



ASIA KNIGHT BERHAD
(71024-T)

ANNUAL REPORT **2014**

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE THIRTY-THIRD (33rd) ANNUAL GENERAL MEETING (“AGM”) OF ASIA KNIGHT BERHAD (“THE COMPANY”) WILL BE HELD AT ROYAL SELANGOR YACHT CLUB, JALAN LIMBONGAN, 42000 PORT KLANG, SELANGOR DARUL EHSAN ON TUESDAY, 16 DECEMBER 2014 AT 10.30 A.M. FOR THE FOLLOWING PURPOSES:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2014 together with the Reports of the Directors and Auditors thereon. (Note 5)
2. To approve the payment of Directors' Fees for the financial year ended 30 June 2014. **Resolution 1**
3. To re-elect Mr Seah Cheong Wei as a Director of the Company retiring in accordance with Articles 78 & 79 of the Company's Articles of Association. **Resolution 2**
4. To re-elect Mr Andrew Su Meng Kit as a Director of the Company retiring in accordance with Articles 78 & 79 of the Company's Articles of Association. **Resolution 3**
5. To re-elect Mr Lim Heng Gaul as Director of the Company retiring in accordance with Article 81 of the Company's Articles of Association **Resolution 4**
6. To consider and if thought fit, to pass the following Resolution pursuant to Section 129(6) of the Companies Act 1965:- **Resolution 5**

“That Mr See Seng Hong PJK retiring in accordance with Section 129(6) of the Companies Act, 1965 be and is hereby appointed a director of the Company to hold office until the conclusion of the next AGM”.
7. To appoint Auditors for the ensuing year. **Resolution 6**

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 has been received by the Company for the nomination of Messrs Baker Tilly Monteiro Heng who have given their consent to act, for appointment as Auditors and of the intention to propose the following Ordinary Resolution:-

“That Messrs Baker Tilly Monteiro Heng be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs Nexia SSY to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.”

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions, with or without Modifications;

- 8. Retention of Independent Non-Executive Director (Note 6) Resolution 7**
- “That pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, Mr Tan Teng Cheok be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next annual general meeting.”
- 9. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 (Note 7) Resolution 8**
- “That, subject always to the Companies Act, 1965, Articles of Association of the Company and approvals of the relevant governmental/regulatory bodies where such approvals shall be necessary, the Directors be and are hereby authorised and empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next annual general meeting upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued capital for the time being of the Company and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad”.
- 10. Proposed Amendments to the Articles of Association of the Company (Note 8) Resolution 9**
- “THAT the amendments to the existing Articles of Association of the Company as proposed and set forth of the Circular to Shareholders dated 24 November 2014 be and are hereby approved and adopted by the Company, and that the Directors of the Company be and are hereby authorized to do all acts and things and take all such steps as they may consider necessary and/or desirable to give full effect to the amendments to the Articles of Association of the Company.”

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 33rd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 56(c) of the Company’s Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 9 December 2014. Only a depositor whose name appears on the Record of Depositors as at 9 December 2014 shall be entitled to attend the said meeting or appoint a proxy to attend and vote on his/her behalf.

BY ORDER OF THE BOARD

Secretaries
LIM KUI SUANG (F)
MAICSA 0783327

LIM KING HUA (F)
MAICSA 0798613

PAUL IGNATIUS STANISLAUS
MACS 01330

Date: 24 November 2014
Klang.

NOTICE OF ANNUAL GENERAL MEETING

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy shall be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.
2. A member shall be entitled to appoint one (1) proxy to attend and vote at the meeting.
3. Where a member appoints more than one (1) proxy the appointment shall be invalid.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office at No 9 Jalan Bayu Tinggi 2A/KS6, Taipan 2 Batu Unjur, 41200 Klang, Selangor not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
5. Directors' Report, Audited Financial Statements and Auditors' Report

Agenda No 1 is meant for discussion only. The provision of Section 169 of the Companies Act, 1965 and the Articles of Association of the Company require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its AGM. Hence, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

6. Retention of Mr Tan Teng Cheok as Independent Director of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012

The proposed Ordinary Resolution 7, Mr Tan Teng Cheok, an Independent Non-Executive Director of the Company, has been an independent member of the Board of Directors of Asia Knight Berhad ("AKnight") since 2001. Taking into consideration the spirit and intent of Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, his appointment as an Independent Non-Executive Director of the Company would therefore be regarded as having exceeded a term of nine years.

The Nomination Committee has assessed the independence of Mr Tan Teng Cheok, and recommended that he continues to act as an Independent Non-Executive Director of the Company on the following basis:-

- (i) he continues to be able to exercise independent judgement and to act in the best interest of the Company;
- (ii) he has detained knowledge of the business and has proven commitment, experience and competency; and
- (iii) he has met the criteria for independence as defined in Chapter 1 of the Listing Requirements of Bursa Securities.

The Board is therefore of the view of the retention of Mr Tan Teng Cheok as an Independent Non-Executive Director is in the best interests of the Company and recommends that you vote in favour of this resolution.

7. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The Company had, during its Thirty-Second AGM held on 24 June 2013, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 (the "Act"). During the financial period, there were no proceeds raised by the Company from any corporate proposals except for private placement on 14 October 2013 on the issue of 1,730,000 placement shares at an issue price of RM1.00 per share for working capital purposes. All proceeds raised had been fully utilised during the financial period.

NOTICE OF ANNUAL GENERAL MEETING

The Ordinary Resolution 8 proposed under item 9 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors of the Company to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the issued and paid-up share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding investment project(s), working capital and/or acquisitions.

8. Proposed Amendments to the Company's Articles of Association

The proposed Resolution 9, if passed, will streamline the Company's Articles of Association with the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer to the Circular to Shareholders dated 24 November 2014, which is dispatched together with the Company's Annual Report 2014, for more information.

9. Nomination Letter

See Teck Wah
A924 Lorong Seri Kuantan 4
25250 Kuantan, Pahang

Date: 13 November 2014

The Board of Directors
Asia Knight Berhad
c/o No 9, Jalan Bayu Tinggi 2A/KS6
Taipan 2, Batu Unjur
41200 Klang, Selangor

Dear Sirs

CHANGE OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, I, being a shareholder of the Company hereby give notice of my intention to nominate Messrs Baker Tilly Monteiro Heng. for appointment as auditors of the Company and to propose the following Resolution as an Ordinary Resolution:-

Messrs Baker Tilly Monteiro Heng be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs Nexia SSY to hold office until the conclusion of the next Annual General meeting at a remuneration to be determined by the Directors.

Thank you.

Yours faithfully

See Teck Wah

NOTICE OF ANNUAL GENERAL MEETING

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.28(2) of the Bursa Securities Main Market Listing Requirements)

1. Directors who are seeking re-election or re-appointment are as follows:-
 - (i) Seah Cheong Wei, pursuant to Articles 78 & 79 of the Company's Articles of Association.
 - (ii) Andrew Su Meng Kit, pursuant to Articles 78 & 79 of the Company's Articles of Association.
 - (iii) Lim Heng Gaul, pursuant to Article 81 of the Company's Articles of Association.
 - (iv) See Seng Hong PJK, pursuant to Section 129(6) of the Companies Act, 1965.
 - (v) Tan Teng Cheok, pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012.
2. The details of the five (5) Directors seeking re-election and/or re-appointment are set out in the Directors' Profile from pages 8 to 9 and the Directors' Shareholdings in Company on page 110 of the Annual Report.

CORPORATE INFORMATION

DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Occupation</u>	<u>Nationality</u>
See Teck Wah <i>Chairman/Managing Director</i>	A924, Lorong Seri Kuantan 4 25250 Kuantan Pahang Darul Makmur	Company Director	Malaysian
See Seng Hong PJK <i>Executive Director</i>	6, Lengkok Haji Abbas, Kaw 15 Off Jalan Bukit Kuda 41300 Klang Selangor Darul Ehsan	Company Director	Malaysian
See Han Liong <i>Executive Director</i>	No. 3, Solok Kelabu, Off Jalan Kelabu 41300 Klang Selangor Darul Ehsan	Company Director	Malaysian
Andrew Su Meng Kit <i>Executive Director</i>	7, Jalan SS2/42, Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Tan Teng Cheok <i>Independent Non-Executive Director</i>	20 Jalan Serindit, Taman Eng Ann 41150 Klang Selangor Darul Ehsan	General Manager	Malaysian
Seah Cheong Wei <i>Independent Non-Executive Director</i>	F-9-5 (Suite 3) Block F, Setiawalk Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong, Selangor Darul Ehsan	Company Director	Malaysian
Lim Heng Gaul <i>Independent Non-Executive Director</i>	54, USJ 2/4R, Taman Seafield Jaya 47600 Subang Jaya, Selangor Darul Ehsan	Company Director	Malaysian

AUDIT COMMITTEE

<u>Name</u>	<u>Position</u>	<u>Responsibility</u>
Tan Teng Cheok	Independent Non-Executive Director	Chairman
Seah Cheong Wei	Independent Non-Executive Director	Member
Lim Heng Gaul	Independent Non-Executive Director	Member

NOMINATION COMMITTEE

<u>Name</u>	<u>Position</u>	<u>Responsibility</u>
Tan Teng Cheok	Independent Non-Executive Director	Chairman
Seah Cheong Wei	Independent Non-Executive Director	Member
Lim Heng Gaul	Independent Non-Executive Director	Member

CORPORATE INFORMATION

REMUNERATION COMMITTEE

<u>Name</u>	<u>Position</u>	<u>Responsibility</u>
See Teck Wah	Chairman/Managing Director	Member
Tan Teng Cheok	Independent Non-Executive Director	Member
Seah Cheong Wei	Independent Non-Executive Director	Member

COMPANY SECRETARIES

Lim Kui Suang (MAICSA 0783327)
No 10 Jalan Wangsa Murni 8
Wangsa Melawati, Setapak
53300 Kuala Lumpur

Lim King Hua (MAICSA 0798613)
3 Jalan Palas, Southern Park,
41200 Klang, Selangor Darul Ehsan

Paul Ignatius Stanislaus (MACS 01330)
138-H Jalan Kemboja, Taman Gembira,
41100 Klang, Selangor Darul Ehsan

REGISTERED OFFICE

No 9 Jalan Bayu Tinggi 2A/KS6
Taipan 2 Batu Unjur
41200 Klang

Selangor Darul Ehsan
Telephone: 03-33231916
Facsimile: 03-33233584

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor Darul Ehsan
Telephone: 03-78418000
Facsimile: 03-78418008

AUDITORS

Nexia SSY
SSY Building @ Sentral
Level 1, 2A Jalan USJ Sentral 3
USJ Sentral, Persiaran Subang 1
47620 Subang Jaya
Selangor Darul Ehsan

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
1 Jalan Mahkota
25000 Kuantan
Pahang Darul Makmur

CIMB Bank Berhad
No A 1, Lorong Tun Ismail
Sri Dagangan 2, 25000 Kuantan
Pahang Darul Makmur

PROFILE OF DIRECTORS

SEE TECK WAH

See Teck Wah, aged 65, is the Managing Director of A-Knight. He was appointed Chairman of A-Knight on 6 May 2009. He was appointed to the Board of Directors of A-Knight on 27 May 1981 and a member of Remuneration Committee on 29 November 2001. He started working in 1969 when A-Knight began its sawmill operation and a year later, its plywood operation. Mr See Teck Wah is the driving force behind the setting up of its particleboard business in 1981. Mr See Teck Wah is responsible for the future direction and successful operations of the A-Knight Group. Besides overall supervision and management, Mr See Teck Wah also oversees the marketing, distribution and purchasing functions of the Group. He also sits on the Board of several private limited companies. He is the nephew of Mr See Seng Hong PJK and father of Mr See Han Liong. He has no conflict of interest with the Company and no conviction for any offences within the past ten (10) years.

SEE SENG HONG PJK

See Seng Hong PJK, aged 77, is an Executive Director of A-Knight. He is also one of the founders of A-Knight. He has many years of working and management experience in wood-based industries especially in sawmilling, plywood and particleboard manufacturing. Mr See Seng Hong PJK is responsible for the general administration of the A-Knight Group. Mr See Seng Hong PJK also sits on the Boards of several private limited companies. He is the uncle of Mr See Teck Wah. He has no conflict of interest with the Company and no conviction for any offences within the past ten (10) years.

SEE HAN LIONG

See Han Liong, aged 38 was appointed as Executive Director of A-Knight on 19 October 2012. He obtained his Bachelor of Business (Economics and Finance) from Royal Melbourne Institute of Technology University in 2000. He joined Star Cruises in the finance department from 2000 to 2002. With the experience gained in Star Cruises (hospitality industry), he joined the A-Knight Group from year 2002 until to-date to oversee the hotel operations and assist in manufacturing division. He is the nephew of Mr See Seng Hong PJK and son of Mr See Teck Wah. He has no conflict of interest with the Company and no conviction for any offences within the past ten (10) years.

ANDREW SU MENG KIT

Andrew Su Meng Kit, aged 43, was appointed as an Executive Director of A-Knight on 25 May 2012. He is a member of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant (Malaysia) with the Malaysian Institute of Accountants. Started his career under articleship training with an international accounting firm where he qualified as a Certified Public Accountant. He was involved in various financial and top management positions in multi-national company, wood-based furniture product manufacturing company and internet based company. He was also a financial/corporate advisor to a company listed on the then Second Board of Bursa Securities and a Director of Corporate Finance in a merchant bank. He is also a Director of Mexter Technology Berhad, a company listed on the ACE Market of Bursa Malaysia and a Director of Acme Holdings Berhad, a company listed on the Main Market of Bursa Malaysia. He is also currently the Vice President of Corporate Finance in TA Securities Holdings Berhad. He has no conflict of interest with the Company and does not have any relationship with any of the directors and/or major shareholders of the Company. He has no conviction for any offences within the past ten (10) years.

PROFILE OF DIRECTORS

TAN TENG CHEOK

Tan Teng Cheok, aged 44 was appointed as an Independent Non-Executive Director of A-Knight and an Audit Committee member on 29 December 2001. He was appointed member of Nomination Committee and Remuneration Committee on 30 April 2003. He was appointed Chairman of Nomination Committee on 12 May 2011. He also the Chairman of Audit Committee. He obtained a Bachelor of Business (Accounting) from Monash University, Australia in 1994. Mr Tan Teng Cheok is a member of Malaysian Institute of Accountants (MIA) and Australian Society of Certified Practising Accountants (ASCPA). He has no conflict of interest with the Company and does not have any relationship with any of the directors and/or major shareholders of the Company. He has no conviction for offences within the past 10 years.

SEAH CHEONG WEI

Seah Cheong Wei, aged 41 was appointed as an Independent Non-Executive Director of A-Knight and an Audit Committee member on 18 November 2010. He was appointed member of Nomination Committee and Remuneration Committee on 12 May 2011. He completed Master of Business Administration (MBA) and Bachelor of Commence in Accounting. He is a Chartered Accountant membership from Malaysian Institute of Accountants and Institute of Chartered Accountants of New Zealand. He is also a Certified Financial Planner (CFP) membership from Financial Planning Association of Malaysia. Currently he run his own firm providing services in Auditing, Accounting, Company Secretarial and Consultancy works. He has no conflict of interest with the Company and does not have any relationship with any of the directors and/or major shareholders of the Company. He has no conviction for any offences within the past ten (10) years.

LIM HENG GAUL

Lim Heng Gaul, aged 54 was appointed as an Independent Non-Executive Director of A-Knight and an Audit Committee member on 19 November 2014. He was appointed member of Nomination Committee on 19 November 2014. He obtained a Bachelor of Science (hons), Geology from University Malaya in 1985. Upon graduation, he joined University Malaya as Tutor in the Geology Department from 1985 to 1987. Subsequently, he served in offshore oil exploration companies in the United States i.e. Exploration Logging Ltd., USA as Mud-logger from 1988 to 1989 and Inteq (Baker Hughes) Ltd., USA as Pressure Evaluation Geologies from 1990 to 1993. He is a licensed remisier under Bursa Malaysia from 1994 until to-date. He has no conflict of interest with the Company and does not have any relationship with any of the directors and/or major shareholders of the Company. He has no conviction for any offences within the past ten (10) years.

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the Annual Report and the audited financial statement of A-Knight Group for the financial period ended 30 June 2014.

FINANCIAL PERFORMANCE

During the 18 months financial period ended 30 June 2014, the revenue of A-Knight Group is RM 11.5 million compared to the revenue of RM 6.3 million in the 12 months financial year ended 31 December 2012.

The Group incurred loss before taxation of RM 8.6 million against the loss before taxation of RM 7.1 million in previous financial year.

In view of the loss, your Board is not recommending the payment of dividend.

BUSINESS PERFORMANCE

The revenue of the Group is higher by 83% compared to previous financial year due to contribution from manufacturing of plastic parts division which was acquired in April 2014. The manufacturing division and the hotel operations division remains the core businesses of the Group during the financial year.

PROSPECTS

The manufacturing industry continues to face strong competition from low cost producing countries and increasing operating costs. The prospect of the Group is expected to improve with the contribution of manufacturing of plastic parts business and upon completion of restructuring exercises to be undertaken.

The Board is confident that, upon completion of restructuring exercises to be undertaken in the very near future, the financial position of the Company will be fundamentally strengthened to support the re-building of the Group in increasingly challenging conditions.

CORPORATE DEVELOPMENTS

The Company has successfully completed its debts settlement exercise by way of the issuance of 12,319,708 ordinary shares of RM1.00 each at an issue price of RM1.20 per ordinary share for settlement of debts owing to related parties on 31 March 2014.

On 31 October 2014, the Company announced that it is an Affected Listed Issuer pursuant to Paragraph 2.1(d) of the Practice Note 17 of the Main Market Listing

CHAIRMAN'S STATEMENT

Requirements of Bursa Malaysia Securities Berhad as the Company Auditors have expressed disclaimer opinion in the Company's latest audited financial statements for the 18 months financial period ended 30 June 2014 ("First Announcement").

The Company has a timeframe of 12 months from the date of the First Announcement to submit its plan to regularise its financial condition. The Company will endeavour to formulate a regularisation plan that would benefit the Company and the shareholders and shall update on this in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our appreciation to Mr Sukhinderjit Singh Muker and Mr Ooi Tse Piao who have resigned from the Board, for their support and guidance throughout their tenure on the Board. I would also like to take this opportunity to thank the management and staff for their commitment and hard work.

I would also like to express my appreciation to all our customers, business associates, financiers, government and regulatory authorities for their long time support and services.

SEE TECK WAH
Chairman

Corporate Governance Statement

The Board of Directors

Presently, the Board has seven (7) directors, comprising four (4) Executive Directors and three (3) Independent Non-Executive Directors. The roles and responsibilities of the Executive Chairman and Managing Director are assumed by the same director. Nonetheless, the Board believes the presence of composition of independent director in the Board balances the combined roles of the Executive Chairman and Managing Director. The Independent Non-Executive Directors provide shareholders with an alternative to convey their concerns and seek clarifications from the Board.

A description of the background of each director is presented on pages 8 to 9.

Management is responsible for providing information to the Board in order to enable the Board to discharge its responsibilities. Management is also invited to attend the Board and Audit Committee meetings and to provide explanations to the Board and Audit Committee on the operations of the Group. In addition, the Board is also briefed by the Company Secretary on new or changes in corporate regulatory requirements. The performance of the Group is reviewed by the Board in consideration of the quarterly financial results and explanation provided by the management.

Nine (9) board meetings were held during the financial period. The details of attendance by the Board members during their tenure of office are as below.

Director	No. of Meetings Attended
See Teck Wah	9 of 9
See Seng Hong PJK	9 of 9
See Han Liong	9 of 9
Andrew Su Meng Kit	9 of 9
Tan Teng Cheok	9 of 9
Sukhinderjit Singh Muker (resigned on 30/6/2014)	2 of 9
Seah Cheong Wei	9 of 9
Ooi Tse Piao (resigned on 19/6/2014)	7 of 9
Lim Heng Gaul (appointed on 19/11/2014)	0 of 0

The Board maintains specific Board Committees namely Audit Committee, Nomination Committee and Remuneration Committee. The Chairman of the respective Board Committees would report to the Board during the Board meetings on significant matters and salient matters deliberated in the Committees.

Corporate Governance Statement

In order to set out the fundamental structures for effective functioning of the board, the Board would carry out the following actions in due course:

- i. To set out the code of conduct;
- ii. To implement communication channel and procedure to provide employee with a mechanism to monitor the compliance of code of conduct;
- iii. To incorporate further areas of the directors' fiduciary duties in board meeting agenda and obtaining adequate information needed for the discussion of these agenda;
- iv. To define and formalise its board charter and policies on business sustainability, gender diversity, management succession, directors' assessment and remuneration, selection and evaluation on external auditors and engagement of non-audit services and corporate disclosure; and
- v. To create a new page on corporate governance in the present corporate website in order to keep the public and shareholder informed of its progress and status of the above actions.

Appointment to the Board

The Nomination Committee is established and maintained to ensure that there is a formal and transparent procedure for the appointment of new directors to the Board and for the performance appraisal of directors. The current members of the Committee are made up of fully independent non-executive directors. The current composition of the Nomination Committee is as follows:

Chairman	:	Tan Teng Cheok (Independent Non-Executive Director)
Member	:	Seah Cheong Wei (Independent Non-Executive Director)
	:	Lim Heng Gaul (Independent Non-Executive Director)

During the financial period, the Nomination Committee conducted one meeting on 27 May 2014.

Board Independence

Independence is important for ensuring objectivity and fairness in board's decision making. In order to uphold independence of Independent Directors, the Board has adopted the following best practices:-

- i. Subject to Board justification and shareholders' approval, tenure of Independent Directors should not exceed a cumulative nine (9) years; and
- ii. Annual assessment of independence of its Independent Directors focusing on events that would affect the ability of Independent Directors to continue bringing independent and objective judgment to board deliberation and the regulatory definition of Independent Directors.

Corporate Governance Statement

Directors' Training

The Board encourages its members to undergo continuous trainings to enhance their knowledge, expertise and professionalism in discharging their duties. The Directors had, individually, during the financial period, attended seminars and training programs on governance and finance related topics including budget seminar and equity analysis.

As at to-date, all Directors have complied with the provision of MMLR in relation to Mandatory Accreditation Programme.

Re-election of Directors

Director re-election provides an opportunity for shareholders to renew their mandate conferred to the directors. The Articles of Association of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). In addition, directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors' Remuneration

The remuneration of the Executive Directors and Non-Executive Directors are reviewed by the Remuneration Committee and the Board respectively. Executive director is remunerated based on the Group's performance whilst the remuneration of the non-executive directors is determined in accordance with their experience and the level of responsibilities assumed. All directors play no part in the decision of their own remuneration.

The current members of the Remuneration Committee are:

Member : See Teck Wah (Executive Chairman/ Managing Director)
 : Tan Teng Cheok (Independent Non-Executive Director)
 : Seah Cheong Wei (Independent Non-Executive Director)

During the financial period, the Remuneration Committee conducted one meeting on 27 May 2014.

The number of Directors whose income falls within the following bands is set out as follows:

Remuneration Bands	Executive Directors	Non-Executive Directors
RM50,000 and below	-	4
RM100,001-RM150,000	1	-
RM250,001-RM300,000	1	-
RM350,001-RM400,000	2	

Corporate Governance Statement

The aggregate remuneration paid to all Directors of the Company are further categorised into the following components:

	Fees (RM)	Salaries and other emoluments * (RM)	Total (RM)
Executive Directors	108,000	1,008,012	1,116,012
Non-Executive Directors	117,000	-	117,000

* *Other emoluments include contribution to Employees' Provident Fund and allowances.*

The Board suggests Directors' fees of RM108,000 for Executive Director and RM117,000 for Non-Executive Directors to be payable for financial period ended 30 June 2014. These proposed fees are subject to shareholders' approval at the forthcoming AGM.

Risk Management

The Board acknowledges that risk management is an integral part of good governance and management practice. Risk is inherent in all business activities. It is however, not the Group's objective to eliminate risk totally, but to provide structural means to identify, prioritize and manage the risks involved in all the Group's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

In order to further strengthening the present risk management and internal control systems in the Group, the Board would work with the management in formalising and approving the Group's Risk policy and board risk tolerance.

The Board has established an internal audit function which is currently outsourced to a professional firm. Functionally, the Internal Auditors report to the Audit Committee directly. Further details of the Group's state of risk management and internal control systems and processes are reported in the Statement on Risk Management and Internal Control on page 17.

Shareholders

Information to shareholders is disseminated through various disclosures and announcements made to the Bursa Securities. This information is electronically published at the Bursa Securities website at <http://www.bursamalaysia.com> and it is accessible by public. The Company also maintains its website at <http://www.asiaknight.com>.

The AGM remains as the principal forum for dialogue with all shareholders while the Extraordinary General Meetings would be held as and when required. At general meetings, before proposed resolutions are put to a vote, the shareholders would be provided with opportunities to seek clarifications.

Corporate Governance Statement

Financial Reporting

The Board is responsible to ensure that the quarterly financial reporting of the Company presents a fair and balance view and assessment of the Group's financial position, performance and prospects. The Board ensures that the Group's financial statements are drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards. The Board is assisted by the Audit Committee in reviewing the information in terms of the overall accuracy, adequacy and completeness of disclosure and ensuring the Group's financial statements comply with applicable financial reporting standards.

The External Auditors confirmed 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.

Annually, the Audit Committee also reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the AGM. The Audit Committee would convene meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary.

Directors' Responsibility Statement

The Directors are responsible for ensuring that:

- a. The annual audited financial statements of the Group and of the Company are drawn up in accordance with the MFRS, International Financial Reporting Standards and the provisions of the Companies Act, 1965 and the Listing Requirements of the Bursa Securities so as to give a true and fair view of the state of affairs of the Group and the Company for the financial period, and
- b. Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors have prepared the financial statements for the financial period ended 30 June 2014 on going concern basis that the Group and the Company have adequate resources to continue operations for the foreseeable future and adopted appropriate accounting policies and have applied them consistently in the financial statement with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

Corporate Social Responsibility

The Company would continue to participate in community activities which are appropriate.

Statement on Risk Management and Internal Control

The Board of Directors of Asia Knight Berhad acknowledges the importance of the systems risk management and internal control and recognises its responsibilities to:

- i. Maintain a sound system of risk management and internal control;
- ii. Ensure the implementation of appropriate systems to manage risks; and
- iii. Review the adequacy and integrity of the Group's systems of internal control.

In discharging these responsibilities, the Board is assisted and advised by Executive Directors and management to assess the key business risks of the Group and to implement measures to manage risks. Executive Directors are responsible to the Board for identifying risks, implementing and maintaining sound systems of risk management and internal control and monitoring and reporting to the Board of significant control deficiencies and changes in risks.

The key review activities undertaken by the Board are the review of financial and operating performances of the Group on quarterly basis; discussions and review with management on the progress of business operations and corporate exercises and review of audit findings reported by the Audit Committee.

During the financial period, the internal auditors have carried out reviews on selected active companies and reported their findings to the Audit Committee. . Executive Directors and management further supplemented the Audit Committee's understanding of the current business activities and risks when presenting their quarterly financial performance and results in the Audit Committee meetings.

The Board wishes to reiterates that the risk management and systems of internal control would be continuously improved parallel with the evolving business development. Nonetheless, it should be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

Before producing this Statement, the Board has received assurance from the Managing Director and Executive Director responsible for the financial affairs of the Group that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

Audit Committee Report

1. COMPOSITION OF AUDIT COMMITTEE

Tan Teng Cheok
Chairman- Independent Non-Executive Director

Seah Cheong Wei
Member- Independent Non-Executive Director

Lim Heng Gaul
Member- Independent Non-Executive Director (Appointed on 19 November 2014)

Sukhinderjit Singh Muker
Member- Independent Non-Executive Director (Resigned on 30 June 2014)

2. TERMS OF REFERENCE

• MEMBERSHIP

The Committee members shall be appointed by the Board of Directors from amongst the Directors excluding Alternate Directors and must consist of not less than 3 non-executive directors with a majority of them being independent non-executive directors.

All members of the Committee should be financially literate and at least one member should be a member of an accounting association or body.

In order to form a quorum for any meeting of the Committee, the majority of members present must be independent non-executive directors. In the event of any vacancy in the Committee resulting in non-compliance of the above composition requirement, the Company must fill the vacancy within three (3) months.

The Board of Directors must review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and its members have carried out their duties in accordance with their terms of reference.

The Chairman shall be elected by the Committee from among their members who shall be an independent non-executive director. The Chairman should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to keep informed of matters affecting the Company.

Audit Committee Report

- **RIGHTS**

The Committee shall:

- i. Have authority to investigate any matter within its terms of reference;
- ii. Have the resources which are required to perform its duties;
- iii. Have full and unrestricted access to any information pertaining to the Group;
- iv. Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any); and
- v. Be able to obtain independent professional or other advice.

- **FUNCTIONS**

The Audit Committee shall review and report to the Board on the following key matters:

- i. To review the appointment, resignation, conduct and audit plans of the internal and external auditors;
- ii. To review the assistance given by the employees of the Group to the external auditors and the internal auditors;
- iii. To review the quarterly results and yearend financial statements, prior to the approval by the Board;
- iv. To review any related party transactions and conflict of interest situations that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- v. To review and report to the board of the state of the system of internal control of the Group.
- vi. To consider the independence, performance and fees of the external auditors and assess whether there is reason to believe that the external auditor is not suitable for re-appointment or nomination; and
- vii. To review and report such other matters as may be delegated by the Board from time to time.

Audit Committee Report

4. ACTIVITIES OF THE AUDIT COMMITTEE

The activities undertaken by the Audit Committee during the financial period are as follows:

- (a) Reviewed the quarterly financial results and announcements for the financial quarters prior to submission to the Board for consideration and approval;
- (b) Reviewed the annual audited financial statements;
- (c) Reviewed and discussed with the External Auditors on the audit plan, scope of work and results of their examination on audit, management letter and significant accounting issues in relation to their audit;
- (d) Reviewed with the Internal Auditors on the internal audit findings, report, management comments on audit recommendation and audit status as well as the best practices of the Malaysian Code on Corporate Governance and the Bursa Listing Requirements and its impact on annual report disclosures; and
- (e) Reviewed of the status of various corporate exercise, financial due diligence report and legal cases with the Executive Directors.

5. INTERNAL AUDIT FUNCTION

The Group had established its internal audit function and this function is outsourced to an internal audit services company. Functionally, the internal audit team reports to the Audit Committee directly.

Internal audit reviews are carried out on selected active entities and reported to the Audit Committee during the Audit Committee meetings. Prior to the presentation of the internal audit reports to the Audit Committee, findings and recommendations are discussed with management and comments from management are obtained and incorporated into the internal audit findings and reports.

The cost accrued for the internal audit function in respect of the financial period ended 30 June 2014 was RM50,000 (2012: RM38,120).

OTHER INFORMATION

SHARE BUY BACKS

There were no share buy backs transactions during the financial period.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities issued during the financial period.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year.

SANCTIONS AND / OR PENALTIES

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

NON-AUDIT FEES

There was no amount of non-audit fees paid to external auditors for the financial period except for RM6,000 in professional fee was paid to external auditors for consultancy of accounting work.

PROFIT GUARANTEE

The Company did not issue any profit guarantee.

PROFIT FORECAST AND UNAUDITED RESULTS VARIATION

There was no profit forecast issued by the Company in respect of the financial period. The audited consolidated results for the financial period did not deviate by more than 10% of the unaudited consolidated results previously announced by the Company.

MATERIAL CONTRACTS

There were no material contracts by A-Knight or its subsidiaries involving the directors' and major shareholders' interests during the financial period except for the Debt Settlement Agreement dated 17 December 2013 entered into among A-Knight, and its wholly-owned subsidiary, Pahanco Manufacturing Sdn Bhd and Prime Forest Products (M) Sdn Bhd and See Seng Lai & Sons Realty Sdn Bhd, parties related to Directors and major shareholders of A-Knight for the settlement of debt owing to Prime Forest Products (M) Sdn Bhd and See Seng Lai & Sons Realty Sdn Bhd amounting to RM11,418,651 and RM3,365,000 respectively, via issuance of 12,319,708 new A-Knight Shares at an issue price of RM1.20 per share.

OTHER INFORMATION

REVALUATION POLICY

The Group revalues its freehold land, factory and office buildings, hotel building and plant, machinery and equipment every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is recognized in the statement of comprehensive income to the extent of the decrease previously recognized. A revaluation deficit is first offset against unutilized previously recognized revaluation surplus in respect of the same asset and the balance is thereafter recognized in the statement of comprehensive income. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

UTILISATION OF PROCEEDS

During the financial period, there were no proceeds raised by the Company from any corporate proposals except for the private placement of 1,730,000 placement shares at an issue price of RM1.00 per share on 14 October 2013 for repayment of bank borrowings, working capital and defray of expenses related to the private placement under under Section 132D of the Companies Act, 1965. All proceeds raised from the private placement had been fully utilised during the financial period. In addition, the progressive payments of cash portion amounting to RM3.05 million received under the joint venture agreement dated 6 December 2012 in relation to the Kuantan land had been fully utilised for working capital purposes and defray of expenses related to the joint venture during the financial period.

RECURRENT RELATED PARTY TRANSACTION DURING THE FINANCIAL YEAR

There were no recurrent related party transactions during the financial year.

Directors' Report for the period ended 30 June 2014

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2014.

Change of financial period

During the financial period, the Company changed its financial year end from 31 December to 30 June. Consequently, the current financial period is made up for 18 months from 1 January 2013 to 30 June 2014 and may not be comparable with the comparative figures.

Principal activities

The principal activities of the Company are investment holding company and sales and marketing of particleboards. The Company has suspended its operations pending restructuring of its operations and proposed acquisitions of businesses and joint ventures. The principal activities of the Group are as stated in Note 7 to the financial statements.

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

Financial results

	Group RM	Company RM
Loss for the period	<u>(9,767,171)</u>	<u>(12,631,298)</u>
Loss attributable to:		
Owners of the parent	(9,667,564)	(12,631,298)
Non-controlling interest	<u>(99,607)</u>	<u>-</u>
	<u>(9,767,171)</u>	<u>(12,631,298)</u>

Dividends

No dividends were paid, declared or proposed since the end of the previous financial year. The Directors do not recommend the payment of any dividend for the financial period ended 30 June 2014.

Directors' Report for the period ended 30 June 2014

Reserves and provisions

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

Issue of shares, warrants and debentures

On 14 October 2013, the Company increased its issued and paid-up ordinary share capital from RM44,083,200 to RM45,813,200 by way of the issuance of 1,730,000 ordinary shares of RM1.00 each at an issue price of RM1.00 per ordinary share by way of private placement for working capital purposes.

On 27 March 2014, the Company increased its issued and paid-up ordinary share capital from RM45,813,200 to RM58,132,908 by way of the issuance of 12,319,708 ordinary shares of RM1.00 each at an issue price of RM1.20 per ordinary share for settlement of debts owing to related parties.

The new ordinary shares issued during the financial period ranked pari passu in all respects with the existing ordinary shares of the Company.

There were no issue of warrants or debentures during the financial period.

Directors

The Directors of the Company who held office since the date of the last report are as follows:

See Teck Wah	
See Seng Hong, PJK	
Andrew Su Meng Kit	
See Han Liong	
Tan Teng Cheok	
Seah Cheong Wei	
Ooi Tse Piao	(Resigned on 19.6.2014)
Sukhinderjit Singh Muker	(Resigned on 30.6.2014)

Retirement and re-election of the Directors at the Annual General Meeting will be in accordance with the Company's Articles of Association.

Directors' Report
for the period ended 30 June 2014

Directors' interests

According to the Register of Directors' shareholdings, particulars of interests in the shares of the Company of those Directors who held office at the end of the financial period were as follows:

	Number of ordinary shares of RM1 each in the Company			
	At			At
	1.1.2013	Bought	Sold	30.6.2014
Shareholdings in the name of the Directors:				
See Teck Wah	4,892,912	134,000	(2,850,000)	2,176,912
See Seng Hong, PJK	429,000	-	-	429,000
See Han Liong	2,511,800	2,841,000	(171,000)	5,181,800
Andrew Su Meng Kit	90,000	-	(90,000)	-

	Number of ordinary shares of RM1 each in the Company			
	At			At
	1.1.2013	Bought	Sold	30.6.2014
<u>Deemed interest</u>				
See Teck Wah#	24,633,525	12,319,708	-	36,953,233
See Seng Hong, PJK*	18,608,060	-	-	18,608,060
See Han Liong^	25,681,500	12,469,708	(1,050,000)	37,101,208

Deemed interest pursuant to Section 6A of the Companies Act 1965 by virtue of his interests in Pahangply Holdings Berhad., NGE Leasing & Credit Sdn. Bhd., See Seng Lai & Sons Realty Sdn. Bhd., Nanyang General Enterprises Sdn. Bhd., Nanyang Timber Industry Sdn. Bhd., Prime Forest Products (M) Sdn. Bhd. and See Han Liong.

* Deemed interest pursuant to Section 6A of the Companies Act 1965 by virtue of his interests in Pahangply Holdings Berhad., See Seng Lai & Sons Realty Sdn. Bhd., NGE Leasing & Credit Sdn. Bhd., Nanyang General Enterprises Sdn. Bhd., Nanyang Timber Industry Sdn. Bhd. and Far East Navigation (Malaysia) Sdn. Bhd..

^ Deemed interest pursuant to Section 6A of the Companies Act 1965 by virtue of his interests in Pahangply Holdings Berhad, See Seng Lai & Sons Realty Sdn. Bhd. NGE Leasing & Credit Sdn. Bhd., Nanyang General Enterprises Sdn. Bhd., Nanyang Timber Industry Sdn. Bhd. Prime Forest Products (M) Sdn. Bhd. and See Teck Wah.

Mr. See Teck Wah, Mr. See Seng Hong, PJK and Mr See Han Liong by virtue of their interests in the shares of the Company are also deemed interested in the shares of all the Company's subsidiaries during the financial period to the extent the Company has an interest.

Directors' Report for the period ended 30 June 2014

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest, except as disclosed in Note 25 of the financial statements.

Neither during nor at the end of the financial period was the Company 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.

Other statutory information

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

- (a) to ascertain that proper 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 that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount to which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts 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; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

**Directors' Report
for the period ended 30 June 2014**

Other statutory information (continued)

In the opinion of the Directors:

- (a) the results of the Group's and of the Company's operations during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due, except as disclosed in Note 33 to the financial statements.

In the interval between the end of the financial period and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made; and
- (b) no charge has arisen on the assets of the Group and of the Company which secures the liability of any other person nor has any contingent liability arisen in the Group and in the Company.

Significant events

The details of significant events are disclosed in Note 33 to the financial statements.

Auditors

The auditors, Messrs Nexia SSY, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 October 2014.

See Teck Wah
Director

Andrew Su Meng Kit
Director

Klang

Statement by Directors
Pursuant to Section 169(15) of the Companies Act 1965

We, See Teck Wah and Andrew Su Meng Kit, being two of the Directors of Asia Knight Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 34 to 107 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2014 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 32 has been prepared in accordance with the *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements* as issued by the Malaysian Institute of Accountants, and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 October 2014.

See Teck Wah
 Director

Andrew Su Meng Kit
 Director

Klang

Statutory Declaration
Pursuant to Section 169(16) of the Companies Act 1965

I, Andrew Su Meng Kit being the Director primarily responsible for the financial management of Asia Knight Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 34 to 107 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed Andrew Su Meng Kit
at Klang in the state of Selangor
on 30 October 2014.

Andrew Su Meng Kit
Director

Before me,

Independent Auditors' Report to the Members of Asia Knight Berhad

Report on the Financial Statements

We have audited the financial statements of Asia Knight Berhad, which comprise the statements of financial position as at 30 June 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 107.

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with approved standards on auditing in Malaysia. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

During the financial period, the Group and the Company had incurred a net loss of RM9,767,171 and RM12,631,298 respectively, and as of that date, the Group's current liabilities exceeded its current assets by RM12,658,418. The continuation of the Group as a going concern is dependent on the successful restructuring of the Group's operations and continued availability of adequate financial support from its shareholders, creditors and bankers. Certain related parties of the Group have confirmed their intention to maintain the Group as a going concern.

As disclosed in Note 33 of the financial statements which details significant matters, in the event that one or several transactions does not materialise in favour of the Group, the consequences may affect the going concern basis on which the financial statements have been prepared.

- (a) The legal proceedings against the Company by Tenaga Nasional Berhad [Note 33(ii)] involves a claim of RM1.6 million whilst the claim amount in the legal proceedings of the subsidiary [Note 33(iii)] in respect of copyrights cannot be determined.

Independent Auditors' Report to the Members of Asia Knight Berhad

Basis for Disclaimer of Opinion (continued)

- (b) As disclosed in Note 33(iv) of the financial statements, the machinery of the subsidiary has been classified under assets held for sale totalling RM7.9 million as the Directors are committed to a plan to sell the asset, have actively located a buyer in Cambodia and initiated completion of legal documentation. Should the sale not materialise, the consequence of non-impairment of the machinery will impact the results of this financial period.
- (c) As stated in Note 33(v) of the financial statements, the factory building is to be demolished pursuant to the Sale and Purchase Agreement of the Company's leasehold lands. The estimate for the cost of demolition has not been provided and the Directors are also of the view that building materials recovered from the demolition can be recycled and reused for valuable consideration.
- (d) The trade receivables of the Group (Note 11) comprise balances past due amounting to RM2,105,181 which have not been impaired as the Directors are of the view that the balances are recoverable.
- (e) As stated in Note 19, during the financial period the Directors had arranged to extend the repayment of the banker's acceptances pending the redemption of the properties and full settlement of the balances due to the bank. We have been unable to verify the banking arrangements.

The financial statements consequently include significant transactions based on the Directors' judgement and estimates. We were unable to carry out appropriate audit procedures to obtain sufficient and appropriate audit evidence over these estimates. We could not determine the effect of adjustments, if any, on the financial position of the Company as at 30 June 2014, or on its financial performance and cash flows for the period then ended.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis of an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Independent Auditors' Report to the Members of Asia Knight Berhad

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) Except for the matters described in the Basis for Disclaimer of Opinion, the accounting and other records have been properly kept in accordance with the provisions of the Act;
- (b) In our opinion, the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;
- (c) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.
- (d) The Modified Opinion reports for the subsidiaries indicated in Note 7 to the financial statements constitute the basis of disclaimer of opinion of our report of the Group's and the Company's financial statements. Significant matter of the subsidiary not audited by us has also been included as a component of the basis of disclaimer; and
- (e) The audit reports on the financial statements of the subsidiaries indicated in Note 7 contain Modified Opinion under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 32 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and does not form part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Independent Auditors' Report to the Members of Asia Knight Berhad

Other Matters

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

Nexia SSY
AF: 2009
Chartered Accountants

Jason Sia Sze Wan
No. 2376/05/16 (J)
Partner

Subang Jaya
30 October 2014

Statements of Financial Position as at 30 June 2014

		Group		Company	
	Note	30.6.2014	31.12.2012	30.6.2014	31.12.2012
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	6	21,088,415	47,625,415	127,504	16,536,775
Investments in subsidiaries	7	-	-	6,299,999	1,603,251
Quoted investments	8	5,628	5,628	5,628	5,628
		21,094,043	47,631,043	6,433,131	18,145,654
Assets held for sale					
Property, plant and equipment	9	25,079,667	-	15,664,198	-
		46,173,710	47,631,043	22,097,329	18,145,654
Current assets					
Inventories	10	1,097,228	1,091,177	-	-
Trade receivables	11	2,892,406	1,992,395	-	-
Other receivables, deposits and prepayments	12	451,826	843,242	117,881	616,242
Amount due from subsidiaries	13	-	-	6,138,348	13,996,568
Tax recoverable		74,570	13,406	187	8,162
Fixed deposit with licensed bank		92,082	-	-	-
Cash and bank balances		950,846	506,456	112,173	90,510
		5,558,958	4,446,676	6,368,589	14,711,482
TOTAL ASSETS		51,732,668	52,077,719	28,465,918	32,857,136

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

**Statements of Financial Position
as at 30 June 2014**

		Group		Company	
	Note	30.6.2014	31.12.2012	30.6.2014	31.12.2012
		RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	14	58,132,908	44,083,200	58,132,908	44,083,200
Capital reserve	15	2,502,440	38,497	2,502,440	38,497
Accumulated losses		(29,318,457)	(19,650,893)	(46,090,551)	(33,459,253)
		31,316,891	24,470,804	14,544,797	10,662,444
Non-controlling interest		-	99,607	-	-
TOTAL EQUITY		31,316,891	24,570,411	14,544,797	10,662,444
Non-current liabilities					
Deferred tax liabilities	16	1,528,401	414,821	-	-
Other payables, accruals and deposits received	17	670,000	-	670,000	-
		2,198,401	414,821	670,000	-
Current liabilities					
Trade payables	18	1,881,050	2,283,241	320,712	527,450
Other payables, accruals and deposits received	17	10,266,028	17,877,351	7,322,228	14,781,948
Borrowings	19	6,061,797	6,885,294	5,608,181	6,885,294
Taxation		8,501	46,601	-	-
		18,217,376	27,092,487	13,251,121	22,194,692
TOTAL LIABILITIES		20,415,777	27,507,308	13,921,121	22,194,692
TOTAL EQUITY AND LIABILITIES		51,732,668	52,077,719	28,465,918	32,857,136

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

Statements of Comprehensive Income for the period ended 30 June 2014

	Note	Group		Company	
		Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Revenue	20	11,517,775	6,338,894	-	759,716
Cost of sales		(13,973,944)	(9,165,452)	-	(707,692)
Gross (loss)/profit		(2,456,169)	(2,826,558)	-	52,024
Other income		1,832,128	492,151	1,629,500	51,926
		(624,041)	(2,334,407)	1,629,500	103,950
Selling and distribution expenses		(134,965)	(115,246)	(47,557)	(92,403)
Other operating expenses		(430,718)	(147,269)	(153,035)	(277,168)
Allowance for doubtful debts on amount due from subsidiaries		-	-	(9,914,106)	(19,000,000)
Administrative expenses		(6,963,804)	(4,002,759)	(3,663,492)	(1,674,459)
Loss from operations		(8,153,528)	(6,599,681)	(12,148,690)	(20,940,080)
Finance costs		(482,608)	(474,205)	(482,608)	(474,205)
Loss before taxation	21	(8,636,136)	(7,073,886)	(12,631,298)	(21,414,285)
Taxation	23	(1,131,035)	(86,602)	-	(21)
Loss for the period/year		(9,767,171)	(7,160,488)	(12,631,298)	(21,414,306)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period/year		(9,767,171)	(7,160,488)	(12,631,298)	(21,414,306)

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

**Statements of Comprehensive Income
for the period ended 30 June 2014**

	Note	Group		Company	
		Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Loss attributable to:					
Owners of the parent		(9,667,564)	(7,175,616)	(12,631,298)	(21,414,306)
Non-controlling interest		<u>(99,607)</u>	<u>15,128</u>	<u>-</u>	<u>-</u>
		<u>(9,767,171)</u>	<u>(7,160,488)</u>	<u>(12,631,298)</u>	<u>(21,414,306)</u>
Total comprehensive loss attributable to:					
Owners of the parent		(9,667,564)	(7,175,616)	(12,631,298)	(21,414,306)
Non-controlling interest		<u>(99,607)</u>	<u>15,128</u>	<u>-</u>	<u>-</u>
		<u>(9,767,171)</u>	<u>(7,160,488)</u>	<u>(12,631,298)</u>	<u>(21,414,306)</u>
Basic loss per share (sen)	24	<u>(20.80)</u>	<u>(16.24)</u>		
Basic loss per share (sen) – annualised		<u>(13.87)</u>	<u>(16.24)</u>		

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

Statements of Changes in Equity for the period ended 30 June 2014

Group

	Note	Share capital RM	Revaluation reserve RM	Capital reserve RM	Accumulated losses RM	Total equity RM	Non- controlling interest RM	Total RM
At 1 January 2013		44,083,200	-	38,497	(19,650,893)	24,470,804	99,607	24,570,411
Issue of shares during the period	14	14,049,708	-	2,463,943	-	16,513,651	-	16,513,651
Total comprehensive loss		-	-	-	(9,667,564)	(9,667,564)	(99,607)	(9,767,171)
At 30 June 2014		58,132,908	-	2,502,440	(29,318,457)	31,316,891	-	31,316,891
At 1 January 2012		44,083,200	30,835,315	38,497	(43,310,592)	31,646,420	-	31,646,420
Effect of transition to MFRS	3(b)	-	(30,835,315)	-	30,835,315	-	-	-
As restated		44,083,200	-	38,497	(12,475,277)	31,646,420	-	31,646,420
Total comprehensive loss		-	-	-	(7,175,616)	(7,175,616)	15,128	(7,160,488)
Disposal of non-controlling interest		-	-	-	-	-	84,479	84,479
At 31 December 2012		44,083,200	-	38,497	(19,650,893)	24,470,804	99,607	24,570,411

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

**Statements of Changes in Equity
for the period ended 30 June 2014**

Company

	Note	Share capital RM	Revaluation reserve RM	Capital reserve RM	Accumulated losses RM	Total RM
At 1 January 2013		44,083,200	-	38,497	(33,459,253)	10,662,444
Issue of shares during the period	14	14,049,708	-	2,463,943	-	16,513,651
Total comprehensive loss		-	-	-	(12,631,298)	(12,631,298)
At 30 June 2014		58,132,908	-	2,502,440	(46,090,551)	14,544,797
At 1 January 2012		44,083,200	11,165,220	38,497	(23,210,167)	32,076,750
Effect of transition to MFRS	3(b)	-	(11,165,220)	-	11,165,220	-
As restated		44,083,200	-	38,497	(12,044,947)	32,076,750
Total comprehensive loss		-	-	-	(21,414,306)	(21,414,306)
At 31 December 2012		44,083,200	-	38,497	(33,459,253)	10,662,444

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

Statements of Cash Flows **for the period ended 30 June 2014**

	Group		Company	
	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Cash flows from operating activities				
Loss before taxation	(8,636,136)	(7,073,886)	(12,631,298)	(21,414,285)
Adjustments for:				
Depreciation of property, plant and equipment	4,829,005	3,149,962	895,072	598,196
Rental income	-	(242,000)	-	-
Dividend income	(37)	(84)	(37)	(84)
Interest expense	482,608	474,205	482,608	474,205
Allowance for doubtful debts	715,491	182,941	9,845	142,153
Reversal of allowance for doubtful debts	(73,000)	-	-	-
Allowance for doubtful debts on amount due from subsidiaries	-	-	9,914,107	19,000,000
Interest income	(1,818)	-	(1,800)	-
Gain on disposal of property, plant and equipment	(48,586)	(184,448)	(9,999)	(49,999)
Reversal of allowance for diminution in value of quoted investments	-	(822)	-	(822)
Impairment loss of property, plant and equipment	-	1,000,000	-	-
Inventories written off	728,971	288,453	-	-
Bad debts written off	91,831	-	46,576	-
Reversal of impairment on property, plant and equipment	(462,998)	-	-	-
Loss on foreign exchange – unrealised	9,982	-	-	-

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

**Statements of Cash Flows
for the period ended 30 June 2014**

	Group		Company	
	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Goodwill written off	356,840	-	-	-
Waiver of debts	(1,459,000)	-	(1,459,000)	-
Allowance for diminution in value of investment in subsidiaries	-	-	103,252	-
Gain on disposal of investment in subsidiary	-	(1,021)	-	(1,021)
Operating loss before working capital changes	(3,466,847)	(2,406,700)	(2,650,674)	(1,251,657)
Cash flows from operating activities				
Decrease in inventories	45,572	78,047	-	-
Increase in amount due from subsidiaries	-	-	(2,055,887)	(1,638,102)
Decrease/(increase) in trade and other receivables, deposits and prepayments	684,696	(2,072,656)	441,940	(192,755)
Increase in trade and other payables, accruals and deposits received	7,504,316	5,682,087	9,246,193	4,530,223
Decrease in amount due to a subsidiary	-	-	-	(191,879)
Cash generated from operations	4,767,737	1,280,778	4,981,572	1,255,830
Interest paid	(482,608)	(474,205)	(482,608)	(474,205)
Income tax paid	(109,385)	(133,952)	-	(75)
Income tax refunded	7,975	-	7,975	-
Net cash generated from operating activities	4,183,719	672,621	4,506,939	781,550

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

Statements of Cash Flows **for the period ended 30 June 2014**

	Group		Company	
	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Cash flows from investing activities				
Purchase of property, plant and equipment (Note 29)	(202,477)	(29,581)	(150,000)	-
Dividend received	37	63	37	63
Interest received	1,818	-	1,800	-
Proceeds from disposal of property, plant and equipment	49,548	357,000	10,000	50,000
Rental received	-	32,000	-	-
Net cash (used in)/generated from investing activities	(151,074)	359,482	(138,163)	50,063
Cash flows from financing activities				
Repayment of term loans	-	(275,000)	-	(275,000)
Acquisition of subsidiary (Note 7)	(4,402,676)	-	(4,800,000)	-
Proceeds from issue of shares	1,730,000	-	1,730,000	-
Proceeds from disposal of investment in subsidiaries	-	85,500	-	85,500
Net repayment of banker's acceptances	(1,420,000)	(757,000)	(1,420,000)	(757,000)
Net cash used in financing activities	(4,092,676)	(946,500)	(4,490,000)	(946,500)

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

**Statements of Cash Flows
for the period ended 30 June 2014**

	Group		Company	
	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Net (decrease)/increase in cash and cash equivalents	(60,031)	85,603	(121,224)	(114,887)
Cash and cash equivalents at beginning of the period/year	<u>(330,838)</u>	<u>(416,441)</u>	<u>(746,784)</u>	<u>(631,897)</u>
Cash and cash equivalents at end of the period/year	<u>(390,869)</u>	<u>(330,838)</u>	<u>(868,008)</u>	<u>(746,784)</u>
Cash and cash equivalents comprise:				
Fixed deposit	92,082	-	-	-
Cash and bank balances	950,846	506,456	112,173	90,510
Bank overdrafts (Note 19)	<u>(1,433,797)</u>	<u>(837,294)</u>	<u>(980,181)</u>	<u>(837,294)</u>
	<u>(390,869)</u>	<u>(330,838)</u>	<u>(868,008)</u>	<u>(746,784)</u>

The fixed deposits with licensed bank have been pledged as security for bank guarantee for a subsidiary and earned interest at 3.15% per annum. The maturity period of the fixed deposits is 12 months.

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

Notes to the Financial Statements for the period ended 30 June 2014

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan. The principal places of business of the Company are located at No. 33 & 35, Jalan Batu Tiga, 41300 Klang, Selangor Darul Ehsan and Kawasan Perindustrian Batu Tiga, Jalan Kuantan/Gambang, 25150 Kuantan, Pahang Darul Makmur.

During the financial period, the Company changed its financial year end from 31 December to 30 June. Consequently, the current financial period is made up for 18 months from 1 January 2013 to 30 June 2014 and may not be comparable with the comparative figures.

The principal activities of the Company are investment holding company and sales and marketing of particleboards. The Company has suspended its operations pending restructuring of its operations and proposed acquisitions of businesses and joint ventures. The principal activities of the Group are as stated in Note 7. There have been no significant changes in the nature of these activities during the financial year.

The number of employees in the Group and in the Company at the end of the financial period were 84 (2012: 108) and 5 (2012: 5) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 October 2014.

2. Basis of preparation of the financial statements

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies (Note 3).

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

**Notes to the Financial Statements
for the period ended 30 June 2014**

2. Basis of preparation of the financial statements (continued)

During the financial period, the Group and the Company had incurred a net loss of RM9,767,171 and RM12,631,298 respectively, and as of that date, the Group's current liabilities exceeded its current assets by RM12,658,418. The continuation of the Group as a going concern is dependent on the successful restructuring of the Group's operations and continued availability of adequate financial support from its shareholders, creditors and bankers. Certain related parties of the Group have confirmed their intention to maintain the Group as a going concern.

The financial statements are presented in Ringgit Malaysia (RM).

3. Significant accounting policies

All significant accounting policies set out below are consistent with those applied in the previous financial year.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at financial period end. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

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. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the profit or loss.

Notes to the Financial Statements for the period ended 30 June 2014

3. Significant accounting policies (continued)

(b) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to profit or loss as incurred.

Subsequent to recognition, property, plant and equipment are stated at historical cost, except for freehold land, factory and office buildings, hotel building, and plant, machinery and equipment which are stated at valuation, less accumulated depreciation and any accumulated impairment losses.

The Group revalues its freehold land, factory and office buildings, hotel building, and plant, machinery and equipment every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in the statement of comprehensive income to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in the statement of comprehensive income. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

At the beginning of the previous financial year, the Directors had elected the transitional exemption provision of the Malaysian Financial Reporting Standards (MFRS) 1 to use the previous revaluation of the property, plant and equipment at the date of transition to MFRS framework as deemed cost at the date of revaluation.

Freehold land has an indefinite useful life and therefore is not depreciated. Leasehold land is depreciated over the remaining lease period of between 58 years and 64 years.

**Notes to the Financial Statements
for the period ended 30 June 2014**

3. Significant accounting policies (continued)

(b) Property, plant and equipment, and depreciation (continued)

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

Factory building	5.0%
Office building	2.0%
Hotel building	2.0%
Motor vehicles	15.0% - 20.0%
Furniture, fittings and equipment	10.0% - 33.0%
Plant, machinery and equipment	7.5% - 50.0%
Tractors	20.0%
Forklifts	20.0%
Renovation	10.0%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss in the year the property, plant and equipment is derecognised, and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(c) Investment in subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investment in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Notes to the Financial Statements for the period ended 30 June 2014

3. Significant accounting policies (continued)

(d) Quoted investments

Investment in quoted investments are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments.

Where there is a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(e) Assets held for sale

Assets are classified as held for sale if there has been a change in management intentions in respect of the future use of the asset and hence the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

On initial classification as held for sale, assets are measured at the lower of their carrying amount and fair value less costs to sell. Immediately before the initial classification as held for sale, the carrying amount of assets is measured in accordance with the applicable MFRSS.

An impairment loss is recognised for any initial or subsequent write-down of the assets to fair value less costs to sell. Any subsequent increase in fair value less costs to sell is recognised as a gain in profit or loss, to the extent of the cumulative impairment loss that had previously been recognised.

(f) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods and work-in-progress include cost of raw material, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Utility inventories are capitalised at the minimum level requirement for normal operations and replacement of such items are written off to profit or loss as and when they are replaced.

(g) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts on a review of all outstanding amounts at the financial period end.

3. Significant accounting policies (continued)

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Payables

Payables are stated at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

(j) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(k) Provision for liabilities

Provision for liabilities is recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial period end and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(l) Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenues and expenses are those directly attributable to the segments where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. Most segment assets can be directly attributed to the segment on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively.

Notes to the Financial Statements for the period ended 30 June 2014

3. Significant accounting policies (continued)

(m) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in statement of comprehensive income on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(n) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial period end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

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

The carrying amount of deferred tax assets are reviewed at each financial period end and reduced to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

**Notes to the Financial Statements
for the period ended 30 June 2014**

3. Significant accounting policies (continued)

(n) Income tax (continued)

Unrecognised deferred tax assets are reassessed at each financial period end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets 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 financial period end.

Deferred tax is recognised in 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.

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

(o) Employee benefits

i Short term benefits

Wages, salaries, bonuses, allowance and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii Defined contribution plan

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

As required by law, the Group makes contributions to the statutory provident fund, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss in the period as incurred.

Notes to the Financial Statements for the period ended 30 June 2014

3. Significant accounting policies (continued)

(o) Employee benefits (continued)

iii Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefit falling due more than twelve months after the statement of financial position date are discounted to present value.

(p) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(q) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

i Sale of goods

Revenue is recognised net of sales taxes (if any), returns and allowance, trade discounts, volume rebates and upon transfer of significant risks and rewards of ownership to the buyer.

ii Hotel operations

Revenue from hotel operations is recognised as services are rendered.

iii Dividend income

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

3. Significant accounting policies (continued)

(q) Revenue recognition (continued)

iv Interest income

Interest income is recognised on an accrual basis (taking into account the effective yield on the asset) unless its collectability is in doubt.

v Rental income

Rental income is recognised on an accrual basis.

(r) Foreign currencies

i Functional and presentation currency

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

ii Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each financial period end, monetary items denominated in foreign currencies are translated at the rates prevailing on the financial period end. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Notes to the Financial Statements for the period ended 30 June 2014

3. Significant accounting policies (continued)

(r) Foreign currencies (continued)

ii Foreign currency transactions (continued)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Group's financial statements or the individual financial statements of the foreign operation, as appropriate.

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.

The principal closing rates used in translation of foreign currency amounts are as follows:

	30.6.2014	31.12.2012
1 Singapore Dollar (SGD)	2.5719	2.5032
1 United States Dollar (USD)	3.2110	3.0580

(s) Impairment of assets

The carrying amounts of assets, other than investment property, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each financial period end to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

3. Significant accounting policies (continued)

(s) Impairment of assets (continued)

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each financial period end or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds 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 profit or loss in the period in which it arises, except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 loss 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 the 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 profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

Notes to the Financial Statements for the period ended 30 June 2014

3. Significant accounting policies (continued)

(t) Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances, investments, receivables, payables and borrowings. The recognition methods adopted are disclosed in the respective accounting policy statements.

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

Financial assets

Financial assets are recognised in the statements of financial position when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting.

On initial recognition, financial assets are measured at fair value, plus transaction costs for financial assets not at 'fair value through profit or loss'. Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or a shorter period to the net carrying amount of the financial assets.

After initial recognition, financial assets are classified into one of four categories: financial assets at 'fair value through profit or loss', 'held-to-maturity' investments, loans and receivables and 'available-for-sale' financial assets.

3. Significant accounting policies (continued)

(t) Financial instruments (continued)

Financial assets (continued)

i Financial assets at 'fair value through profit or loss'

Financial assets are classified as at 'fair value through profit or loss' when the financial assets are either 'held for trading', or upon initial recognition, financial assets are designated as at 'fair value through profit or loss'.

A financial asset is classified as 'held for trading' if:

- it is acquired principally for the purpose of selling it in near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective hedging instrument.

Financial assets (other than 'held for trading') are designated as at 'fair value through profit or loss' upon initial recognition if:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or recognising the gains and losses on them on different bases; or
- a group of financial assets is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- a contract contains one or more embedded derivatives, the entire hybrid contracts are designated as at 'fair value through profit or loss'.

After initial recognition, financial assets at 'fair value through profit or loss' are measured at fair value. Gains or losses on the financial assets at 'fair value through profit or loss' are recognised in profit or loss.

Notes to the Financial Statements for the period ended 30 June 2014

3. Significant accounting policies (continued)

(t) Financial instruments (continued)

Financial assets (continued)

ii 'Held-to-maturity' investments

'Held-to-maturity' investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

After initial recognition, 'held-to-maturity' investments are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when 'held-to-maturity' investments are derecognised or impaired.

iii Loans and receivables

Loans and receivables are non-derivative financial assets (such as trade receivables, loans assets, unquoted debt instruments and deposits held in banks) with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when loans and receivables are derecognised or impaired.

iv 'Available-for-sale' financial assets

Financial assets are classified as 'available-for-sale' financial assets when the financial assets are either designated as such upon initial recognition or are not classified in any of the three preceding categories.

Investment in quoted equity and debt instruments that are traded in active market and certain unquoted equity instruments (when the fair value can be determined using a valuation technique) are classified as 'available-for-sale' financial assets. 'Available-for-sale' financial assets are measured at fair value.

3. Significant accounting policies (continued)

(t) Financial instruments (continued)

Financial assets (continued)

iv 'Available-for-sale' financial assets (continued)

Gains or losses on 'available-for-sale' financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains or losses, until the 'available-for-sale' financial assets are derecognised.

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 assets is derecognised.

Interest calculated using the effective interest method is recognised in profit or loss. Dividends on 'available-for-sale' equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

v Investment in unquoted equity instruments carried at cost

Investment in equity instruments which do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such an unquoted equity instruments, are measured at cost less any accumulated impairment losses.

vi Reclassifications of financial assets

The Group does not reclassify derivative out of the 'fair value through profit or loss' category while they are held or in issue. Equally, the Group does not reclassify other financial assets out of the 'fair value through profit or loss' category if upon initial recognition, those financial assets were designated as at 'fair value through profit or loss'. Other financial assets are not reclassified into the 'fair value through profit or loss' category after initial recognition under another category.

When it is no longer appropriate to classify an investment as 'held-to-maturity' as a result of a change in intention and ability, the investment is reclassified as held for sale and re-measured at fair value. Any difference between the carrying amount and fair value of the investment is recognised in other comprehensive income.

Notes to the Financial Statements for the period ended 30 June 2014

3. Significant accounting policies (continued)

(t) Financial instruments (continued)

Financial assets (continued)

vii Impairment of financial assets

At the end of each financial period, the Group assesses whether there is any objective evidence that financial assets held, other than financial assets at 'fair value through profit or loss', are impaired.

Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial assets which have an impact on the estimated future cash flows of the financial assets that can be reliably measured.

For investment in equity instruments classified as 'available-for-sale', objective evidence that the financial assets are impaired include the disappearance of an active market for the financial assets because of financial difficulties, or the decline of the market price below the cost.

For other financial assets, objective evidence could include:

- significant financial difficulty of the issuer; or
- default or significant delay in payments and delinquency in interest or principal payments; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

Impairment losses, in respect of 'held-to-maturity' investments carried at amortised cost are measured as the differences between the assets' carrying amounts and the present values of their estimated future cash flows discounted at the 'held-to-maturity' investments' original effective interest rate.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

3. Significant accounting policies (continued)

(t) Financial instruments (continued)

Financial assets (continued)

vii Impairment of financial assets (continued)

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately.

If, in later periods, the amount of any impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

If there is objective evidence that impairment losses have been incurred on financial assets carried at cost, the amount of any impairment loss is measured as the differences between the carrying amounts of the financial assets and the present value of their estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment losses are not reversed.

For 'available-for-sale' financial assets, if a decline in fair value has been recognised in other comprehensive income and there is objective evidence that the assets are impaired, the cumulative losses that have been recognised are reclassified to profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as 'available-for-sale' financial assets are not reversed through profit or loss. If the fair value of a debt instrument classified as an 'available-for-sale' financial asset subsequently increases, and the increase can be objectively related to an event occurring after the impairment losses were recognised in profit or loss, the impairment losses are reversed and recognised in profit or loss.

Notes to the Financial Statements for the period ended 30 June 2014

3. Significant accounting policies (continued)

(t) Financial instruments (continued)

Financial assets (continued)

viii Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Group transfers the financial assets and the transfers qualify for derecognition.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.

Financial liabilities

Financial liabilities are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument. On initial recognition, financial liabilities are measured at fair value, plus transaction costs for financial liabilities not financial liabilities at 'fair value through profit or loss'. After initial recognition, financial liabilities are either classified as financial liabilities at 'fair value through profit or loss' or amortised cost using the effective interest method.

i Financial liabilities at 'fair value through profit or loss'

Financial liabilities are classified as at 'fair value through profit or loss' when the financial liabilities are either 'held for trading' or upon initial recognition, the financial liabilities are designated as at 'fair value through profit or loss'.

A financial liability is classified as 'held for trading' if:

- it is incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective hedging instrument.

3. Significant accounting policies (continued)

(t) Financial instruments (continued)

Financial liabilities (continued)

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

Financial liabilities (other than 'held for trading') are designated as at 'fair value through profit or loss' upon initial recognition if:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- a contract contains one or more embedded derivatives, the entire hybrid contracts are designated as financial liabilities at 'fair value through profit or loss'.

After initial recognition, financial liabilities at 'fair value through profit or loss' are measured at fair value. Gains or losses on the financial liabilities at 'fair value through profit or loss' are recognised in profit or loss.

ii Financial liabilities at amortised cost using the effective interest method

Effective interest method is a method of calculating the amortised cost of financial liabilities and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities or a shorter period to the net carrying amount of the financial liabilities.

After initial recognition, financial liabilities other than financial liabilities at 'fair value through profit or loss' are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

iii Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of financial liabilities derecognised and the consideration paid is recognised in profit or loss.

Notes to the Financial Statements for the period ended 30 June 2014

3. Significant accounting policies (continued)

(u) Related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

(v) Leases

i Finance leases

Leases of property, plant and equipment are classified as finance lease where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the Group.

The Group initially recognises finance leases as assets and liabilities in the statements of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments at the inception of the leases. Any initial direct costs are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. A finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss unless they are attributable to qualifying assets, in which case they are capitalised in accordance with the accounting policy for borrowing costs. Contingent rents are charged as an expense in profit or loss in the period in which they are incurred.

The depreciation policy for depreciable leased assets is consistent with that of depreciable assets that are owned. If there is no reasonable certainty that the Group will obtained ownership by the end of the lease term, the leased assets are depreciated over the shorter of the lease terms and their useful lives.

ii Operating leases

All other leases are classified as operating leases. Lease payments under operating leases are recognised as expense in profit or loss on a straight-line basis over the lease term.

**Notes to the Financial Statements
for the period ended 30 June 2014**

4. Adoption of new and revised Malaysian Financial Reporting Standards and interpretations

During the financial period, the Group has adopted the following new and revised Malaysian Financial Reporting Standards and amendments to certain standards (collectively referred to as ‘MFRSs’), issued by the Malaysian Accounting Standards Board (‘MASB’) which are effective for the financial year of the Company beginning 1 January 2013:

MFRSs that have been issued and effective which do not have any significant impact on these financial statements

The following new and revised MFRSs issued by the MASB, effective for financial year of the Group beginning 1 January 2013, have been adopted, and the adoptions do not have any significant impact on the financial statements:

MFRS 10:	Consolidated Financial Statements
MFRS 11:	Joint Arrangements
MFRS 12:	Disclosure of Interests in Other Entities
MFRS 13:	Fair Value Measurement
Amendment to MFRS 1:	Government Loans
Amendment to MFRS 7:	Financial Instruments: Disclosures
Amendment to MFRS 7:	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendment to MFRS 9:	Financial Instruments
Amendment to MFRS 10:	Consolidated Financial Statements
Amendment to MFRS 11:	Joint Arrangements
Amendment to MFRS 12:	Disclosure of Interest in Other Entities: Transition Guidance
Amendment to MFRS 101:	Presentation of Financial Statements
Amendment to MFRS 116:	Property, Plant and Equipment
Amendment to MFRS 119:	Employee Benefits
Amendment to MFRS 127:	Separate Financial Statements
Amendment to MFRS 128:	Investment in Associates and Joint Ventures
Amendment to MFRS 132:	Financial Instruments: Presentation
Amendment to MFRS 134:	Interim Financial Reporting
Amendment to IC Interpretation 2:	Members’ Shares in Co-operatives Entities and Similar Instruments
Amendment to IC Interpretation 20:	Stripping Costs in the Production Phase of a Surface Mine

Notes to the Financial Statements for the period ended 30 June 2014

4. Adoption of new and revised Malaysian Financial Reporting Standards and interpretations (continued)

MFRSs that have been issued and effective which do not have any significant impact on these financial statements (continued)

MFRS 10 replaces the parts of MFRS 127 Consolidated and Separate Financial Statements that deal with consolidated financial statements. IC Interpretation 112 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of MFRS 10. Under MFRS 10, there is only one basis for consolidation, that is control. In addition, MFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in MFRS 10 to deal with complex scenarios.

MFRS 11 replaces MFRS 131 Interests in Joint Ventures. MFRS 11 deals with how a joint arrangement of which two or more parties have joint control shall be classified. IC Interpretation 113 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of MFRS 11. Under MFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under MFRS 131, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under MFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under MFRS 131 can be accounted for using the equity method or proportionate consolidation accounting.

MFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in MFRS 12 are more extensive than those in the current standards.

MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. MFRS 13 defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards.

4. Adoption of new and revised Malaysian Financial Reporting Standards and interpretations (continued)

MFRSs that have been issued and effective which do not have any significant impact on these financial statements (continued)

The amendments to MFRS 119 change the accounting for defined benefit plans and termination benefits. The most significant changes relate to the accounting for defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

MFRSs that have been issued but are not yet effective

The following revised MFRSs issued by MASB, effective for financial periods beginning on or after 1 January 2014 have not been adopted, and the adoptions are not expected to have any or significant impact on the financial statements:

Amendment to MFRS 10:	Consolidated Financial Statements
Amendment to MFRS 12:	Disclosure of Interest in Other Entities
Amendment to MFRS 127:	Separate Financial Statements
Amendment to MFRS 132:	Offsetting Financial Assets and Financial Liabilities
Amendment to MFRS 136:	Recoverable Amount Disclosures for Non-Financial Assets
Amendment to MFRS 139:	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21:	Levies

The following revised MFRSs issued by MASB, effective for financial periods beginning on or after 1 July 2014, have not been adopted, and the adoptions are not expected to have any or significant impact on the financial statements:

Amendment to MFRS 2:	Share-based Payment
Amendment to MFRS 3:	Business Combinations
Amendment to MFRS 8:	Operating Segments
Amendment to MFRS 13:	Fair Value Measurement
Amendment to MFRS 116:	Property, Plant and Equipment
Amendment to MFRS 119:	Employee Benefits
Amendment to MFRS 124:	Related Party Disclosures
Amendment to MFRS 138:	Intangible Assets
Amendment to MFRS 140:	Investment Property

Notes to the Financial Statements for the period ended 30 June 2014

4. Adoption of new and revised Malaysian Financial Reporting Standards and interpretations (continued)

MFRSs that have been issued but are not yet effective (continued)

The following new MFRS issued by MASB, effective for financial periods beginning on or after 1 January 2015, has not been adopted, and the adoptions are not expected to have any or significant impact on the financial statements:

MFRS 9: Financial Instruments

MFRS 9 requires all recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of MFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at 'fair value through profit or loss') attributable to changes in the credit risk of that liability. Specifically, under MFRS 9, for financial liabilities that are designated as at 'fair value through profit or loss', the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

The following new and revised MFRSs have issued by the MASB, effective for financial periods beginning on or after 1 January 2016, have not been adopted, and the adoptions are not expected to have any or significant impact on the financial statements:

MFRS 14:	Regulatory Deferral Accounts
MFRS 15:	Revenue from Contracts with Customers
Amendment to MFRS 11:	Joint Arrangements
Amendment to MFRS 116:	Property, Plant and Equipment
Amendment to MFRS 138:	Intangible Assets
Amendment to MFRS 141:	Agriculture

**Notes to the Financial Statements
for the period ended 30 June 2014**

4. Adoption of new and revised Malaysian Financial Reporting Standards and interpretations (continued)

MFRS that affects the reported results and/or financial position

The following revised MFRS issued by MASB, effective for financial periods beginning on or after 1 July 2012, has been adopted by the Company during the financial year beginning 1 January 2013:

Amendment to MFRS 101: Presentation of Financial Statements

The amendment to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are branched into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

Notes to the Financial Statements for the period ended 30 June 2014

5. Significant accounting estimates

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial period end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Income taxes

Significant judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Depreciation of plant and machinery

The cost of plant and machinery for the manufacture of particleboards is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 13 years. These are common life expectancies applied in the particleboards industry.

(c) Impairment of property, plant and equipment

The Group carried out the impairment test based on a variety of estimation including the value-in-use of the CGU to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate 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.

(d) Deferred tax assets

Deferred tax assets are recognised for unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which these losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

**Notes to the Financial Statements
for the period ended 30 June 2014**

5. Significant accounting estimates (continued)

(e) Impairment of investment in subsidiaries

The investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting policy. The recoverable amounts of these investments have been determined based on their fair value less costs to sell. The fair value less costs to sell was arrived at by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market condition existing at each statement of financial position date.

There could be further adjustments to the carrying value of the investments should the going concern basis be inappropriate.

Notes to the Financial Statements
for the period ended 30 June 2014

6. Property, plant and equipment

Group	Freehold land RM	Leasehold land RM	Factory and office buildings RM	Hotel building RM	Motor vehicles RM	Furniture, fittings and equipment RM	Balance carried forward RM
Carrying amount							
At 1 January 2013	2,860,000	9,802,878	8,324,996	15,360,000	5	162,564	36,510,443
Additions	-	-	-	-	150,000	52,477	202,477
Acquisition of subsidiary (Note 7)	-	-	-	-	-	113,932	113,932
Disposals	-	-	-	-	(1)	(958)	(959)
Reversal of impairment	-	-	-	-	-	-	-
Depreciation charge	-	(260,341)	(693,756)	(480,000)	(22,500)	(54,516)	(1,511,113)
Transfer to assets held for sale (Note 9)	-	(9,542,537)	(7,631,240)	-	-	-	(17,173,777)
At 30 June 2014	2,860,000	-	-	14,880,000	127,504	273,499	18,141,003

Notes to the Financial Statements
for the period ended 30 June 2014

6. Property, plant and equipment (continued)

Group	Freehold land RM	Leasehold land RM	Factory and office buildings RM	Hotel building RM	Motor vehicles RM	Furniture, fittings and equipment RM	Balance carried forward RM
At 30 June 2014							
Cost	2,860,000	-	-	16,000,000	873,775	3,709,394	23,443,169
Accumulated depreciation	-	-	-	(1,120,000)	(746,271)	(3,435,895)	(5,302,166)
Carrying amount	2,860,000	-	-	14,880,000	127,504	273,499	18,141,003
At 31 December 2012							
Cost [Note 6(d)]	2,860,000	10,150,000	9,250,000	16,000,000	1,032,786	3,244,695	42,537,481
Accumulated depreciation	-	(347,122)	(925,004)	(640,000)	(1,032,781)	(3,082,131)	(6,027,038)
Accumulated impairment loss	-	-	-	-	-	-	-
Carrying amount	2,860,000	9,802,878	8,324,996	15,360,000	5	162,564	36,510,443
Depreciation - 2012	-	173,561	462,504	320,000	-	51,645	1,007,710

**Notes to the Financial Statements
for the period ended 30 June 2014**

6. Property, plant and equipment (continued)

Group	Balance brought forward	Plant, machinery and equipment	Tractors	Forklifts	Renovation	Total
	RM	RM	RM	RM	RM	RM
Carrying amount						
At 1 January 2013	36,510,443	11,114,965	4	3	-	47,625,415
Additions	202,477	-	-	-	-	202,477
Acquisition of subsidiary (Note 7)	113,932	2,435,360	-	-	157,867	2,707,159
Disposals	(959)	(2)	(1)	-	-	(962)
Reversal of impairment	-	462,998	-	-	-	462,998
Depreciation charge	(1,511,113)	(3,310,194)	-	-	(7,698)	(4,829,005)
Transfer to assets held for sale (Note 9)	(17,173,777)	(7,905,890)	-	-	-	(25,079,667)
At 30 June 2014	18,141,003	2,797,237	3	3	150,169	21,088,415
At 30 June 2014						
Cost	23,443,169	30,072,130	457,709	212,499	374,495	54,560,002
Accumulated depreciation	(5,302,166)	(27,274,893)	(457,706)	(212,496)	(224,326)	(33,471,587)
Carrying amount	18,141,003	2,797,237	3	3	150,169	21,088,415
At 31 December 2012						
Cost [Note 6(d)]	42,537,481	51,506,603	465,709	212,499	-	94,722,292
Accumulated depreciation	(6,027,038)	(34,783,506)	(465,705)	(212,496)	-	(41,488,745)
Accumulated impairment loss	-	(5,608,132)	-	-	-	(5,608,132)
Carrying amount	36,510,443	11,114,965	4	3	-	47,625,415
Depreciation – 2012	1,007,710	2,142,252	-	-	-	3,149,962

Notes to the Financial Statements
for the period ended 30 June 2014

6. Property, plant and equipment (continued)

Company	Leasehold land RM	Factory building RM	Motor vehicles RM	Furniture, fittings and equipment RM	Total RM
Carrying amount					
At 1 January 2013	8,940,690	7,595,996	5	84	16,536,775
Addition	-	-	150,000	-	150,000
Disposal	-	-	(1)	-	(1)
Transfer to assets held for sale (Note 9)	(8,701,208)	(6,962,990)	-	-	(15,664,198)
Depreciation charge	(239,482)	(633,006)	(22,500)	(84)	(895,072)
At 30 June 2014	-	-	127,504	-	127,504
At 30 June 2014					
Cost	-	-	715,576	329,000	1,044,576
Accumulated depreciation	-	-	(588,072)	(329,000)	(917,072)
Carrying amount	-	-	127,504	-	127,504
At 31 December 2012					
Cost	9,260,000	8,440,000	962,586	329,000	18,991,586
Accumulated depreciation	(319,310)	(844,004)	(962,581)	(328,916)	(2,454,811)
Carrying amount	8,940,690	7,595,996	5	84	16,536,775
Depreciation - 2012	159,655	422,004	-	16,537	598,196

Notes to the Financial Statements for the period ended 30 June 2014

6. Property, plant and equipment (continued)

- (a) Freehold land and buildings of the Group stated at carrying amounts of RM17,740,000 (2012: RM18,220,000) have been charged to financial institutions for credit facilities granted to the Group as disclosed in Note 19.
- (b) The freehold land and buildings of the Group were revalued by the Directors on 1 January 2011, based on valuation carried out by an independent firm of professional valuers, Messrs CH Williams Talhar & Wong Sdn. Bhd.. The valuation was based on market value using the comparison and cost method of valuation.
- (c) Had the revalued property, plant and equipment been carried at historical cost less accumulated depreciation, the carrying amount of property, plant and equipment would be as follows:

	Group		Company	
	30.6.2014	31.12.2012	30.6.2014	31.12.2012
	RM	RM	RM	RM
Freehold land	1,034,309	1,034,309	-	-
Hotel building	9,831,213	10,266,915	-	-
	<u>10,865,522</u>	<u>11,301,224</u>	<u>-</u>	<u>-</u>

- (d) Property, plant and equipment stated at valuation had been included in cost following the election of the transitional exemptions provided under MFRS 1.

7. Investment in subsidiaries

	Company	
	30.6.2014	31.12.2012
	RM	RM
Unquoted shares, at cost	12,923,888	13,036,388
Acquisition/(disposal) of shares	4,800,000	(112,500)
	<u>17,723,888</u>	<u>12,923,888</u>
Less: Allowance for diminution in value	(11,320,637)	(11,348,658)
Add: (Allowance)/reversal of diminution in value	(103,252)	28,021
	<u>(11,423,889)</u>	<u>(11,320,637)</u>
	<u>6,299,999</u>	<u>1,603,251</u>

**Notes to the Financial Statements
for the period ended 30 June 2014**

7. Investment in subsidiaries (continued)

The particulars of the subsidiaries are as follows:

Name of companies	Equity interest held		Principal activities
	30.6.2014	31.12.2012	
	%	%	
Citiview Hotel Sdn. Bhd. ¹	100	100	Operates hotel.
Natural Renewable Energy Sdn. Bhd. ²	100	100	Letting of property and manufacturing of modular furniture. Ceased operations.
Pahanco Manufacturing Sdn. Bhd. ²	100	100	Manufacturing of particleboards. Ceased operation.
T-Venture Industries (M) Sdn. Bhd. ^{#1}	100	-	Manufacturing of plastic parts.
JC Concept International Sdn. Bhd. ³	55	55	Marketing and wholesale of fashion ware. Temporary ceased operations from March 2014.
Petani Particleboard Marketing Sdn. Bhd. ^{^ *}	Struck off	100	Not in operations.
BLB-PPMB Marketing Sdn. Bhd. ^{+ *}	Struck off	100	Not in operation.

Audited by firms other than Nexia SSY.

^ Held through Pahanco Manufacturing Sdn. Bhd.

+ Held through Natural Renewable Energy Sdn. Bhd.

* On 27 December 2012, the subsidiaries had applied to the Companies Commission of Malaysia ("CCM") for striking off under Section 308 of the Companies Act 1965. The approval from CCM was obtained for the striking off on 28 March 2014.

¹ Audit report – unqualified opinion

² Audit report – disclaimer of opinion

³ Audit report – qualified opinion

Except as stated above, all the subsidiaries were incorporated in Malaysia and audited by Messrs Nexia SSY.

Notes to the Financial Statements for the period ended 30 June 2014

7. Investment in subsidiaries (continued)

On 17 April 2014, the Company acquired the entire equity interest in T-Venture Industries (M) Sdn. Bhd., a company incorporated in Malaysia and is involved in manufacturing of plastic parts.

The cost of acquisition comprised the following:

	Group RM	Company RM
Purchase consideration satisfied by cash	4,800,000	4,800,000
Cash and cash equivalents acquired from acquisition	(397,324)	-
Total cost of acquisition	<u>4,402,676</u>	<u>4,800,000</u>

The new subsidiary has contributed the following results to the Group:

	30.6.2014 RM
Revenue	2,085,217
Profit for the year	<u>265,629</u>

If the acquisition had occurred on 1 January 2013, the Group's revenue and loss for the period would have been RM22,906,346 and RM10,492,139 respectively.

The assets and liabilities arising from the acquisition are as follows:

	Fair value recognised on acquisition RM	Acquiree's carrying amount RM
Property, plant and equipment	2,707,159	2,707,159
Inventory	780,594	780,594
Trade and other receivables	1,937,595	1,937,595
Cash and bank balances	546,647	546,647
Tax recoverable	15,309	15,309
	<u>5,987,304</u>	<u>5,987,304</u>
Trade and other payables	(1,394,821)	(1,394,821)
Bank overdraft	(149,323)	(149,323)
	<u>(1,544,144)</u>	<u>(1,544,144)</u>
Net assets		
Group's share of net asset	4,443,160	
Goodwill on acquisition	356,840	
Total cost of acquisition	<u>4,800,000</u>	

**Notes to the Financial Statements
for the period ended 30 June 2014**

7. Investment in subsidiaries (continued)

The Share Sale agreement was signed on 7 April 2014 and the purchase consideration of RM4,800,000 was to be paid in instalments, the last payment being due on 21 September 2015. The total amount payable not yet due as at 30 June 2014 totals RM3,300,000 and the amount payable within the next 12 months of RM2,630,000 is provided under current liabilities and the balance of RM670,000 under non-current liabilities. Based on the agreement, the Company has been registered on 17 April 2014 as the shareholder of T-Ventures and the registration is unconditional and not dependent on the settlement of the purchase consideration.

8. Quoted investments

	Group		Company	
	30.6.2014	31.12.2012	30.6.2014	31.12.2012
	RM	RM	RM	RM
Quoted shares, at cost	13,000	13,000	13,000	13,000
Less: Allowance for diminution in value	(7,372)	(7,372)	(7,372)	(7,372)
	<u>5,628</u>	<u>5,628</u>	<u>5,628</u>	<u>5,628</u>
Quoted shares, at market value	<u>5,628</u>	<u>5,628</u>	<u>5,628</u>	<u>5,628</u>

9. Assets held for sale

In the previous financial statements for the year ended 31 December 2012 it was reported that the Company and Natural Renewable Energy Sdn. Bhd. ("NRE"), (a wholly-owned subsidiary) being landowners of the Kuantan lands, had entered into a joint venture agreement on 6 December 2012 to develop the two properties with a developer, Nine Avenue Development Sdn. Bhd. ("NADSB"). In view of the non-fulfillment of certain conditions precedents, the agreement was mutually terminated and on 11 June 2014, the Company and NRE entered into separate Sale and Purchase Agreements with NADSB to dispose of the properties to the developer at a consideration of RM11,151,640 and RM741,357 respectively. As at balance sheet date, the transaction has not been completed. Consequently, the properties had been classified as assets held for sale and since the factory building situated on the Company's property needs to be demolished and machinery removed, the assets have also been classified as held for sale pending finalisation of a proposal to dispose of the said machinery and recycling of factory building materials as mentioned in Note 33.

Notes to the Financial Statements for the period ended 30 June 2014

9. Assets held for sale (continued)

Details of the assets held for sale are as follows:

	Group 30.6.2014 RM	Company 30.6.2014 RM
Leasehold lands	9,542,537	8,701,208
Factory building (to be demolished)	6,962,990	6,962,990
Factory building	668,250	-
Plant and machinery	7,905,890	-
Net carrying amount as at 30 June 2014	<u>25,079,667</u>	<u>15,664,198</u>

- (a) Leasehold lands and factory building of the Group and of the Company stated at carrying amounts of RM17,173,777 and RM15,664,198 respectively have been charged to financial institutions for credit facilities granted to the Group and the Company as disclosed in Note 19.
- (b) The leasehold lands and buildings of the Group and of the Company were revalued by the Directors on 1 January 2011, based on valuation carried out by an independent firm of professional valuers, Messrs CH Williams Talhar & Wong Sdn. Bhd.. The valuation was based on market value using the comparison and cost method of valuation.
- (c) The plant and machinery of the Group were revalued by the Directors during the financial year 2007 based on valuation carried out by an independent firm of professional valuers, Messrs CH Williams Talhar & Wong Sdn. Bhd.. The valuation was based on market value using the depreciated replacement cost method.
- (d) Had the revalued properties, plant and machinery been carried at historical cost less accumulated depreciation, their carrying amounts would be as follows:

	Group		Company	
	30.6.2014	31.12.2012	30.6.2014	31.12.2012
	RM	RM	RM	RM
Leasehold land	3,360,239	3,453,723	3,102,939	3,189,938
Factory and office buildings	1,517,731	2,254,501	1,599,880	2,301,443
	<u>4,877,970</u>	<u>5,708,224</u>	<u>4,702,819</u>	<u>5,491,381</u>

**Notes to the Financial Statements
for the period ended 30 June 2014**

10. Inventories

	Group	
	30.6.2014	31.12.2012
	RM	RM
Raw materials	244,467	39,516
Finished goods	476,860	304,948
Work-in-progress	77,464	-
Machinery spare parts	-	509,625
Factory consumables and other sundry materials	-	42,120
Food and beverage	12,964	15,285
Housekeeping	46,377	49,353
Utility stocks	239,096	230,769
	<u>1,097,228</u>	<u>1,191,616</u>
Less: Allowance for impairment on inventories	-	(100,439)
	<u>1,097,228</u>	<u>1,091,177</u>

11. Trade receivables

	Group		Company	
	30.6.2014	31.12.2012	30.6.2014	31.12.2012
	RM	RM	RM	RM
Trade receivables	4,165,402	2,655,158	321,887	321,887
Less: Allowance for doubtful debts	(1,272,996)	(662,763)	(321,887)	(321,887)
	<u>2,892,406</u>	<u>1,992,395</u>	<u>-</u>	<u>-</u>

The currency exposure profiles of the trade receivables are as follows:-

	Group		Company	
	30.6.2014	31.12.2012	30.6.2014	31.12.2012
	RM	RM	RM	RM
Ringgit Malaysia	2,543,167	1,992,395	-	-
Singapore Dollar	300,361	-	-	-
United States Dollar	48,878	-	-	-
	<u>2,892,406</u>	<u>1,992,395</u>	<u>-</u>	<u>-</u>

The Group and the Company's normal trade credit terms range from 60 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Notes to the Financial Statements for the period ended 30 June 2014

11. Trade receivables (continued)

The aging analysis of the Group and the Company are as follows:

	Group		Company	
	30.6.2014 RM	31.12.2012 RM	30.6.2014 RM	31.12.2012 RM
Neither past due nor impaired	787,225	364,992	-	-
1 to 30 days past due not impaired	870,019	396,535	-	-
31 to 60 days past due not impaired	656,207	274,037	-	-
61 to 90 days past due not impaired	122,021	627,168	-	-
91 to 120 days past due not impaired	7,825	79,180	-	-
More than 120 days past due not impaired	449,109	250,483	-	-
	2,105,181	1,627,403	-	-
Past due and impaired	1,272,996	662,763	321,887	321,887
	<u>4,165,402</u>	<u>2,655,158</u>	<u>321,887</u>	<u>321,887</u>

The balance of receivables that is past due but not impaired is unsecured in nature. The management is confident that the receivables are recoverable and subsequent to the financial period end, a monthly repayment arrangement was made with a debtor for the amount of RM896,622.

12. Other receivables, deposits and prepayments

	Group		Company	
	30.6.2014 RM	31.12.2012 RM	30.6.2014 RM	31.12.2012 RM
Sundry receivables	158,777	147,823	56,421	56,421
Less: Allowance for doubtful debts	(33,542)	-	(9,845)	-
Less: Bad debts written off	(91,831)	-	(46,576)	-
	33,404	147,823	-	56,421
Deposits	193,184	45,912	22,418	24,493
Prepayments	225,238	649,507	95,463	535,328
	<u>451,826</u>	<u>843,242</u>	<u>117,881</u>	<u>616,242</u>

**Notes to the Financial Statements
for the period ended 30 June 2014**

13. Amount due from subsidiaries

	Company	
	30.6.2014	31.12.2012
	RM	RM
Amount due from subsidiaries (Note 25)	42,014,337	39,958,450
Less: Allowance for doubtful debts	(35,875,989)	(25,961,882)
	<u>6,138,348</u>	<u>13,996,568</u>

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

14. Share capital

	Group and Company			
	30.6.2014	31.12.2012	30.6.2014	31.12.2012
	Unit	Unit	RM	RM
<u>Authorised</u> <u>ordinary shares of</u> <u>RM1 each</u>				
At beginning/end of the period/year	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
<u>Issued and fully</u> <u>paid ordinary</u> <u>shares of RM1</u> <u>each</u>				
At beginning of the period/year	44,083,200	44,083,200	44,083,200	44,083,200
Issued during the period	<u>14,049,708</u>	<u>-</u>	<u>14,049,708</u>	<u>-</u>
At end of the period/year	<u>58,132,908</u>	<u>44,083,200</u>	<u>58,132,908</u>	<u>44,083,200</u>

On 14 October 2013, the Company increased its issued and paid-up ordinary share capital from RM44,083,200 to RM45,813,200 by way of the issuance of 1,730,000 ordinary shares of RM1.00 each at an issue price of RM1.00 per ordinary share by way of private placement for working capital purposes

On 27 March 2014, the Company increased its issued and paid-up ordinary share capital from RM45,813,200 to RM58,132,908 by way of the issuance of 12,319,708 ordinary shares of RM1.00 each at an issue price of RM1.20 per ordinary share to settle debts between related parties.

Notes to the Financial Statements for the period ended 30 June 2014

14. Share capital (continued)

The new ordinary shares issued during the financial period ranked pari passu in all respects with the existing ordinary shares of the Company.

15. Capital reserve

	Share premium RM	Other reserve RM	Total RM
<u>Group and Company</u>			
At beginning of period/year	-	38,497	38,497
Issue of shares (Note 14)	2,463,943	-	2,463,943
At end of period/year	<u>2,463,943</u>	<u>38,497</u>	<u>2,502,440</u>

Other reserve represents distributable reserve arising from the disposal of quoted investments in prior years.

16. Deferred tax liabilities

	Group	
	30.6.2014 RM	31.12.2012 RM
At beginning of the period/year	414,821	414,821
Recognised in the statement of comprehensive income (Note 23)	1,113,580	-
At beginning/end of the period/year	<u>1,528,401</u>	<u>414,821</u>

The components and movements of deferred tax liabilities during the financial period are as follows:

Deferred tax liabilities of the Group:

	Group Capital allowances	
	30.6.2014 RM	31.12.2012 RM
At beginning of the period/year	414,821	414,821
Recognised in the statement of comprehensive income	1,113,580	-
At end of the period/year	<u>1,528,401</u>	<u>414,821</u>

**Notes to the Financial Statements
for the period ended 30 June 2014**

17. Other payables, accruals and deposits received

	Group		Company	
	30.6.2014	31.12.2012	30.6.2014	31.12.2012
	RM	RM	RM	RM
<u>Non-current liabilities</u>				
Other payables	670,000	-	670,000	-
	670,000	-	670,000	-
<u>Current liabilities</u>				
Other payables	3,567,490	161,550	2,737,889	107,889
Amount due to related parties (Note 25)	2,971,345	15,279,996	1,406,733	13,035,383
Accruals	620,321	784,644	324,898	211,422
Deposits received	3,106,872	1,651,161	2,852,708	1,427,254
	10,266,028	17,877,351	7,322,228	14,781,948
	10,936,028	17,877,351	7,992,228	14,781,948

The amount due to related parties is unsecured, interest free and is repayable on demand.

Included in Deposits received of the Group and the Company are deposits received totalling RM3,050,272 and RM2,850,908 respectively on the sale of land and buildings as disclosed in Note 9.

18. Trade payables

The normal trade credit terms granted to the Group and of the Company ranged from 60 days to 90 days.

19. Borrowings

	Group		Company	
	30.6.2014	31.12.2012	30.6.2014	31.12.2012
	RM	RM	RM	RM
Current				
Bank overdrafts (secured)	1,433,797	837,294	980,181	837,294
Banker's acceptances facilities (secured)	4,628,000	6,048,000	4,628,000	6,048,000
Total borrowings	6,061,797	6,885,294	5,608,181	6,885,294

Notes to the Financial Statements for the period ended 30 June 2014

19. Borrowings (continued)

The bank overdrafts and banker's acceptances facilities are secured by first legal charge over the properties of the Group and of the Company as disclosed in Notes 6 and 9.

The banker's acceptances of the Group and of the Company carry interest at interbank offer rate ranging from 4.46% to 4.94% (2012: 3.07% to 3.25%).

The bank overdraft facilities of the Group and of the Company carry interest at the rate of 2.00% (2012: 2.00%) above the bank's base lending rate (BLR). The BLR at the end of the financial period was 6.60% (2012: 6.60%).

The properties that have been charged to the bank to secure the above facilities have been sold as disclosed in Note 9. To facilitate the sale of the property and secure the discharge of charge from the bank, a special condition of the sale and purchase agreement was that the redemption of the lands will be paid to the Company's banker by the purchaser to the extent of RM6.23 million out of the purchase consideration by 30 September 2014, subject to the banker issuing a redemption statement cum letter of undertaking to the purchaser to release the original titles and relevant documents to the said purchaser. The banker has issued the letter of undertaking but as stated in Note 33(v), the timeline of 30 September 2014 has been extended as the State Authority's consent has not been obtained.

During the financial period the Directors had arranged to extend the repayment of the banker's acceptances pending the abovementioned redemption of the properties and full settlement of the balances due to the bank.

20. Revenue

Revenue of the Group and of the Company consists of the followings:

	Group		Company	
	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Manufacturing	2,085,217	1,122,729	-	759,716
Hotel operations	4,171,056	2,659,926	-	-
Trading of fashion ware	5,261,502	2,556,329	-	-
	<u>11,517,775</u>	<u>6,338,984</u>	<u>-</u>	<u>759,716</u>

**Notes to the Financial Statements
for the period ended 30 June 2014**

21. Loss before taxation

	Group		Company	
	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Loss before taxation is arrived at after charging:				
Auditors' remuneration				
- statutory audit	81,500	51,500	25,000	20,002
- underprovision in prior year	-	8,900	-	3,000
- others	6,000	6,000	6,000	6,000
Bad debts written off	91,831	-	46,576	-
Bank overdrafts interest	100,096	41,610	100,096	41,610
Depreciation of property, plant and equipment	4,829,005	3,149,962	895,072	598,196
Inventories written off	728,971	288,453	-	-
Staff costs (Note 22)	3,976,679	2,084,229	1,153,847	586,884
Banker's acceptance interest	382,512	420,375	382,512	420,375
Term loan interest	-	12,220	-	12,220
Impairment of plant and machinery	-	1,000,000	-	-
Allowance for diminution in value of investment in subsidiaries	-	-	103,252	-
Loss on foreign exchange – realised	2,707	5,116	-	5,116
Loss on foreign exchange – unrealised	9,982	-	-	-
Rental of premises	165,769	9,100	70,200	-
Allowance for doubtful debts	715,491	182,941	9,845	142,153

**Notes to the Financial Statements
for the period ended 30 June 2014**

21. Loss before taxation (continued)

	Group		Company	
	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Goodwill written off	356,840	-	-	-
Allowance for doubtful debts on amount due from subsidiaries	<u>-</u>	<u>-</u>	<u>9,914,107</u>	<u>19,000,000</u>
and crediting:				
Rental income	-	242,000	-	-
Gross dividend from quoted investments	37	84	37	84
Reversal of allowance for doubtful debts	73,000	-	-	-
Reversal of impairment on property, plant and equipment	462,998	-	-	-
Reversal of allowance for diminution in value of quoted investments	-	822	-	822
Gain on disposal of property, plant and equipment	48,586	184,448	9,999	49,999
Gain on disposal of investment in subsidiary	-	1,021	-	1,021
Interest income	1,818	-	1,800	-
Waiver of debts	<u>1,459,000</u>	<u>-</u>	<u>1,459,000</u>	<u>-</u>

**Notes to the Financial Statements
for the period ended 30 June 2014**

22. Staff cost

	Group		Company	
	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Directors:				
- Fees	225,000	103,500	225,000	103,500
- Salaries and allowance	978,800	319,944	709,200	220,344
- Employees' Provident Fund	40,032	26,655	29,232	19,947
- Social security costs	2,680	1,063	664	443
	1,246,512	451,162	964,096	344,234
Staff:				
- Salaries, bonus and allowance	2,454,565	1,464,862	181,775	215,741
- Employees' Provident Fund	243,211	145,804	7,092	25,129
- Social security costs	32,391	22,401	884	1,780
	2,730,167	1,633,067	189,751	242,650
	3,976,679	2,084,229	1,153,847	586,884

**Directors of the
Company**

Executive:

Fees	108,000	49,500	108,000	49,500
Salaries and allowance	965,300	314,444	695,700	214,844
Employees' Provident Fund	40,032	26,655	29,232	19,947
Social security costs	2,680	1,063	664	443
Total executive Directors' remuneration	1,116,012	391,662	833,596	284,734

Notes to the Financial Statements for the period ended 30 June 2014

22. Staff cost (continued)

	Group		Company	
	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Non-executive:				
Fees	117,000	54,000	117,000	54,000
Allowance	13,500	5,500	13,500	5,500
Total non-executive Directors' remuneration	130,500	59,500	130,500	59,500
Grand total	1,246,512	451,162	964,096	344,234

The number of Directors of the Company whose total remuneration during the period fall within the following band is analysed below:

	Number of Directors	
	Financial period from 1.1.2013 to 30.6.2014	Financial year from 1.1.2012 to 31.12.2012
Executive Directors:		
RM350,001- RM400,000	2	-
RM300,001- RM350,000	-	-
RM250,001- RM300,000	1	-
RM200,001- RM250,000	-	-
RM100,001- RM150,000	1	-
RM50,001- RM100,000	-	1
RM1- RM50,000	-	2
	4	3
Non-executive Directors:		
RM1- RM50,000	4	4
	8	7

**Notes to the Financial Statements
for the period ended 30 June 2014**

23. Taxation

	Group		Company	
	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
<u>Malaysian income tax</u>				
Current year	17,455	83,608	-	21
Underprovision in prior year	-	2,994	-	-
	17,455	86,602	-	21
<u>Deferred tax</u>				
Related to origination of temporary differences (Note 16)	1,113,580	-	-	-
	1,113,580	-	-	-
	1,131,035	86,602	-	21

Notes to the Financial Statements for the period ended 30 June 2014

23. Taxation (continued)

The reconciliations of income tax expense applicable to the results of the Group and of the Company at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Loss before taxation	<u>(8,636,136)</u>	<u>(7,073,886)</u>	<u>(12,631,298)</u>	<u>(21,414,285)</u>
Taxation at Malaysian statutory tax rate of 25%	(2,159,034)	(1,768,472)	(3,157,824)	(5,353,571)
Tax effects of:-				
- Income not taxable	(512,903)	(73,413)	(364,750)	(12,961)
- Expenses not deductible for tax purposes	2,159,385	1,132,781	2,952,905	4,950,357
- Utilisation of previously unutilised capital allowances	(6,138)	-	-	-
- Temporary differences not recognised previously	1,056,355	2,994	-	-
Deferred tax assets not recognised in respect of current year's tax losses	593,370	792,712	569,669	416,196
Underprovision of income tax in prior year	<u>-</u>	<u>2,994</u>	<u>-</u>	<u>-</u>
Tax expense for the year	<u>1,131,035</u>	<u>86,602</u>	<u>-</u>	<u>21</u>

**Notes to the Financial Statements
for the period ended 30 June 2014**

23. Taxation (continued)

Subject to agreement with the Inland Revenue Board, the Group and the Company have unabsorbed tax losses and unutilised capital allowances for offset against future chargeable income as follows:

	Group		Company	
	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Unabsorbed tax losses	26,522,433	25,599,161	13,625,378	11,697,502
Unutilised capital allowances	21,524,421	21,583,081	1,727,144	1,522,817
	48,046,854	47,182,242	15,352,522	13,220,319

Deferred tax assets arising from these unabsorbed tax losses and unutilised capital allowances of the Group and of the Company amounting to approximately RM12,011,710 (2012: RM11,795,561) and RM3,838,130 (2012: RM3,305,080) respectively have not been recognised in the financial statements as the Directors are uncertain whether future taxable profits from the Group and the Company will be available against which these unabsorbed tax losses and unutilised capital allowances can be utilised.

24. Basic loss per share

The basic loss per share is calculated by dividing the Group's loss after taxation by the weighted average number of shares during the financial period.

	Group	
	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Net loss after taxation	(9,767,171)	(7,160,488)
Weighted average number of ordinary shares	46,953,429	44,083,200
Basic loss per share (sen)	(20.80)	(16.24)

There is no dilution to the loss per share as there are no dilutive potential ordinary shares. Therefore, no consideration for adjustment in the form of increase in the number of shares was used in calculating the potential dilution of its loss per share.

**Notes to the Financial Statements
for the period ended 30 June 2014**

25. Significant related party transactions

	Group		Company	
	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Advances from related parties				
Pahangply Holdings Berhad	310,000	40,000	310,000	40,000
Prime Forest Products (M) Sdn. Bhd.	1,459,000	3,325,000	1,459,000	3,325,000
See Seng Lai & Sons Realty Sdn. Bhd.	2,165,000	380,000	2,165,000	380,000
Advances to related companies				
Pahanco Manufacturing Sdn. Bhd.	-	-	2,128,000	885,320
Natural Renewable Energy Sdn. Bhd.	-	-	-	5,000
Purchases from related company				
Pahanco Manufacturing Sdn. Bhd.	-	-	-	339,661
Waiver of debts received from related party				
Prime Forest Products (M) Sdn. Bhd.	1,459,000	-	1,459,000	-
Purchases from related party				
Panply Wood Industries Sdn. Bhd.	-	129,899	-	129,899

**Notes to the Financial Statements
for the period ended 30 June 2014**

25. Significant related party transactions (continued)

	Group		Company	
	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Expenses paid on behalf of related companies				
Pahanco Manufacturing Sdn. Bhd.	415,863	1,664,685	415,863	1,664,685
JC Concept International Sdn. Bhd.	<u>-</u>	<u>573,386</u>	<u>-</u>	<u>573,386</u>
Expenses paid on behalf by related companies				
Citiview Hotel Sdn. Bhd.	<u>2,699</u>	<u>4,530</u>	<u>2,699</u>	<u>4,530</u>
Repayment received from related companies				
Pahanco Manufacturing Sdn. Bhd.	-	-	108,277	843,881
Citiview Hotel Sdn. Bhd.	-	-	190,000	450,000
Natural Renewable Energy Sdn. Bhd.	<u>-</u>	<u>-</u>	<u>187,000</u>	<u>-</u>

**Notes to the Financial Statements
for the period ended 30 June 2014**

25. Significant related party transactions (continued)

	Group		Company	
	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM	Financial period from 1.1.2013 to 30.6.2014 RM	Financial year from 1.1.2012 to 31.12.2012 RM
Repayment to related parties				
Prime Forest Products (M) Sdn. Bhd.	-	100,000	-	100,000

The Directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on terms and conditions agreed on negotiated basis.

The significant outstanding balances of the Group and of the Company with its related parties (prior to allowance for doubtful debts) are as follows:

	Group		Company	
	30.6.2014 RM	31.12.2012 RM	30.6.2014 RM	31.12.2012 RM
<u>Receivables</u>				
Amount due from subsidiaries				
Pahanco Manufacturing Sdn. Bhd.	-	-	31,333,247	28,897,661
Natural Renewable Energy Sdn. Bhd.	-	-	4,161,236	4,348,236
Citiview Hotel Sdn. Bhd.	-	-	6,138,347	6,331,046
JC Concept International Sdn. Bhd.	-	-	381,507	381,507
	-	-	42,014,337	39,958,450

**Notes to the Financial Statements
for the period ended 30 June 2014**

25. Significant related party transactions (continued)

	Group		Company	
	30.6.2014	31.12.2012	30.6.2014	31.12.2012
	RM	RM	RM	RM
<u>Payables</u>				
Amount due to related parties (included in other payables)				
Prime Forest Products (M) Sdn. Bhd.	-	11,418,651	-	10,738,651
Pahangply Holdings Berhad	2,971,345	2,661,345	1,406,733	1,096,732
See Seng Lai & Sons Realty Sdn. Bhd.	-	1,200,000	-	1,200,000
	<u>2,971,345</u>	<u>15,279,996</u>	<u>1,406,733</u>	<u>13,035,383</u>

Panply Wood Industries Sdn. Bhd. is owned substantially by Pahangply Holdings Berhad, a company in which certain Directors of the Company have substantial interests.

Prime Forest Products (M) Sdn. Bhd. and See Seng Lai & Sons Realty Sdn. Bhd. are companies in which certain Directors of the Company have substantial interests.

On 27 March 2014, shares of the Company were issued to Prime Forest Products (M) Sdn. Bhd. ("PFPSB") in consideration of settlement of the amount of RM11,418,651 due to PFPSB. Subsequently on 23 June 2014, PFPSB resolved that the remaining balance of RM1,459,000 due from the Company will be waived. This amount is reflected in the Statement of Comprehensive Income.

26. Key management personnel compensation

	Group		Company	
	30.6.2014	31.12.2012	30.6.2014	31.12.2012
	RM	RM	RM	RM
Directors				
- Fees	225,000	103,500	225,000	103,500
- Salaries and allowance	978,800	319,944	709,200	220,344
- Employees' Provident Fund	40,032	26,655	29,232	19,947
- Social security costs	2,680	1,063	664	443
	<u>1,246,512</u>	<u>451,162</u>	<u>964,096</u>	<u>344,234</u>

Notes to the Financial Statements for the period ended 30 June 2014

26. Key management personnel compensation (continued)

Key management personnel of the Group and of the Company comprises Directors of the Group and of the Company, having authority and responsibility for planning, directing and controlling activities of the entity either directly or indirectly. There are no other personnel considered as key management personnel in the Group.

27. Segment information

30.6.2014				
Business segment	<u>Manufacturing</u>	<u>Hotel</u>	<u>Fashion</u>	<u>Consolidated</u>
	RM	RM	RM	RM
Revenue				
External sales	2,085,217	4,171,056	5,261,502	11,517,775
Inter-segment sales	-	-	-	-
	<u>2,085,217</u>	<u>4,171,056</u>	<u>5,261,502</u>	<u>11,517,775</u>
Results				
Segment results	(3,490,922)	186,907	(731,842)	(4,035,857)
Unallocated corporate expenses				(4,117,671)
Operating loss				(8,153,528)
Finance costs	(482,608)	-	-	(482,608)
Loss before taxation				(8,636,136)
Taxation				(1,131,035)
Loss after taxation				<u>(9,767,171)</u>
Assets and liabilities				
Segment assets	32,399,405	18,807,001	451,692	51,658,098
Unallocated corporate assets				74,570
Consolidated total assets				<u>51,732,668</u>
Segment liabilities	17,058,461	1,248,236	572,178	18,878,875
Unallocated corporate liabilities				1,536,902
Consolidated total liabilities				<u>20,415,777</u>
Other information				
Capital expenditure	152,150	50,327	-	202,477
Depreciation	<u>4,304,031</u>	<u>524,974</u>	<u>-</u>	<u>4,829,005</u>

**Notes to the Financial Statements
for the period ended 30 June 2014**

27. Segment information (continued)

31.12.2012				
Business segment	<u>Manufacturing</u>	<u>Hotel</u>	<u>Fashion</u>	<u>Consolidated</u>
	RM	RM	Ware	RM
			RM	
Revenue				
External sales	1,122,729	2,659,926	2,556,329	6,338,984
Inter-segment sales	-	-	-	-
	<u>1,122,729</u>	<u>2,659,926</u>	<u>2,556,329</u>	<u>6,338,984</u>
Results				
Segment results	(4,864,736)	221,289	46,830	(4,596,617)
Unallocated corporate expenses				(2,003,064)
Operating loss				(6,599,681)
Finance costs	(474,205)	-	-	(474,205)
Loss before taxation				(7,073,886)
Taxation				(86,602)
Loss after taxation				<u>(7,160,488)</u>
Assets and liabilities				
Segment assets	31,017,279	18,970,298	2,076,736	52,064,313
Unallocated corporate assets				13,406
Consolidated total assets				<u>52,077,719</u>
Segment liabilities	16,587,976	9,030,630	1,473,881	27,092,487
Unallocated corporate liabilities				414,821
Consolidated total liabilities				<u>27,507,308</u>
Other information				
Capital expenditure	-	29,581	-	29,581
Depreciation	<u>2,794,854</u>	<u>355,108</u>	<u>-</u>	<u>3,149,962</u>

Information about major customers

There are two customers whose transactions arising from sales in fashion ware segment amounting to RM4,491,613 (2012: RM2,520,098) representing more than 10% of the Group's revenue.

Notes to the Financial Statements for the period ended 30 June 2014

28. Financial risk management policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

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

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Sensitivity analysis

The Group's floating rate borrowings in RM are exposed to variability in future interest payments. If the Bank's Base Lending Rate (BLR) was to increase/decrease by 1%, it would impact the Group's loss by approximately RM60,620 (2012: RM68,850).

(b) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy 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, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

28. Financial risk management policies (continued)

(b) Credit risk (continued)

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

(c) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The gearing ratios at 30 June 2014 and 31 December 2012 were as follows:

	Group	
	30.6.2014	31.12.2012
	RM	RM
Total borrowings (Note 19)	6,061,797	6,885,294
Total equity	31,316,891	24,470,804
Gearing ratio	19.37%	28.1%

Notes to the Financial Statements for the period ended 30 June 2014

29. Capital expenditure

During the financial period, the Group acquired property, plant and equipment with aggregate cost of RM202,477 (2012: RM29,581) which were satisfied as follows:

	Group		Company	
	30.6.2014	31.12.2012	30.6.2014	31.12.2012
	RM	RM	RM	RM
Cash payments	<u>202,477</u>	<u>29,581</u>	<u>150,000</u>	<u>-</u>

30. Fair values of the financial instruments

The fair values of the financial instruments of the Group and of the Company as at 30 June 2014 are not materially different from their carrying values.

31. Categories of financial instruments

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

- (a) Loans and receivables ["L&R"]
- (b) Other financial liabilities ["OFL"]

Group	Carrying amount RM	L&R RM	OFL RM
30.6.2014			
Financial assets			
Trade receivables	2,892,406	2,892,406	-
Other receivables and deposits	226,588	226,588	-
Fixed deposit with licensed bank	92,082	92,082	-
Cash and bank balances	<u>950,846</u>	<u>950,846</u>	<u>-</u>
At 30 June 2014	<u>4,161,922</u>	<u>4,161,922</u>	<u>-</u>
Financial liabilities			
Trade payables	1,881,050	-	1,881,050
Other payables and accruals	7,964,683	-	7,964,683
Amount due to related parties	2,971,345	-	2,971,345
Borrowings	<u>6,061,797</u>	<u>-</u>	<u>6,061,797</u>
At 30 June 2014	<u>18,878,875</u>	<u>-</u>	<u>18,878,875</u>

**Notes to the Financial Statements
for the period ended 30 June 2014**

31. Categories of financial instruments (continued)

Group	Carrying amount RM	L&R RM	OFL RM
31.12.2012			
Financial assets			
Trade receivables	1,992,395	1,992,395	-
Other receivables and deposits	193,735	193,735	-
Cash and bank balances	506,456	506,456	-
At 31 December 2012	<u>2,692,586</u>	<u>2,692,586</u>	<u>-</u>
Financial liabilities			
Trade payables	2,283,241	-	2,283,241
Other payables and accruals	946,194	-	946,194
Amount due to related parties	15,279,996	-	15,279,996
Borrowings	6,885,294	-	6,885,294
At 31 December 2012	<u>25,394,725</u>	<u>-</u>	<u>25,394,725</u>
Company			
30.6.2014			
Financial assets			
Other receivables and deposits	22,418	22,418	-
Amount due from subsidiaries	6,138,348	6,138,348	-
Cash and bank balances	112,173	112,173	-
At 30 June 2014	<u>6,272,939</u>	<u>6,272,939</u>	<u>-</u>
Financial liabilities			
Trade payables	320,712	-	320,712
Other payables and accruals	6,585,495	-	6,585,495
Amount due to related companies	1,406,733	-	1,406,733
Borrowings	5,608,181	-	5,608,181
At 30 June 2014	<u>13,921,121</u>	<u>-</u>	<u>13,921,121</u>

**Notes to the Financial Statements
for the period ended 30 June 2014**

31. Categories of financial instruments (continued)

	Carrying amount RM	L&R RM	OFL RM
Company (continued)			
31.12.2012			
Financial assets			
Other receivables and deposits	80,914	80,914	-
Amount due from subsidiaries	13,996,568	13,996,568	-
Cash and bank balances	90,510	90,510	-
At 31 December 2012	<u>14,167,992</u>	<u>14,167,992</u>	<u>-</u>
Financial liabilities			
Trade payables	527,450	-	527,450
Other payables and accruals	319,310	-	319,310
Amount due to related parties	13,035,383	-	13,035,383
Borrowings	6,885,294	-	6,885,294
At 31 December 2012	<u>20,767,437</u>	<u>-</u>	<u>20,767,437</u>

**Notes to the Financial Statements
for the period ended 30 June 2014**

32. Supplementary information on the breakdown of realised and unrealised profits or losses

The breakdown of the accumulated losses of the Group and of the Company as at 30 June 2014 into realised and unrealised profits is prepared and presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared in accordance with *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements* as issued by the Malaysian Institute of Accountants.

	Group	
	30.6.2014	31.12.2012
	RM	RM
Total accumulated losses		
- Realised	(91,220,004)	(86,766,409)
- Unrealised	29,306,914	30,420,494
	(61,913,090)	(56,345,915)
Less: Consolidation adjustments	32,594,633	36,695,022
Accumulated losses as per financial statements	(29,318,457)	(19,650,893)

	Company	
	30.6.2014	31.12.2012
	RM	RM
Total accumulated losses		
- Realised	(57,255,771)	(44,624,473)
- Unrealised	11,165,220	11,165,220
Accumulated losses as per financial statements	(46,090,551)	(33,459,253)

33. Significant events and contingent liabilities

- (i) The Company had entered into a Share Sale Agreement with all the shareholders of Skykod Polyscience Sdn. Bhd. ("SPSB") on 9 November 2012 for the acquisition of 6,000,000 ordinary shares of RM1 each representing the entire equity interest in SPSB. On 10 June 2013, the Company issued a letter of undertaking to SPSB to reimburse due diligence review costs upon successful completion of the proposed acquisition or in the event that the Company decides to withdraw or abort the proposed acquisition due to reasons within the Company's control. A letter of demand dated 9 June 2014 for the sum of RM610,943 has been received from the solicitors of SPSB following the Company's decision to abort the acquisition upon its expiry on 9 November 2013. The Directors is of the opinion that the letter of undertaking is unenforceable and no provision has been made in the financial statements for the contingent liability.

Notes to the Financial Statements for the period ended 30 June 2014

33. Significant events and contingent liabilities (continued)

- (ii) During the financial period, Tenaga Nasional Berhad (“TNB”) initiated legal proceedings against the Company for alleged malfunction of the electricity meter which caused the meter to record readings inconsistent with the electricity supplied to the factory at each material time. TNB has calculated and claimed the amount of RM1,642,803 as the alleged discrepancies. The Company has filed its defence and the legal proceedings are ongoing. The Directors are of the opinion that the Company will succeed in refuting the claim and no provision has been made in the financial statements for the contingent liability.
- (iii) During the financial period, Polytainer Industries Sdn. Bhd. (“PISB”) initiated legal proceedings against the Company’s subsidiary, T-venture Industries (M) Sdn. Bhd. (“TVI”) for alleged infringement of PISB’s copyright in the design drawings and/or artistic works of its Polytrak® Jerrycan produced by TVI.

TVI has filed their defence and a counter claim seeking for a declaration to invalidate the alleged copyright of PISB. The legal proceedings are ongoing and the Directors are of the opinion that TVI will succeed in refuting the claim and realising their counter-claim. In the unlikely event that the outcome is against TVI, the quantum of damages is indeterminable and no provision has been made in the financial statements for the contingent liability.

- (iv) As disclosed in Note 9 of Assets held for sale, the factory building has to be demolished to effect the sale of leasehold lands. Located at the said building are machineries amounting to RM7,905,890. The Directors has identified a foreign buyer for the machinery at a proposed acquisition consideration of USD5 million (RM16,055,000). The investor is desirous of setting up a joint venture entity (“JVCO”) with the Company in the proportion of the investor – 60% and Asia Knight Berhad – 40%. The purchase consideration of the machinery will be satisfied by the issuance of shares in the JVCO. The investor has issued a letter of intent dated 17 October 2014 to the Company in this regard pending the execution of formal definitive agreements. The Directors are of the opinion that in the light of this development, impairment of the said machinery is not required.
- (v) As disclosed in Note 9 of Assets held for sale, the factory building of RM6,962,990 is slated for demolition. The costs for demolition of the building has not been provided and the Directors has considered that the Company will be able to recycle and reuse the building materials for valuable consideration. Pursuant to the Sale and Purchase Agreement, the demolition of the building was to have been carried out by 30 September 2014 and in default of which the purchaser shall be entitled to carry out the demolition and removal and recover from the Company the costs incurred utilising the retained sum of the purchase consideration. However, the timeline has been extended as the condition precedent of obtaining the consent of the State Authority to transfer the said lands to the purchaser has not been fulfilled.

**Notes to the Financial Statements
for the period ended 30 June 2014**

33. Significant events and contingent liabilities (continued)

- (vi) During the financial period, the subsidiary, Citiview Hotel Sdn. Bhd. obtained bank guarantee of RM85,000 secured by fixed deposit.

PARTICULARS OF LANDED PROPERTIES

Location	Description/ Existing use	Approximate Age of Building (year)	Tenure	Land Area	Built-up Area	Net Book Value as at 30.6.2014 RM'000
1. QT (R) 63 Lot L .O . 2236 (R) Mukim of Kuala Kuantan District of Kuantan Pahang Darul Makmur	a) Single storey factory and office building	43	99 years leasehold expiring on 14/12/2068	6.430 hectares	36,540) sq. metres)))	15,664
	b) Single storey factory and warehouse	30		-	7,190) sq. metres))	
	c) Single storey factory building	16		-	11,114) sq. metres)	
2. HS (D) 843 PT 7480 Mukim of Kuala Kuantan District of Kuantan Pahang Darul Makmur	Single storey factory building	30	99 years leasehold expiring on 9/11/2074	0.411 hectares	2,184 sq. metres	1,510
3. Lot 113 Jalan Hj. Abdul Aziz Kuantan Pahang Darul Makmur	Ten-storey hotel with a basement carpark	16	Freehold	0.198 hectares	5,608 sq. metres	17,740
				7.039	62,636	34,914

ANALYSIS OF SHAREHOLDINGS as at 11 November 2014

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000/-
Issued and Paid-up Capital	:	RM58,132,908/-
Class of Share	:	Ordinary shares of RM1/- each
Voting Rights	:	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

No of Holders	Size of Holdings	Total Holdings	%
50	Less than 100	761	0.00
69	101 - 1,000	38,213	0.07
676	1,001 - 10,000	2,016,752	3.47
118	10,001 - 100,000	3,262,708	5.61
38	100,001 - less than 5% of issued shares holdings	21,477,968	36.95
4	5% and above of issued shares holdings	31,336,506	53.90
----- 955 =====		----- 58,132,908 =====	----- 100.00 =====

ANALYSIS OF SHAREHOLDINGS as at 11 November 2014**SUBSTANTIAL SHAREHOLDERS**

	Name	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Pahangply Holdings Bhd	16,274,923	28.00	-	-
2.	See Seng Lai & Sons Realty Sdn Bhd	6,317,831	10.87	-	-
3.	See Han Liong	5,181,800	8.91	-	-
4.	Prime Forest Products (M) Sdn Bhd	4,825,542	8.30	-	-
		32,600,096	56.08	-	-

DIRECTORS' SHAREHOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
See Teck Wah	2,176,912	3.74	33,783,233	58.11
See Seng Hong PJK	429,000	0.97	18,608,060	42.21
See Han Liong	5,181,800	8.91	30,778,345	52.94
Andrew Su Meng Kit	-	-	-	-
Tan Teng Cheok	-	-	-	-
Seah Cheong Wei	-	-	-	-
Lim Heng Gaul	-	-	-	-

ANALYSIS OF SHAREHOLDINGS as at 11 November 2014

30 LARGEST SHAREHOLDERS

	Name	No. of Shares	%
1.	Pahangply Holdings Bhd	16,274,923	28.00
2.	See Seng Lai & Sons Realty Sdn Bhd	6,317,831	10.87
3.	Prime Forest Products (M) Sdn Bhd	4,825,542	8.30
4.	Kenanga Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for See Han Liong	3,918,210	6.74
5.	RHB Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Fu Choong Huan @ Fu Swee Hee	2,184,600	3.76
6.	Ehsan Otomobil Sdn Bhd	1,686,284	2.90
7.	TA Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Cherng Chin Guan	1,677,900	2.89
8.	RHB Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Lee Heng Khen	1,472,300	2.53
9.	Alliancegroup Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for See Han Liong (8120184)	1,263,590	2.17
10.	Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang	1,207,500	2.08
11.	Chun Sau Chin	1,128,500	1.94
12.	Alliancegroup Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for See Teck Wah (8125718)	900,000	1.55
13.	M & A Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Wong Whee Chin (M&A)	881,200	1.52
14.	Affin Hwang Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Chun Sau Chin (MO2)	712,500	1.23
15.	Wong Tze Peng	697,800	1.20
16.	TA Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Lee Heng Khen	660,000	1.14
17.	See Teck Wah	603,000	1.04
18.	NGE Leasing & Credit Sdn Berhad	549,807	0.95
19.	RHB Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Cherng Chin Guan	512,000	0.88
20.	M & A Nominee (Tempatan) Sdn Bhd		
	Pledged Securities Account for Cherng Chin Guan (M&A)	459,000	0.79

ANALYSIS OF SHAREHOLDINGS as at 11 November 2014

21.	Chun Sau Chin	452,200	0.78
22.	See Seng Hong PJK	429,000	0.74
23.	RHB Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Foo Yuen Loy	408,600	0.70
24.	Nanyang General Enterprises Sdn Bhd	333,330	0.57
25.	Nanyang Timber Industry Sdn Bhd	300,000	0.52
26.	Mah Chon Cheang	290,500	0.50
27.	Chu Pak Mue	257,981	0.44
28.	Chiah Lam Chin	233,600	0.40
29.	Kenanga Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Cherng Chin Guan	231,600	0.40
30.	Alliancegroup Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Chin Lai Theng (8092764)	222,000	0.38

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ASIA KNIGHT BERHAD
(71024-T)

FORM OF PROXY

I/We _____ of _____

being a member/members of Asia Knight Berhad hereby appoint _____

or failing him / her _____ of _____

as my/our proxy to vote for me/us on my/our behalf at the Thirty-Third Annual General Meeting of the Company to be held on 16 December 2014 and at any adjournment thereof. I/We direct my/our proxy to vote for or against the resolutions to be proposed at the Meeting as hereunder indicated.

No	Ordinary Resolutions	For	Against
	To receive the Audited Financial Statements for the financial period ended 30 June 2014.	-	-
1.	To approve the payment of Directors' Fees for the financial period ended 30 June 2014.		
2.	To re-elect Mr Seah Cheong Wei as a Director of the Company in accordance with Articles 78 and 79 of the Company's Articles of Association.		
3.	To re-elect Mr Andrew Su Meng Kit as a Director of the Company in accordance with Articles 78 and 79 of the Company's Articles of Association.		
4.	To re-elect Mr Lim Heng Gaul as a Director of the Company in accordance with Article 81 of the Company's Articles of Association.		
5.	To re-appoint Mr See Seng Hong PJK as a Director pursuant to Section 129 (6) of the Companies Act, 1965.		
6.	To appoint Messrs Baker Tilly Monteiro Heng as Auditors.		
7.	To retained Mr Tan Teng Cheok as an Independent Non-Executive Director of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012.		
8.	To approve the authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
9.	To approve the Amendments to the Company's Articles of Association.		

Dated this _____ day of _____

Signature/Common Seal

No. of Shares held



NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy shall be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.
2. A member shall be entitled to appoint one (1) proxy to attend and vote at the meeting.
3. Where a member appoints more than one (1) proxy the appointment shall be invalid.

If the appointer is a corporation, this form must be executed under its Seal or under the hand of its attorney.
4. Please indicate with an "X" in the appropriate box against each Resolution how you wish your proxy to vote. If this Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
5. A corporation which is a member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the Meeting in accordance with Section 147 of the Companies Act, 1965.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office at No 9 Jalan Bayu Tinggi 2A/KS6, Taipan 2 Batu Unjur, 41200 Klang, Selangor not less than 48 hours before the time set for the Meeting.
7. For purpose of determining a member who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 56(c) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 9 December 2014. Only a depositor whose name appears on the General Meeting Record of Depositors as at 9 December 2014 shall be entitled to attend the said meeting or appoint a proxy(ies) to attend and vote on such depositor's behalf.

