and other payables | | 21,003 | 21,003 | 21,003 | - | - |
| Total undiscounted financial liabilities | | 21,003 | 21,003 | 21,003 | - | - |
| **2014** | | | | | | |
| **Group** | | | | | | |
| **Financial liabilities** | | | | | | |
| Trade and other payables | | 25,535 | 25,535 | 25,535 | - | - |
| Loans and borrowings: | | | | | | - |
| - Hire purchase payables | 4.43 - 8.09 | 213 | 225 | 119 | 76 | - |
| - Floating rate bank loan | 7.60 | 2,200 | 2,200 | 283 | 1,366 | 551 |
| Total undiscounted financial liabilities | | 27,948 | 27,960 | 25,937 | 1,442 | 551 |
| **Company** | | | | | | |
| **Financial liabilities** | | | | | | |
| Trade and other payables | | 11,002 | 11,002 | 11,002 | - | - |
| Total undiscounted financial liabilities | | 11,002 | 11,002 | 11,002 | - | - |

### (c) Interest Rate Risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their deposits placed with licensed banks and loans and borrowings.

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (c) Interest Rate Risk (continued)

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an on-going basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as the end of the reporting period was:-

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | **RM'000** | **RM'000** |
| *Floating rate instruments* | | |
| **Financial liability** | | |
| Floating rate bank loan | 2,473 | 2,200 |

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

*Sensitivity analysis for interest rate risk*

A change of 1% in interest rates at the reporting date would have immaterial impact on profit after tax.

### (d) Foreign Currency Risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currency of Group entities, Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are primarily United State Dollar ("USD") and Thai Baht ("THB").

The Group and the Company ensure that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweight the potential risk of exchange rate fluctuations.

The Group is exposed to foreign currency risk arising from trade payables of which the carrying amount is dominated in THB. The carrying amount included in the trade payables that dominated in THB amounting to RM343,010/- (2014: RM718,000/-).

*Sensitivity analysis for foreign currency risk*

A 10% strengthening/weakening of the Ringgit Malaysia against the respective foreign currencies as at the end of the reporting period would have immaterial impact on profit after tax.

## 34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30th June 2015.

The gearing ratio of the Group as at the end of the reporting period was as follows:-

| | **Group** | |
|---|---|---|
| | **2015 RM'000** | **2014 RM'000** |
| Loan and borrowings | 2,014 | 2,413 |
| Equity attributable to the owners of the Company | 218,434 | 177,793 |
| **Gearing ratio** | 1% | 1% |

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## 35. SEGMENTAL REPORTING

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:-

(a) Renting of properties;

(b) Wholesale: Wholesaler and processor of pharmaceutical, cosmetics, toiletries and other related products; and

(c) Others: Investment holding and provision of management services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

## 35. SEGMENTAL REPORTING (continued)

| | Continuing Operations | | | | Discontinued Operation | | |
|---|---|---|---|---|---|---|---|
| | Wholesale RM'000 | Others RM'000 | Eliminations and Adjustments RM'000 | Total RM'000 | Renting of Properties RM'000 | Note | Consolidated RM'000 |
| **2015** | | | | | | | |
| **Revenue:** | | | | | | | |
| Sales to external customers | 26,111 | - | - | 26,111 | 852 | | 26,963 |
| Inter-company sales | - | 738 | (738) | - | - | A | - |
| Dividend income | - | 12,958 | (12,958) | - | - | A | - |
| | 26,111 | 13,696 | (13,696) | 26,111 | 852 | | 26,963 |
| **Results:** | | | | | | | |
| Interest income | 11 | 5,632 | - | 5,643 | - | | 5,643 |
| Interest expense | (170) | - | - | (170) | - | | (170) |
| Depreciation of property, plant and equipment | (606) | (50) | - | (656) | - | | (656) |
| Share of associate's results | - | (1,149) | - | (1,149) | - | | (1,149) |
| Share of joint venture's results | - | 885 | - | 885 | - | | 885 |
| Taxation | (572) | (994) | - | (1,566) | (352) | | (1,918) |
| Other non cash expenses | (7) | (2,508) | | (2,515) | 48,946 | B | 46,431 |
| Segment profit | 736 | 28,535 | (22,886) | 6,385 | 49,583 | | 55,968 |
| **Assets:** | | | | | | | |
| Segments assets | 20,985 | 221,412 | 422 | 242,819 | - | | 242,819 |
| Investment in an associate | - | 29,899 | - | 29,899 | - | | 29,899 |
| Tax recoverable | 216 | 206 | - | 422 | - | | 422 |
| Additions to property, plant and equipment | 74 | 2 | - | 76 | - | | 76 |
| Total assets | 21,275 | 251,519 | 422 | 273,216 | - | | 273,216 |
| **Liabilities:** | | | | | | | |
| Segment liabilities | 5,999 | 46,748 | 1,023 | 53,770 | - | | 53,770 |
| Deferred tax liabilities | 471 | 1 | - | 472 | - | | 472 |
| Tax payable | - | 551 | - | 551 | - | | 551 |
| Total liabilities | 6,470 | 47,300 | 1,023 | 54,793 | - | | 54,793 |

## 35. SEGMENTAL REPORTING (continued)

| | Continuing Operations | | | | Discontinued Operation | | |
|---|---|---|---|---|---|---|---|
| | Wholesale RM'000 | Others RM'000 | Eliminations and Adjustments RM'000 | Total RM'000 | Renting of Properties RM'000 | Note | Consolidated RM'000 |
| **2014** | | | | | | | |
| **Revenue:** | | | | | | | |
| Sales to external customers | 27,342 | - | - | 27,342 | 4,191 | | 31,533 |
| Inter-company sales | - | 738 | (738) | - | - | A | - |
| Dividend income | - | 3,963 | (3,963) | - | - | A | - |
| | 27,342 | 4,701 | (4,701) | 27,342 | 4,191 | | 31,533 |
| **Results:** | | | | | | | |
| Interest income | 9 | 777 | - | 786 | - | | 786 |
| Interest expense | (212) | - | - | (212) | - | | (212) |
| Depreciation of property, plant and equipment | (771) | (32) | - | (803) | (2) | | (805) |
| Share of associate's results | - | 3,562 | - | 3,562 | - | | 3,562 |
| Share of joint venture's results | - | (13) | - | (13) | - | | (13) |
| Taxation | (623) | (5) | - | (628) | (662) | | (1,290) |
| Other non cash expenses | - | 191 | - | 191 | - | B | 191 |
| Segment profit/(loss) | 2,224 | (1,139) | 3,562 | 4,647 | 3,830 | | 8,477 |
| **Assets:** | | | | | | | |
| Segments assets | 22,593 | 64,895 | 59 | 87,547 | 90,082 | | 177,629 |
| Investment in an associate | - | 31,048 | - | 31,048 | - | | 31,048 |
| Investment in a jointly controlled entity | - | 237 | - | 237 | - | | 237 |
| Tax recoverable | 15 | 43 | - | 59 | - | | 59 |
| Additions to property, plant and equipment | 41 | 240 | - | 281 | - | | 281 |
| Total assets | 22,649 | 96,463 | 59 | 119,172 | 90,082 | | 209,254 |
| **Liabilities:** | | | | | | | |
| Segment liabilities | (7,738) | (19,602) | (708) | (28,048) | - | | (28,048) |
| Deferred tax liabilities | (179) | (353) | - | (532) | - | | (532) |
| Tax payable | - | (78) | - | (78) | - | | (78) |
| Total liabilities | (7,917) | (20,033) | (708) | (28,658) | - | | (28,658) |

*Note: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.*

## 35. SEGMENTAL REPORTING (continued)

(A) Inter-segment revenues are eliminated on consolidation.

(B) Other non-cash (income)/expenses consist of the following items as presented in the respective notes to the financial statements:-

| | 2015 RM'000 | 2014 RM'000 |
|---|---|---|
| **Continuing operations** | | |
| *Wholesale* | | |
| Bad debts written off | 337 | - |
| Inventories written off | 7 | - |
| Reversal of impairment loss on trade and other receivables | (337) | - |
| | 7 | - |
| *Others* | | |
| Reversal of/(Gain on) fair value derivatives | 194 | (116) |
| Gain on disposal of property, plant and equipment | - | (75) |
| Gain on disposal of other investments | 2,300 | - |
| | 2,508 | (191) |
| **Discontinued operation** | | |
| Gain on disposal of non-current assets held for sale | (48,946) | - |
| | (46,431) | (191) |

*Information about major customers*

Two major customers from the wholesale segment contribute approximately 56% (2014: 62%) of Group's total revenue.

## 36. DIVIDENDS

| | Group and Company 2015 RM'000 | 2014 RM'000 |
|---|---|---|
| Dividends paid in respect of the financial year ended 30th June 2013 - first and final single-tier dividend of 3% per ordinary share | - | 3,750 |
| Dividends paid in respect of the financial year ended 30th June 2015 - first interim dividend of 10% per ordinary share | 12,500 | - |

# Supplementary Information on the Disclosures of Realised and Unrealised Profits or Losses

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

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

The breakdown of the retained profits of the Group and of the Company as at 30th June 2015, into realised and unrealised profits, pursuant to the directive, is as follows:-

| | Group | | Company | |
|---|---|---|---|---|
| | **2015 RM'000** | **2014 RM'000** | **2015 RM'000** | **2014 RM'000** |
| Total retained profits/(accumulated losses) of the Company and its subsidiaries: | | | | |
| - Realised | 10,003 | (90,886) | (8,934) | (9,991) |
| - Unrealised | (542) | (268) | - | 194 |
| | 9,461 | (91,154) | (8,934) | (9,797) |
| Total share of accumulated losses from an associate: | | | | |
| - Realised | (6,739) | (7,910) | - | - |
| - Unrealised | 3,436 | 5,756 | - | - |
| | 6,158 | (93,308) | (8,934) | (9,797) |
| Total share of retained profits/ (accumulated losses) from a jointly controlled entity: | | | | |
| - Realised | 872 | (13) | - | - |
| | 7,030 | (93,321) | (8,934) | (9,797) |
| Less: Consolidated adjustments | 84,848 | 143,646 | - | - |
| Total retained profits/(accumulated losses) | 91,878 | 50,325 | (8,934) | (9,797) |

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

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

# Analysis of Shareholdings
as at 29 October 2015

## A. SHARE CAPITAL

| | | |
|---|---|---|
| Authorised Share Capital | : | RM300,000,000 (600,000,000 ordinary shares of RM0.50 each) |
| Issued & Paid-Up Share Capital | : | RM124,997,063 (249,994,126 ordinary shares of RM0.50 each) |
| Voting Rights | : | One vote for each ordinary share held |

## B. DISTRIBUTION OF SHAREHOLDINGS

| Size of Holdings | No. of Holders | No. of Shares | % |
|---|---|---|---|
| 1 - 99 | 720 | 14,335 | 0.01 |
| 100 - 1,000 | 4,108 | 1,761,858 | 0.70 |
| 1,001 - 10,000 | 1,657 | 5,252,622 | 2.10 |
| 10,001 - 100,000 | 219 | 5,859,673 | 2.34 |
| 100,001 to less than 5% of issued shares | 29 | 152,915,001 | 61.17 |
| 5% and above of issued shares | 5 | 84,190,637 | 33.68 |
| | 6,738 | 249,994,126 | 100.00 |

## C. THIRTY LARGEST SHAREHOLDERS

| No. | Name of Shareholders | No. of Shares | % |
|---|---|---|---|
| 1. | Tan Sri Dato' Tan Hua Choon | 27,869,377 | 11.15 |
| 2. | Ong Wee Shyong | 14,641,400 | 5.86 |
| 3. | Puan Sri Datin Poo Choo @ Ong Poo Choi | 14,572,580 | 5.83 |
| 4. | Gan Lock Yong @ Gan Choon Hur | 14,105,000 | 5.64 |
| 5. | Tan Ching Ching | 13,002,280 | 5.20 |
| 6. | Chew Boon Seng | 12,269,400 | 4.91 |
| 7. | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ong Huey Peng | 12,197,200 | 4.88 |
| 8. | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lim Eng Huat | 12,159,700 | 4.86 |
| 9. | Lee Pui Inn | 12,029,200 | 4.81 |
| 10. | Ong Har Hong | 12,022,600 | 4.81 |
| 11. | Lim Siew Sooi | 11,995,900 | 4.80 |
| 12. | Affin Hwang Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for How Yoke Kam | 11,618,900 | 4.65 |
| 13. | Ong Wee Lieh | 11,387,700 | 4.56 |
| 14. | Wong Chee Choon | 11,247,700 | 4.50 |
| 15. | Chew Huat Heng | 10,971,400 | 4.39 |
| 16. | Ong Poh Lin | 10,700,000 | 4.28 |
| 17. | Neoh Poh Lan | 10,340,000 | 4.14 |
| 18. | Dato' Sri Tan Han Chuan | 7,923,448 | 3.17 |
| 19. | Ong Poh Geok | 1,898,200 | 0.76 |

## C. THIRTY LARGEST SHAREHOLDERS (continued)

| No. | Name of Shareholders | No. of Shares | % |
|---|---|---|---|
| 20. | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lai Weng Chee @ Lai Kok Chye | 1,158,593 | 0.46 |
| 21. | Sin Len Moi | 558,300 | 0.22 |
| 22. | Peh Lai Yian | 400,400 | 0.16 |
| 23. | Tong Kim Fatt @ Allen Tong | 335,920 | 0.13 |
| 24. | Syarikat Rimba Timur (RT) Sdn Bhd | 250,000 | 0.10 |
| 25. | AllianceGroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd | 242,840 | 0.10 |
| 26. | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ong Bing Yap | 215,200 | 0.09 |
| 27. | Lai Weng Chee @ Lai Kok Chye | 174,900 | 0.07 |
| 28. | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lim Beng Keat | 140,000 | 0.06 |
| 29. | Loh Tze Yee | 138,000 | 0.06 |
| 30. | Lai Hui Chean | 121,000 | 0.05 |

## D. SUBSTANTIAL SHAREHOLDERS

| | Name of Shareholders | No. of Shares | % |
|---|---|---|---|
| 1. | Tan Sri Dato' Tan Hua Choon | 27,869,377 | 11.15 |
| 2. | Ong Wee Shyong | 14,641,400 | 5.86 |
| 3. | Puan Sri Datin Poo Choo @ Ong Poo Choi | 14,572,580 | 5.83 |
| 4. | Gan Lock Yong @ Gan Choon Hur | 14,105,000 | 5.64 |
| 5. | Tan Ching Ching | 13,002,280 | 5.20 |

## E. DIRECTORS' INTERESTS IN SHARES

| Name of Director | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| | No. of Shares | % of holdings | No. of Shares | % of holdings |
| Tan Sri Dato' Tan Hua Choon | 27,869,377 | 11.15 | 35,498,308 | 14.20 |

# List of Properties

| LOCATION | DESCRIPTION | EXISTING USE / AGE OF BUILDING | TENURE | NET BOOK VALUE AS AT 30.06.2015 (RM) | DATE OF LAST REVALUATION (R) |
|---|---|---|---|---|---|
| Lot No. PT23533<br>HS(D) 40562<br>[formerly HS(D) 252/94]<br>Mukim Sungai Petani<br>District of Kuala Muda<br>Kedah Darul Aman | Land approved for Commercial Development<br>(Area: 153,554 sq. ft.) | Vacant | Freehold | 3,100,000.00 | 9 August 2012 (R) |
| HS(M) 24693, PT 65497, Locality of Sungai Balak, Pekan Kajang, District of Hulu Langat, State of Selangor Darul Ehsan | Land approved for Industrial Building Development<br>(Area : 34,983 sq. ft.) | Office and Factories for own used/<br>8 years old | Freehold | 4,195,150.00 | 15 April 2010 (R) |

This page has been intentionally left blank

# Proxy Form

**FCW HOLDINGS BERHAD**
(3116-K) (Incorporated in Malaysia)

I/We ............................................................................................NRIC No./Company No. .........................................
(full name in block letters)

of ..................................................................................................................................................................................
(full address)

being a member of **FCW HOLDINGS BERHAD** hereby appoint ..........................................................................

.........................................................................................................NRIC No.....................................................
(full name in block letters)

of ..................................................................................................................................................................................
(full address)

representing ……………................... percentage (%) of my/our shareholdings in the Company and/or failing

him/her...........................................................................................................NRIC No..................................................
(full name in block letters)

of ..................................................................................................................................................................................
(full address)

representing ………. percentage(%) of my/our shareholdings in the Company and/or failing him/her/them, the **Chairman of the Meeting**, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Sixtieth Annual General Meeting ("60th AGM") of the shareholders of the Company to be held at Bukit Kiara Equestrian and Country Resort, Dewan Berjaya Room, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Tuesday, 22 December 2015 at 11.00 a.m. or any adjournment thereof.

The proxy is to vote on the Resolutions set out in the notice of the 60th AGM as indicated with an 'X' in the appropriate spaces. If no voting instructions are given, the proxy may vote or abstain from voting at his/her discretion.

| RESOLUTIONS | FOR | AGAINST |
|---|---|---|
| Ordinary Resolution No. 1 | | |
| Ordinary Resolution No. 2 | | |
| Ordinary Resolution No. 3 | | |
| Ordinary Resolution No. 4 | | |
| Ordinary Resolution No. 5 | | |

| | |
|---|---|
| **CDS Account no.** | |
| **No. of Shares held** | |

______________________________
Signature(s)/Seal

Signed this ______ day of __________________, 2015.

**Notes :**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (but not more than two) to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment(s) shall be invalid.

2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it shall be entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. Where an authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

5. Depositors whose names appear in the Record of Depositors on a date not less than three (3) market days before the Annual General Meeting shall be entitled to attend and vote at the Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf.

6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

7. The Proxy Form shall be deposited with the Company's Registered Office at No. 8, 3rd Floor, Jalan Segambut, 51200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

**FOLD HERE**

STAMP

**FCW HOLDINGS BERHAD (3116-K)**

No. 8, 3rd Floor
Jalan Segambut
51200 Kuala Lumpur

**FOLD HERE**