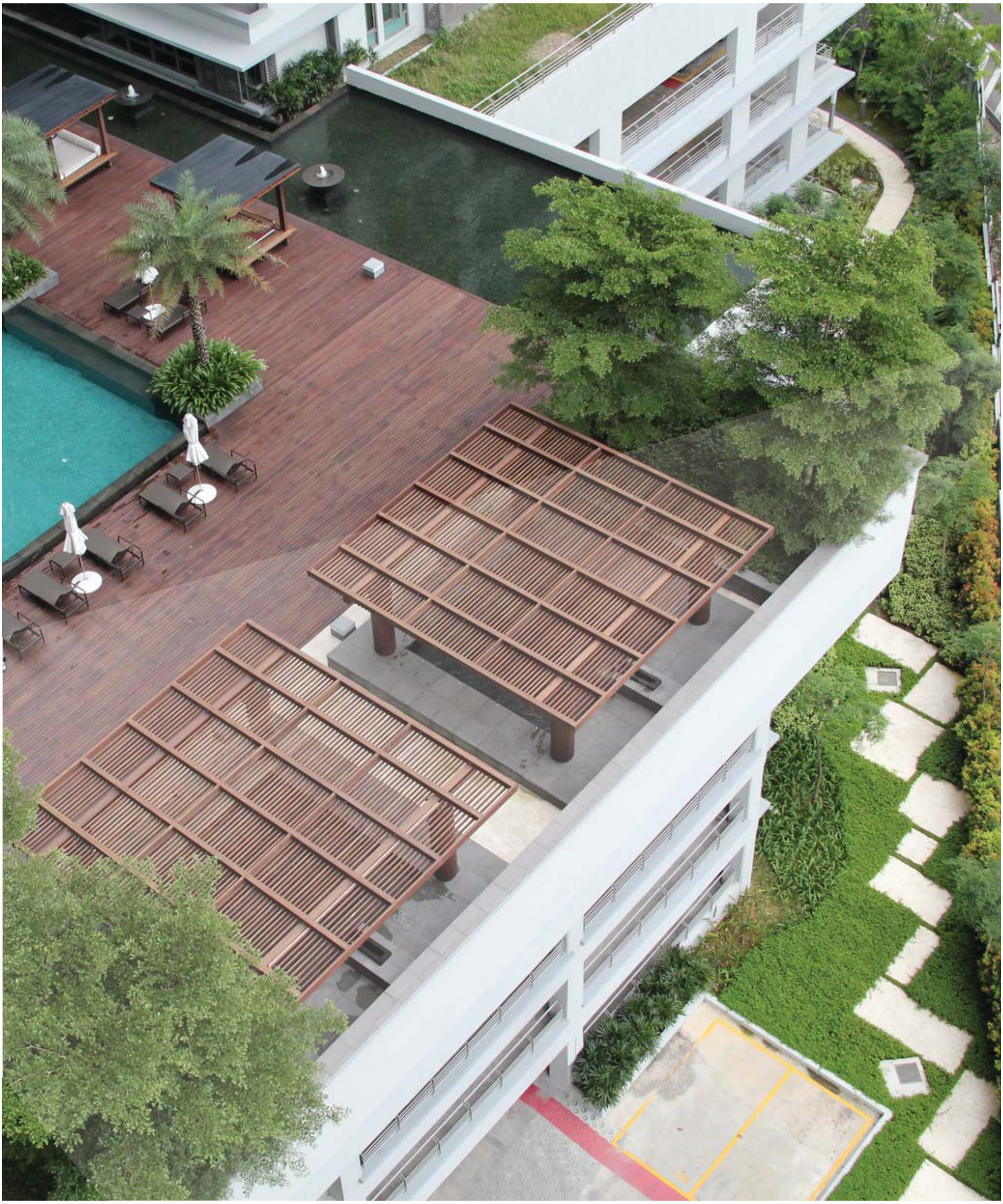
Foundation for Flourishing Commmunities

ANNUAL REPORT 2013

Able

AbleGroup Bhd



CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

YEOH CHONG KEAT
Chairman/Independent
Non-Executive Director

WONG HEANG FINE
Deputy Chairman/Independent
Non-Executive Director

DATO' LIM KIM HUAT
Managing Director

LOI HENG SEWN
Non-Independent
Non-Executive Director

CHEONG MARN SENG
Independent Non-Executive Director

AUDIT COMMITTEE

WONG HEANG FINE
Chairman

CHEONG MARN SENG
Member

YEOH CHONG KEAT
Member

NOMINATION COMMITTEE

WONG HEANG FINE
Chairman

CHEONG MARN SENG
Member

LOI HENG SEWN
Member

REMUNERATION COMMITTEE

YEOH CHONG KEAT
Chairman

DATO' LIM KIM HUAT
Member

CHEONG MARN SENG
Member

COMPANY SECRETARY

LIM FEI CHIA
(MAICSA 7036158)

CORPORATE OFFICE

Block D4-U2-10,
Level 2, Solaris Dutamas,
No. 1, Jalan Dutamas 1,
50480 Kuala Lumpur.
Tel : 03 6207 8186
Fax : 03 6207 8786

REGISTERED OFFICE

Suite 11.1A, Level 11, Menara Weld,
76, Jalan Raja Chulan,
50200 Kuala Lumpur.
Tel : 03 2031 1988
Fax : 03 2031 9788

SHARE REGISTRAR

Tricor Investor Services Sdn. Bhd.
Level 17, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel : 03 2264 3883
Fax : 03 2282 1886

AUDITORS

Baker Tilly Monteiro Heng
Baker Tilly MH Tower, Level 10,
Tower 1, Avenue 5,
Bangsar South City,
59200 Kuala Lumpur.

PRINCIPAL BANKERS

Bangkok Bank Berhad
United Overseas Bank (Malaysia) Bhd
Malayan Banking Berhad

WEBSITE

www.ablegroup.com.my

STOCK EXCHANGE

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : ABLEGRP
Stock Number : 7086

CORPORATE STRUCTURE

Able
AbleGroup Bhd

- 100% Syarikat Bukit Granite Sdn Bhd
  - 100% Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi (Turkey)
- 100% Atlas Rhythm Sdn Bhd

DIRECTORS' PROFILE

YEOH CHONG KEAT

(56 years of age - Malaysian)
Chairman, Independent Non-Executive Director

Mr Yeoh Chong Keat, Malaysian, aged 56, was appointed to the Board on 1 August 2011 as a Non-Independent Non-Executive Director and was subsequently re-designated to be an Independent Non-Executive Director on 19 August 2013. He is the Chairman of the Board and Remuneration Committee as well as a member of the Audit Committee.

Mr Yeoh is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Chartered Tax Institute of Malaysia, a Chartered Accountant of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants. He trained and qualified as a Chartered Accountant with Deloitte Haskins & Sells, UK (now part of PricewaterhouseCoopers, UK) and has accumulated a wealth of experience in audit, tax, consulting and corporate secretarial work with over 35 years in professional practice.

He founded Archer Corporate Services Sdn Bhd ("Archer") in 1999 and is the President/CEO of Archer which provides corporate secretarial and advisory services to public listed companies and large groups of private companies.

He is the Chairman of Lien Hoe Corporation Berhad and also a director of Cheetah Holdings Berhad and Tambun Indah Land Berhad which are all listed on the Main Market of Bursa Malaysia Securities Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past 10 years other than traffic offences, if any.

He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2013.

WONG HEANG FINE

(56 years of age - Singaporean)
Deputy Chairman, Independent Non-Executive Director

Mr Wong was appointed as Director on 15 November 2007 and as Deputy Chairman of the Company on 20 February 2008. He was appointed as a member of the Audit Committee on 12 November 2009 and was redesignated as Chairman of Audit Committee on 1 August 2011. He is also the Chairman of Nomination Committee.

Mr Wong holds a Master of Science in Engineering Production & Management from the University of Birmingham, UK and a Bachelor of Science in Mechanical Engineering (First Class Honours) from the University of Leeds, UK.

He is currently a Director of CapitaLand ILEC (Integrated Leisure, Entertainment and Conventions) Pte. Ltd., CapitaLand GCC Holdings Pte. Ltd. and the Acting CEO of Mubadala Capitaland Real Estate LLC.

Prior to this, he was President & Chief Executive Officer of SembCorp Engineers and Constructors Pte Ltd (SEC) [now known as Sembawang Engineers and Constructors]. In 1998, he joined Cathay Organisation Pte Ltd as Deputy President, where he helped realize the company's 40-year ambition of going public by utilizing a reverse takeover strategy through IMM Multi-Enterprise (IME) which was listed on SESDAQ. In July 1999, he was appointed as President & CEO of Cathay Organisation Holdings. From November 1996 to February 1998, he was the Director (Infrastructure), L&M Group Investments Ltd, where he was involved in the restructuring of L&M Group Investments Ltd (LMGI) by spearheading diversifications into infrastructure and property projects. In August 1991 to November 1996, he joined Singapore Technologies Industrial Corporation (STIC). Under STIC, he pioneered the infrastructure development of the industrial estate and a 24,000 hectare international resort belt on Bintan Island (Indonesia), which was completed in just less than five years. He was also instrumental in developing and later managing the Bintan Lagoon Resort, the first 4-star international resort hotel on the island, two 18-hole signature golf courses and 57 units of bungalow housing costing S$240 million. From 1981 to 1984, Mr Wong was recruited by the Singapore Public Service Commission office in London to join the Economic Development Board as a Senior Industry Officer. His responsibilities included the promotion and development of investments in the area of manufacturing of Industrial Machinery and Tools and Dies.

Mr Wong is not a director of any other public companies in Malaysia and has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no conviction for offences within the past 10 years other than traffic offences, if any.

He attended four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2013.

DIRECTORS' PROFILE

DATO' LIM KIM HUAT

(54 years of age – Malaysian)
Managing Director

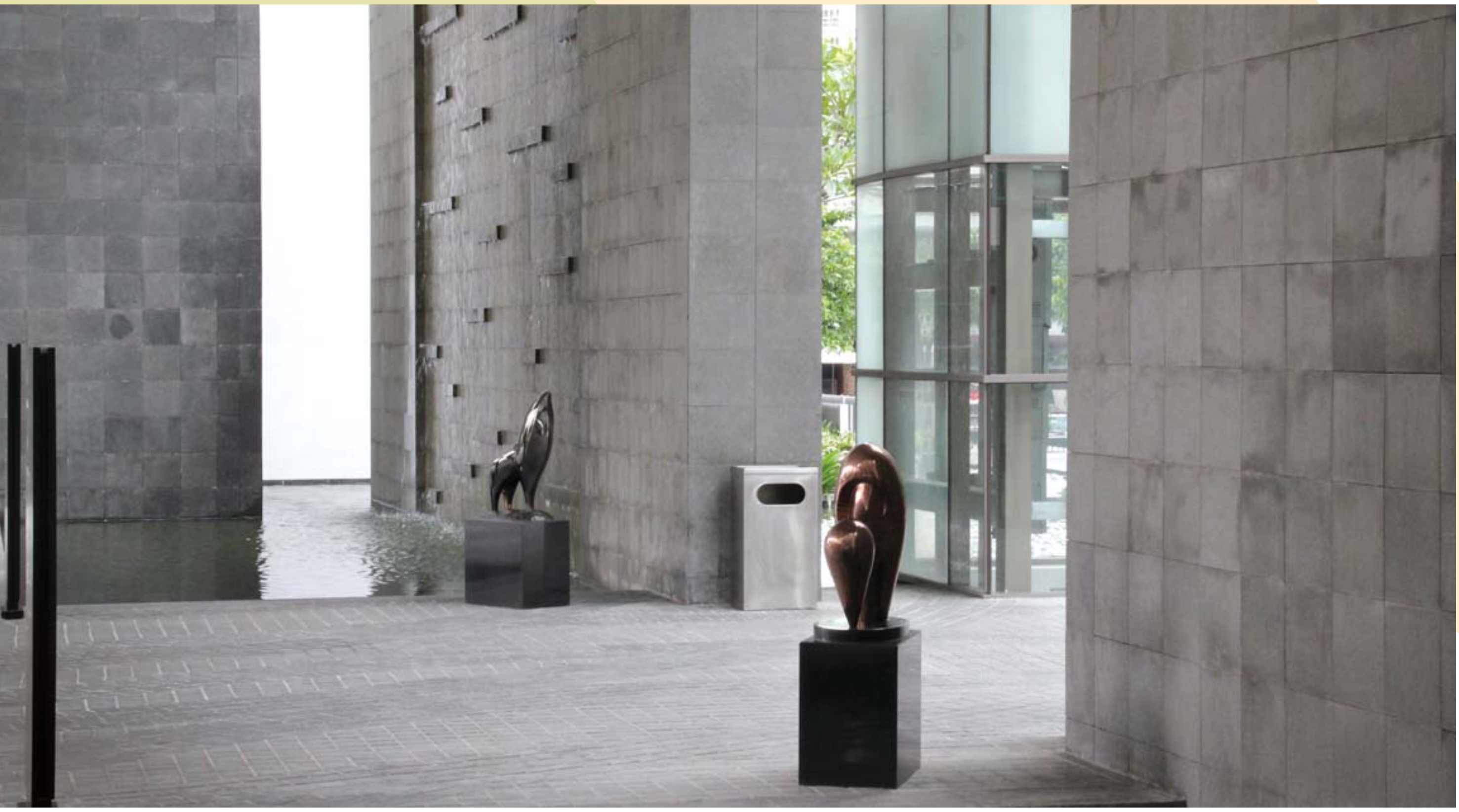
Dato' Lim was appointed as Managing Director of the Company and a member of the Remuneration Committee on 15 September 2009.

He is a certified public accountant by profession and is a member of The Malaysian Institute of Certified Public Accountants.

He started his career with PricewaterhouseCoopers in Kuala Lumpur in 1980 before moving on to the commercial sector. Through his involvement as senior management personnel with various companies in Malaysia, Dato' Lim has extensive exposure and experience in diverse industries such as manufacturing, trading, property development, leisure and entertainment and food services.

Dato' Lim sits on the board of Widetech (Malaysia) Berhad and Golden Agro Plantation (Mukah) Berhad. He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years other than traffic offences, if any.

As at 30 April 2014, Dato' Lim has direct shareholdings of 87,750,000 ordinary shares of RM0.15 each in the Company. He attended four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2013.



LOI HENG SEWN

(54 years of age – Malaysian)
Non-Independent
Non-Executive Director

Mr Loi was appointed as Non-Executive Director of the Company on 28 September 2006 and was redesignated as Executive Director on 12 November 2009. He was then redesignated as Non-Independent Non-Executive Director on 30 November 2012. He is a member of the Nomination Committee.

He graduated from Bachelor of Business Administration (Management) from Lakehead University, Thunder Bay, Ontario, Canada. He started his career with MBF Group of Companies as a member of Senior Management Team. He was also a member of the Board of Directors on some of the MBF Group of companies.

He started his own business since 1999 before his appointment as Director of the Company.

Mr Loi is not a director of any other public companies and has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years other than traffic offences, if any.

As at 30 April 2014, Mr Loi has direct shareholdings of 28,300,000 ordinary shares of RM0.15 each in the Company. He attended three (3) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2013.

CHEONG MARN SENG

(49 years of age – Malaysian)
Independent Non-Executive Director

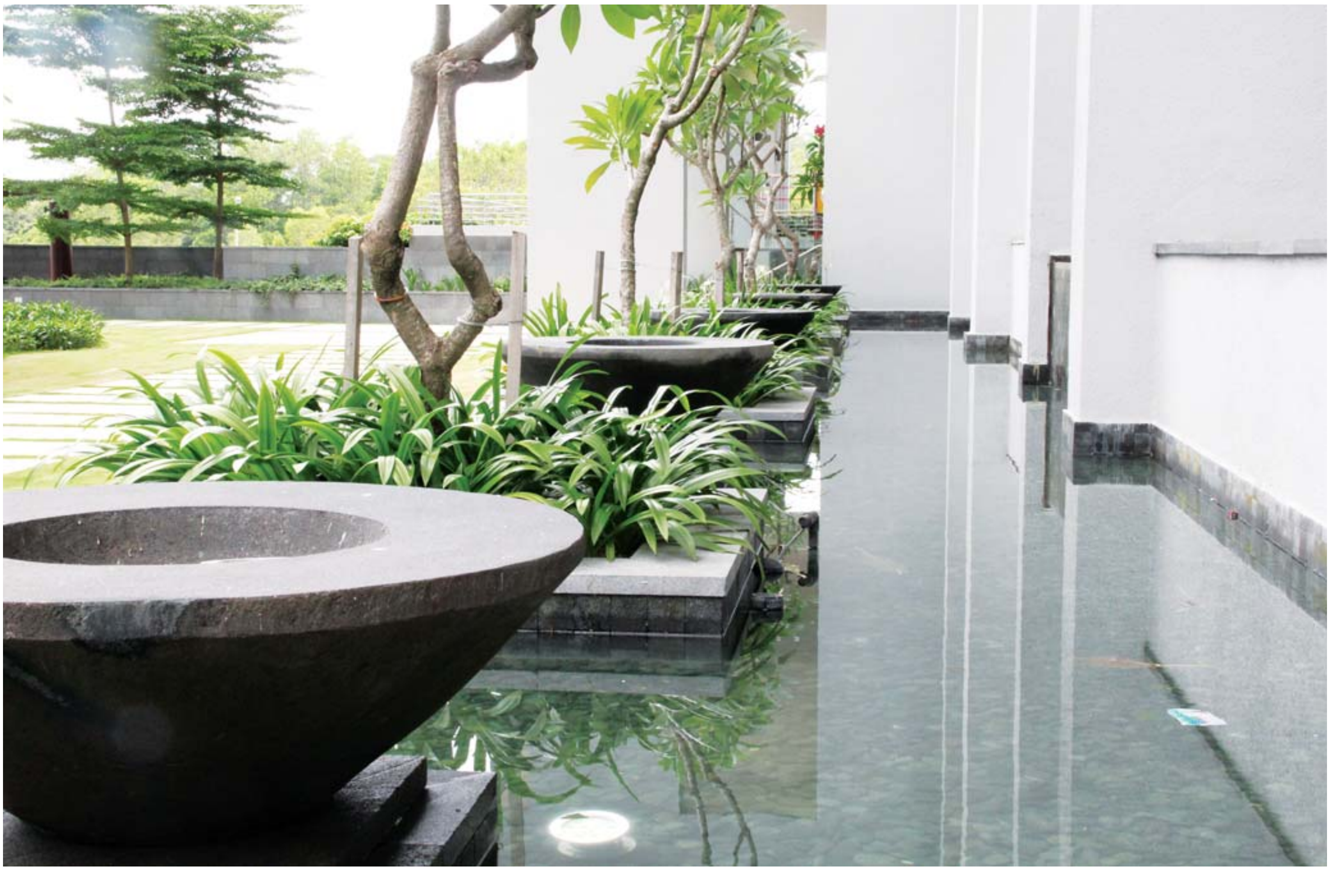
Mr Cheong was appointed as a Director of the Company on 28 September 2006. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He holds a Bachelor of Commerce degree in economic and finance from The University of Melbourne, Australia and is a Chartered Accountant of The Malaysian Institute of Accountants. He has wide experience and knowledge in corporate finance, after working in the corporate finance department of an investment bank for over 8 years in senior management position. Prior to his stint with the investment banking industry, he was attached to two international accounting firms for several years in the audit and financial service division.

Mr Cheong has since 2001 been an executive director of Lien Hoe Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years other than traffic offences, if any.

As at 30 April 2014, Mr Cheong has direct shareholdings of 9,000 ordinary shares of RM0.15 each in the Company. He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2013.



CHAIRMAN'S AND MANAGING DIRECTOR'S JOINT STATEMENT

Dear Valued Shareholders,

We take great pleasure in presenting to you the annual report and audited financial statements of AbleGroup Berhad ('the Company') for the year ended 31 December 2013.

The year 2013 was spent on revamping and streamlining our Group's continuing operations to be more cost effective and at the same time embarking on our property development business. This followed the disposal of our subsidiary company in Shanghai, China, stemming losses from the China operations.

It was a year of containment, strengthening and building up the continuing marble and granite businesses for future growth and profitability and planning for our maiden property development project in Mont Kiara, Kuala Lumpur.

REVIEW OF OPERATIONS

The Group achieved revenue of RM5.1 million for the financial year ended 31 December 2013 ("FYE13"), about 36% lower compared to the revenue of RM8.0 million in 2012. The lower revenue registered in FYE13 is mainly due to absence of revenue from China subsidiary after its disposal.

For FYE13, the Group recorded a lower net loss of RM1.04 million compared to the preceding year net loss of RM8.46 million. The lower net loss is mainly due to disposal of its loss making China operations and absence of major provision for doubtful debts and stocks write-offs.

LOOKING AHEAD

Moving forward, the Group will be focusing on property development whilst our marble and granite business will be a smaller component of our Group, servicing third party customers as well as being integrated into the ecosystem of our property development business whenever possible.

We are encouraged that the Group is currently undertaking substantial local contracts to the value in excess of RM35 million for the supply and installation of marble. This is a positive development and augurs well for the marble and granite business.

As for property development, our maiden project will be moving forward as we have obtained approval from the relevant authorities for the development of the land in Mont Kiara.

ACKNOWLEDGEMENT

On behalf of the board, we wish to express our appreciation to our stakeholders, shareholders, customers, vendors, financiers, and business associates for their resolute support.

We also wish to thank our employees for their service and dedication and our fellow directors for their valued counsel and advice.

Yeoh Chong Keat
Chairman

Dato' Lim Kim Huat
Managing Director

OUR CORPORATE SOCIAL RESPONSIBILITY ("CSR") PROGRAMME INSPIRED US TO BUILD **A B**ETTER **L**IVING **E**NVIRONMENT (HEREIN REFERRED TO AS "**ABLE**"), DEFINING OUR MEASURES FOR PRESENT AND FUTURE GENERATIONS.

The Board and Management acknowledged the significance of CSR in promoting good corporate governance practices. A good blend of CSR would mutually ensure the sustainability and success of a business in its inspiration on the corporate strategies which drawn on the elements of accountability, honesty, transparency and sustainability. We conduct our business in an ethical and responsible manner that aligns with the aspiration of the society, local community, staff, suppliers, customers as well as other stakeholders.

Our CSR initiatives are based on three core values; (A)Employees, (B)Community, and (C)Environment. During the financial year of 2013, the Group through its subsidiaries have participated in the following activities:-

(A) FOR EMPLOYEES ...

Gathering occasions such as lunches and dinners held for employees to foster relationship among employees.






(B) FOR COMMUNITY ...

We are always inspired when we perform our corporate social responsibility activities. We are blissful to bring comfort and cheer support to the needy. As part of the community, we contribute to the society with our caring and support for others:-

- The Group had visited a charity home ,Rumah Charis (Home For The Children). Rumah Charis is a Christian welfare organisation that provides care for orphans and single parent children. In addition, the Rumah Charis has set up House of Bread, which is to help children especially the youth and juvenile to have a skill to earn a living to survive in society.

- During the visit to the Rumah Charis, our employees had the opportunity to mingle and interact with the children who are living at the centre. The friendly staff at Rumah Charis was enthusiastic in showing us around the premises while explaining how everything is managed. We were glad to learn about the challenges that the children faced and how they are able to overcome these obstacles in life.

- The visit was truly enlightening and we were sincere to make a generous donation to help the needy.

- We are always ready to reach out and make a difference in the lives of the underprivileged. We are certainly looking forward to our future charitable activities.

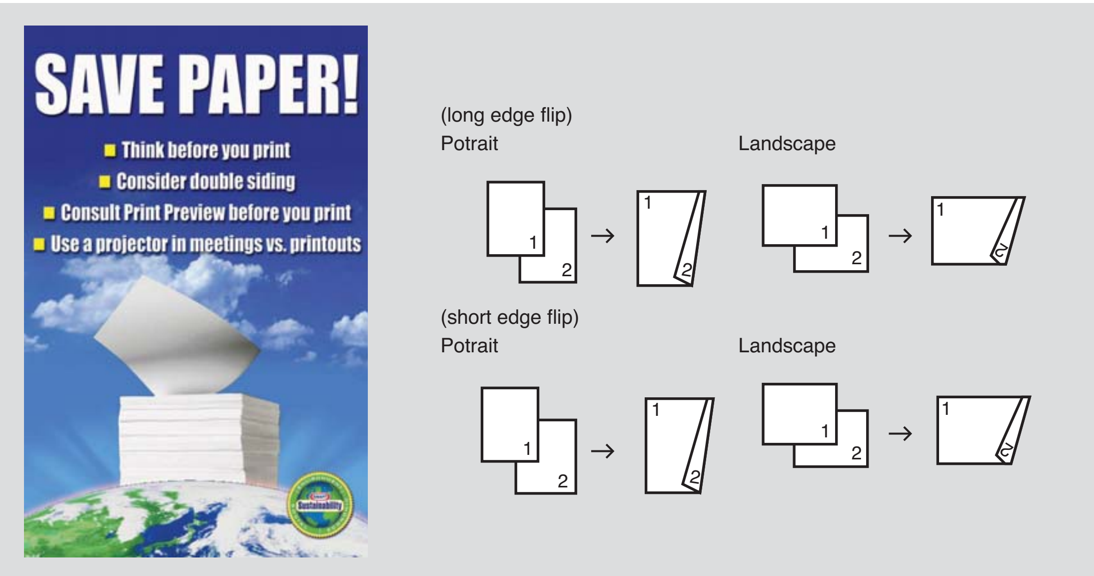
(C) FOR ENVIRONMENT ...

The Company has begun in creating the awareness and importance of environmental sustainability.

A. Usage of papers

The Company is aware of the importance of papers and the volume of usage. As such, conservative of environmental awareness are communicated among the employees. The Company's initiatives was undertaken via the following actions with the aim of preserving the environment through:

- Communication via emails to reduce usage of papers on letter or memos;
- Only necessary documents or email required is printed;
- Staff are encouraged to print on double-sided to reduce usage of papers and reuse recycled paper if possible;
- Unused papers, recycle papers and boxes are send for recycling instead of discarding in rubbish bins. All the proceeds from recycled items were donated to charity organization.



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of AbleGroup Berhad ("the Group") recognizes the importance of practising good corporate governance and is fully committed to ensuring that the Group practices the highest standard of corporate governance and transparency in line with the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") to achieve the Group's governing objective of enhancing shareholders' value.

The application of the MCCG by the Group and the extent of compliance with the prescribed recommendations are reported with exceptions stated herein.

A. BOARD OF DIRECTORS

1. Board Duties and Responsibilities

The Group is controlled and led by a dynamic and experienced Board, with high personal integrity, business acumen and management skills, which is primarily entrusted with the responsibility of charting the direction of the Group.

The Board recognises their roles and responsibilities in overseeing the performance of management including optimising the operations of the Company and its subsidiaries in order to maximise shareholders' values. The Board has assumed most of the recommendations as prescribed in MCCG 2012 to effectively lead the Group. The Board members possess professional expertise, industrial knowledge and working experience in various fields that contribute effectively to the formulating as well as the achieving of corporate goals and strategic plans of the Group. The Board has delegated specific power and responsibilities to three (3) Board Committees namely Audit, Remuneration and Nomination Committees all of which have the authority to deal with particular issues and report to the Board with recommendations.

In line with the MCCG 2012, the roles and responsibilities of the Chairman and Managing Director are separated. The responsibility of Chairman is primarily to ensure that the conduct and working of the Board is in an orderly and effective manner whilst the Managing Director manages the daily running of business and implementation of Board policies. The Managing Director is accountable for the operation and strategic development of the Group, and is obliged to refer major matters to the Board.

None of the Independent Directors of the Company had exceeded the prescribed term of nine (9) years as recommended by the MCCG 2012. The Board will undertake assessment of Independent Directors annually, upon admission and when any new interest or relationship develops.

The Board has adapted a Board Charter and has put in place a Whistle-Blowing Policy and Code of Ethics and Conduct which are accessible through the Company's Website at www.ablegroup.com.my and the same will reviewed from time to time to ensure that they remain current and relevant.

The Board is aware of the importance of succession planning to ensure business continuity and took cognizance that there should be process of developing suitable programmes in place to ensure that operations at all levels are running smoothly.

Although the Board expects its members to be committed to the Company's affairs and operations and devote sufficient time to carry out their responsibilities, it does not restrict its members from being Directors of other companies. All Directors should notify the Chairman should they accept any new directorship.

2. Board Composition and Board Balance

The Board presently comprises one (1) Managing Director, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Directors. The profiles of the Directors are set out on pages 4 to 8 of this Annual Report.

The Board has complied with paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which requires that at least two (2) Directors or one-third (1/3) of the Board Members of the Company, whichever is higher, are independent.

The three (3) Independent Non-Executive Directors bring their independent and objective judgment to the Board to carry weight on the decision-making process of the Group, mitigating risks due to conflict of interest or undue influence from interested parties.

The composition of the Board not only reflects the broad range of experience, skills and knowledge required to successfully direct and supervise the Group business activities, but also the importance of independence in decision-making at the Board level.

The roles of these Independent Non-Executive Directors will ensure that any strategies and business plans proposed by the Executive Directors and Executive Management are fully discussed and examined to ensure the long-term interest of the shareholders as well as other stakeholders.

The Board has no immediate plans to implement a gender diversity policy of target as it is of the view the Board membership should be determined based on a candidate's skills, experience and other qualities regardless of gender.

3. **Board Committee**

The Board has set up Board Committees namely Audit, Remuneration and Nomination Committees to delegate specific powers and responsibilities, all of which have their own written constitutions and terms of reference. The Chairman of the respective Committees report back to the Board regarding the outcomes and recommendations thereon and minutes of such Committee meetings will be tabled for the Board's notation. The ultimate responsibility for the final decision on all recommendations lies with the entire Board.

4. **Attendance**

The Board meets on a quarterly basis with additional meetings held whenever necessary. There were five (5) board meetings held during the financial year ended 31 December 2013 and the attendance record is as follows:-

Directors	**Attendance**
Mr Yeoh Chong Keat	5/5
Mr Wong Heang Fine	4/5
Dato' Lim Kim Huat	4/5
Mr Loi Heng Sewn	3/5
Mr Cheong Marn Seng	5/5

5. **Appointment and Re-election of Directors**

The proposed appointment of new Board members, resignation of existing members, as well as the proposed re-election of the Directors are approved by the Board upon the recommendation of the Nomination Committee.

In accordance with the Company's Articles of Association, the Directors shall have power from time to time and at any time to appoint additional Directors either to fill a casual vacancy or as an addition to the Board. A Director so appointed shall retire from office at the close of the next Annual General Meeting of the Company, but shall be eligible for re-election.

The Company's Articles of Association also provide that an election of Directors shall take place each year. At the Annual General Meeting in every year, any newly appointed Director that is bound to retire and one-third of the other Directors (including the Managing Director) for the time being, or if the number is not a multiple of three, then the number nearest to one-third, shall retire from office so that all Directors (including the Managing Director) shall retire from office once at least in each three (3) years but shall be eligible for re-election.

With the process on re-election of Directors, shareholders are ensured of a regular opportunity to reassess the composition of the Board.

6. **Supply of Information**

Each Board Member receives regular reports, including a comprehensive review and analysis of the Group's performance. Prior to Board meetings, an agenda together with the relevant documents and information are distributed to all Directors. The Board members will provide comprehensive explanation of pertinent issues and recommendations by the Management. The issues will then be deliberated and discussed thoroughly by the Board prior to decision-making. Proceedings of Board meetings are recorded and signed by the Chairman of the meeting.

Apart from the above, the Board members are updated on the Company's activities and its operations on a regular basis. All Directors whether as a full board or in their individual capacity have access to all information of the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretary and independent professional advice, whenever necessary, at the expense of the Group. The appointment and removal of Company Secretary are matters for the Board as a whole.

7. Directors' Remuneration

The objective of the Group is to ensure that the Group attracts and retains Directors of the calibre needed to run the Group successfully. The Executive Directors are to be appropriately rewarded giving due regard to the corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned.

The remuneration of the Executive Directors is performance related which are if not higher are compatible to the market rate in order to attract, motivate and retain them to run the Company. The Company also reimburses reasonable expenses incurred by Directors where required, in the course of carrying out their duties as Directors. The determination of remuneration packages of Non-Executive Directors should be a matter for the Board as a whole.

Directors will abstain from discussion and voting on decisions in respect of their own remuneration. The aggregate annual Directors' fees are to be approved by shareholders at the Annual General Meeting based on recommendation of the Board.

Details of Directors' remuneration for the financial year ended 31 December 2013 are set out below:-

	Group		
Remuneration	**Executive Directors (RM'000)**	**Non-Executive Directors (RM'000)**	**Total (RM'000)**
Directors' fees	-	164	164
Salaries, bonus and other emolument	121	-	121
Defined contribution plan	14	-	14
Total	135	164	299

The number of Directors whose total remuneration for the financial year ended 31 December 2013 fall within the respective bands is as follows:-

	Group Number of Directors	
Range of remuneration	**Executive**	**Non-Executive**
RM1 to RM50,000	-	4
RM50,001 to RM100,000	-	-
RM100,001 to RM250,000	1	-
RM250,001 to RM300,000	-	-
Total	1	4

8. **Directors' Training**

The Board acknowledges the fact that continuous education is vital for the Board members to gain insight and keep abreast with the state of economy, manufacturing, technological advances in the core business, latest regulatory developments and management strategies.

The Training Programmes attended by Directors during the financial year ended 31 December 2013 are summarised as follows:-

Date of Training	Subject
24 & 25 June 2013	National Tax Conference 2013
3 & 4 July 2013	Malaysia Legal and Corporate Conference 2013 "Shifting Sands: Is the Law reshaping our Legal and Corporate Sector?"
31 October 2013	National Tax Seminar 2013 *(Seminar Percukaian Kebangsaan 2013)*

The Board will evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminar and briefings that will enhance their knowledge and enable them to discharge their duties effectively.

B. SHAREHOLDERS

1. **Relationship with Shareholders and Investors**

The Board values dialogue with its shareholders and investors through the maintenance of an open communication policy with investors and shareholders alike. In ensuring effective communication, the various means and forums such as press releases, public announcements on quarterly basis, annual report, disclosures to the Bursa Malaysia Securities Berhad and other Group activities are made.

The Board has not identified a senior independent director as the Board believes that all concerns of shareholders can be effectively conveyed to the Chairman or Managing Director.

At each Annual General Meeting and Extraordinary General Meeting, Executive Directors and, where appropriate, the Chairman are available to respond to shareholders' questions during the meetings.

In addition to its published Annual Report and Quarterly Reports announced to Bursa Malaysia Securities Berhad, the Group has established a website at www.ablegroup.com.my from which shareholders can assess for information.

2. **Annual General Meeting**

The Annual General Meeting of the Company provides the principal forum for dialogue and interaction between the Board and the shareholders. The participation of shareholders, both individuals and institutional at general meetings on clarifications of pertinent and relevant information is encouraged.

The MCCG states that the Board should encourage poll voting for substantive resolution. The Board is of the opinion that currently the number of shareholders and level of attendance at general meetings do not warrant the introduction of poll voting for substantive resolution. The Company will introduce electronic voting when appropriate.

C. ACCOUNTABILITY AND AUDIT

1. **Financial Reporting**

The Board aims to present a balanced, insightful and timely assessment of the Group's financial position, performance and prospects by ensuring quality financial reporting through the annual audited financial statements and quarterly financial results to its stakeholders, in particular, shareholders, investors and the regulatory authorities.

The Audit Committee assists the Board in scrutinising information for disclosure to ensure the quality of financial reporting and adequacy of such information, prior to submission to the Board for its approval.

2. **Directors' Responsibility Statement in respect of the Audited Financial Statements for the financial year ended 31 December 2013**

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the results and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2013, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

In addition, the Directors are also responsible for taking reasonable steps to safeguard the assets for the Group and Company, to prevent and detect fraud as well as other irregularities.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls that provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. The effectiveness of the systems of internal controls of the Group is reviewed periodically by the Audit Committee.

Further details of the Group's system of internal controls are set out on pages 25 to 26 of this Annual Report.

Relationship with the Auditors

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the external auditors in seeking professional advice and ensuring the compliance with the appropriate accounting standards. The Audit Committee also met with the external auditors to discuss their audit plan, audit findings and the financial statements.

Compliance with the Code

The Board of Directors considers the Group is in compliance with the best practices set out in the MCCG 2012 throughout the financial year ended 31 December 2013.

The Board is committed and will continue to enhance compliance with the MCCG 2012 within the Company and the Group.

This Statement on Corporate Governance is made in accordance with the resolution passed at the Board of Directors' Meeting held on 30 April 2014.

AUDIT COMMITTEE REPORT

The Audit Committee ("the Committee" or "AC") of AbleGroup Berhad is pleased to present the following report for the financial year ended 31 December 2013.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee currently consists of three (3) members, all of whom are Independent Non-Executive Directors with all them being Independent. A total of five (5) Audit Committee meetings were held during the financial year ended 31 December 2013 and the details of attendance are as follows:-

Director	Designation	Attendance
Mr Wong Heang Fine (Chairman of AC)	Independent Non-Executive Director	4/5
Mr Yeoh Chong Keat	Independent Non-Executive Director	5/5
Mr Cheong Marn Seng	Independent Non-Executive Director	5/5

TERMS OF REFERENCE

Constitution

The Board of Directors has established a Committee of the Board known as the Audit Committee (hereinafter referred to as "the Committee"). The Committee assists the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, system of internal control, the audit process and the process of monitoring compliance with laws and regulations.

Membership

1. The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall comprise of at least three (3) members, all of whom must be non-executive directors, with a majority of them being independent.

2. At least one member of the Committee:-
   (i) must be a member of the Malaysian Institute of Accountants; or
   (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
      - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
      - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

   (iii) fulfils such other requirements as prescribed or approved by the Exchange.

3. No alternate director shall be appointed as a member of the Committee.

4. The members of the Committee shall elect a Chairman from among their number who shall be an Independent Director.

5. The Company Secretary or such other persons authorised by the Board of Directors shall act as the Secretary to the Committee.

6. If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

7. The term of office and performance of the Committee and each of its members shall be reviewed by the Board of Directors 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.

Meetings and Minutes

8. The Committee shall meet at least four (4) times in a financial year, although additional meetings may be called at any time at the Committee Chairman's discretion.

9. The quorum for a meeting of the Committee shall consist of not less than two (2) members, majority of whom must be Independent Directors.

10. Other than in circumstances which the Chairman of the Committee considers inappropriate, the Chief Financial Officer, the representatives of the internal auditors and external auditors will attend any meeting of the Committee to make known their views on any matter under consideration by the Committee or which in their opinion, should be brought to the attention of the Committee. Other Board members, employees and external professional advisers shall attend any particular meetings upon invitation by the Committee.

11. At least once in a financial year, the Committee shall meet with the external auditors without the Executive Directors being present.

12. The Committee shall report to the Board and its minutes tabled and noted by the Board of Directors. The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the registered office or the principal office of the Company, and shall be open for inspection of any member of the Committee and the Board of Directors.

Authority

13. The Committee is authorised by the Board to investigate any matter within the Committee's terms of reference. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees of the Group are required to comply with the requests made by the Committee.

14. The Committee is authorised by the Board to obtain outside legal or external independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.

15. The Committee shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.

16. The Committee shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary, in order to enable the Committee and the external auditors or the internal auditors or both, to discuss problems and reservations and any other matter the external auditors or internal auditors may wish to bring up to the attention of the Committee.

17. The Internal Auditors report directly to the Committee and shall have direct access to the Chairman of the Committee on all matters of control and audit. All proposals by Management regarding the appointment, transfer and removal of senior staff members of the Internal Audit of the Group shall require prior approval of the Committee. The Committee is also authorised by the Board to obtain information on any resignation of internal audit staff members and provide the staff member an opportunity to submit his reasons for resigning.

Functions and Duties

18. The Committee shall, amongst others, discharge the following functions:-

    18.1 Review the following and report the same to the Board of Directors of the Company:-

    (a) with the external auditors, the audit plan, the nature and scope of work and ascertain that it will meet the needs of the Board, the shareholders and regulatory authorities;

    (b) with the external auditors, their evaluation of the quality and effectiveness of entire accounting system, the adequacy and integrity of the internal control system and the efficiency of the Group's operations;

    (c) with the external auditors, their audit report;

    (d) the assistance given by employees of the Group to the external and internal auditors;

    (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work including inter-alia the appointment of internal auditors;

(f) the internal audit programme, processes and results of the internal audit programme, processes, major findings of internal investigation and Management's response and whether or not appropriate action is taken on the recommendations of the internal audit function;

(g) review any appraisal or assessment of the performance of members of the internal audit function;

(h) the quarterly results and annual financial statements prior to the approval by the Board of Directors, focusing particularly on:-
   (i) changes in or implementation of major accounting policies and practices;
   (ii) significant and unusual events;
   (iii) significant adjustments arising from the audit;
   (iv) compliance with accounting standards, other statutory and legal requirements and the going concern assumption;
   (v) the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group;

(i) any related party transactions and conflict of interest situations that may arise within the Company or Group and any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(j) any letter of resignation from the external auditors of the Company;

(k) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and

(l) any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors, particularly any comments and responses in Management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.

18.2 Recommend the nomination of a person or persons as external auditors and the external audit fee.

18.3 Promptly report to Bursa Malaysia Securities Berhad on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Securities Berhad's Listing Requirements.

18.4 Carry out any other functions that may be mutually agreed upon by the Committee and the Board of Directors which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.

18.5 To ensure the internal audit function of the Company reports directly to the Committee.

SUMMARY OF ACTIVITIES

The Audit Committee in the discharge of its duties and functions carried out the following activities in respect of the year under review:-

(a) Reviewed the unaudited quarterly financial results and audited financial statements for the Group to ensure compliance with approved accounting standards and adherence to other regulatory requirements prior to submission to the Board for consideration and approval;

(b) Reviewed and assessed the significant issues set out in the management letter arising from the audit of the Group by the External Auditors for the financial year and seeks clarification and explanations from Management of the Company on issues noted in the audit reports.

(c) Reviewed and discussed with the External Auditors on their audit plan, the nature and scope of work, the timetable, as well as new developments on accounting standards and regulatory requirements;

(d) Reviewed the assistance provided by Management to the External Auditors during the course of their audit;

(e) Reviewed, discussed and approved the audit activities of the Internal Auditors.

(f) Reviewed and discussed the re-appointment of the External Auditors and the audit fees;

(g) Review the recurrent related party transactions; and

(h) Reviewed the draft Audit Committee Report and Statement on Risk Management and Internal Controls for inclusion in the 2012 Annual Report.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by the Internal Audit Department ("IAD") in discharging its duties and responsibilities. The internal audit function is established to add value and improve the Company's operations and also to ensure consistency in the control environment and the application of policies and procedures. The in-house internal audit function provides an independent and objective feedback to the AC and the Board on the adequacy, effectiveness and efficiency of the internal control system within the Group. The Internal Auditors report to the AC on their audit findings, their recommendations of the corrective actions to be taken by Management together with Management's responses in relation thereto. The Internal Auditors will follow up on the implementation of their recommendations by Management.

The Audit Committee ensure that the internal auditors are given full access to all documents relating to the Company's governance, financial statements and operational assessments, and direct access to the Audit Committee.

The IAD undertakes internal audit functions based on the audit plan that has been reviewed and approved by the Audit Committee. The audit plan covers review of the adequacy of operational control, risk management, compliance with established policies and procedures, laws and regulations.

The Internal Auditors had carried out internal audit review on the Project Planning process of Syarikat Bukit Granite Sdn Bhd with the relevant audit report prepared and submitted for review by the AC. It was reported that the said process was adequate and in accordance with the existing standard operating procedures.

This Report is made in accordance with the resolution passed at the Board of Directors' Meeting held on 30 April 2014.

REMUNERATION COMMITTEE REPORT

The Remuneration Committee ("the Committee" or "RC") of AbleGroup Berhad is pleased to present the following report for the financial year ended 31 December 2013.

COMPOSITION OF REMUNERATION COMMITTEE

The members of the Remuneration Committee comprises:-

Director	Designation
Mr Yeoh Chong Keat (Chairman of RC)	Independent Non-Executive Director
Dato' Lim Kim Huat	Managing Director
Mr Cheong Marn Seng	Independent Non-Executive Director

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

Constitution

The Board has established a Committee of the Board to be known as the Remuneration Committee.

Membership

- The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist mainly of non-executive directors. A quorum shall be two (2) members.
- The members of the Committee shall elect a Chairman from among their members.
- If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Objective

Remuneration of directors and senior management should be determined so as to ensure that the Company attracts and retains the directors and senior management needed to run the Group successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of executive directors and senior management staff.

Functions

The functions of the Committee shall be:-

1. Recommend to the board the framework of executive remuneration and its cost, and the remuneration package for each executive director and senior management staff, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies.
2. To reimburse reasonable expenses incurred by the directors and senior management staff in the course of their duties.
3. To review and determine the bonus scheme for the executive directors and senior management depending on various performance measurements of the Group.
4. To review and determine the other benefits in kind for the executive directors and senior management.
5. To review the executive directors' service contracts.

Reporting Procedures

- The remuneration of directors and senior management shall be ultimate responsibility of the full board after considering the recommendations of the Committee.
- Directors do not participate in decisions on their own remuneration packages.

ACTIVITIES OF THE REMUNERATION COMMITTEE

The Committee met on 30 April 2014 after the financial year ended 31 December 2013 to review the remuneration packages of the Executive Director of the Company as well as Directors' fees for the financial year ending 31 December 2014.

NOMINATION COMMITTEE REPORT

The Nomination Committee (“the Committee” or “NC”) of AbleGroup Berhad is pleased to present the following report for the financial year ended 31 December 2013.

COMPOSITION OF NOMINATION COMMITTEE

The members of the Nomination Committee comprises:-

Director	Designation
Mr Wong Heang Fine (Chairman of NC)	Independent Non-Executive Director
Mr Cheong Marn Seng	Independent Non-Executive Director
Mr Loi Heng Sewn	Non-Independent Non-Executive Director

TERMS OF REFERENCE OF NOMINATION COMMITTEE

Constitution

The Board has established a Committee of the Board to be known as the Nomination Committee.

Membership

- The Committee shall be appointed by the Board from amongst the directors of the Company and shall comprise exclusively of non-executive directors, the majority of whom are independent. A quorum shall be two (2) members.
- The members of the Committee shall elect a Chairman from among their members.
- If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.

Functions

The functions of the Committee shall be:-

1. Proposing new nominees for appointment to the Board of Directors.
2. Assessing directors on an on-going basis, the effectiveness of the board and the contribution of each individual director.
3. Recommend to the board, directors to fill the seats on other board committees.
4. Review annually the mix of skills and experience and other qualities of the board members.
5. Orientating and educating new directors as to the nature of the business, current issues within the company and the corporate strategies, the expectations of the company concerning input from the directors and the general responsibilities of directors.
6. Review and recommend to the board the proposed appointment of senior management staff to the company.
7. Recommend to the Board the re-election/re-appointment of directors who retire at annual general meetings.
8. Assess the independence of the Independent Directors upon admission, annually and when any new interest or relationship develops and confirm the conduct of this assessment in the annual report of the Company.

NOMINATION COMMITTEE REPORT

Re-election of Directors, Retirement of Directors by Rotation and Assessment of Independence of Independent Directors

In accordance with the Company's Articles of Association, all directors who are appointed by the board are subject to re-election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third of the remaining directors be subject to re-election by rotation at each Annual General Meeting.

The MCCG 2012 recommends that all independent directors who have served 9 years or more be put up for re-election annually, with justification from the Board on their continued independence, relevance and contributions to the Company. Assessment on the independence of the Independent Directors is to be conducted and confirmed annually and when any new interest or relationship develops.

It is proposed that the above should also come under the purview of the Nomination Committee.

Reporting Procedures

- The actual decision as to who shall be appointed to the Board and Senior Management should be the responsibility of the full board after considering the recommendations of the Committee.

- Reporting to the full board from time to time its recommendations for consideration and implementation.

ACTIVITIES OF THE NOMINATION COMMITTEE

The Committee met on 30 April 2014 after the financial year ended 31 December 2013 to review the size and composition of the Board as well as to assess the effectiveness and performance of the Board, the Directors and the Board Committees. During the said meeting, the Committee also determined which directors would stand for re-election at the Company's forthcoming Annual General Meeting.

In accordance with MCCG 2012, the Committee had at the said meeting assesed the independence of the Independent Directors of the Company for endorsement by the Board. It was noted that none of the Independent Directors of the Company had exceeded the prescribed nine (9) years term limit at the date of assessment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of AbleGroup Berhad is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2013, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements and in accordance with the Statement on Risk Management & Internal Control (Guidelines for Directors of Listed Issuers). The statement below outlines the nature and scope of internal control of the Group during the financial year under review.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's. The responsibility of reviewing the adequacy and integrity of the Group's risk management and internal control system is delegated to the Audit Committee, which is empowered by its terms of reference to seek assurance on the adequacy and integrity of the risk management and internal control system through independent reviews carried out by the internal audit function and management.

The Board in consultation with the Audit Committee has appraised the adequacy and effectiveness of risk management and internal control processes which were in place during the financial year under review. Assurance has been received by the Board from the Managing Director and Group Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively in all material aspects and there are no major weaknesses at the existing level of operations of the Group. Recognizing that the internal control system must continuously improve to meet the challenging business environment, the Board will continue to take appropriate action plans to strengthen the Group's risk management and internal control system.

However, as there are inherent limitations in any system of internal control, such systems put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

Following the publication of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Risk Management and Internal Control Guidelines"), the Board has established an ongoing process identifying, evaluating and managing significant risks faced by the Group. This ongoing process which includes updating the risk management and internal control system when there are changes in the business environment or regulatory guidelines, is reviewed by the Board and accords with the Risk Management and Internal Control Guidelines. The Board is of the view that risk management and internal control system in place for the year under review and up to the date of the issuance of the financial statements is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

RISK MANAGEMENT FRAMEWORK

On a day-to-day basis, the Heads of Department are delegated the responsibility of identifying, evaluating and managing the risks of their department on an on-going basis. Significant risks identified and the corresponding internal controls implemented are discussed at periodic management meetings attended by the Executive Director. In addition, significant risks identified, material issues and updated information affecting the Group which requires decisions or appropriate actions to be taken are brought to the attention of the Board at their scheduled meetings.

The abovementioned practice is the ongoing process of identifying, evaluating and managing significant risks that may affect the Group's achievement of its business objectives.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has conducted an internal audit function based on audit plan as approved by the Audit Committee. The internal audit function adopts risk based approach and prepares its audit plan based on key risks identified. The internal audit provides an assessment of the adequacy and integrity of the Group's system of internal control.

During the financial year under review, the in-house internal auditors had performed audit reviews in accordance with the approved audit plan. The results of their review were tabled to the Audit Committee at their schedule meeting. Senior Management is responsible for ensuring that corrective actions are taken within the stipulated time frame on the reported weaknesses.

The costs incurred in maintaining in-house internal audit function for the financial year ended 31 December 2013 amounted to RM20,000.

OTHER KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM

- A well-defined organization structure with clear lines of accountability, which has a delegation of authority that sets out decisions that need to be taken and the appropriate authority levels of management, including matters that require the Board's approval;
- The Audit Committee reviews quarterly financial reports, annual financial statements and the internal audit report on a periodic basis. Discussions with Management were held to deliberate on actions that are required to be taken address internal control matters identified by internal audit function;
- The Audit Committee members are Independent Non-Executive Directors;
- The Managing Director, Chief Financial Officer and Senior Management are closely involved in the running of business and operations of the Group. Managing Director and / or Chief Financial Officer report to the Board on significant changes in business and external environment, which affect operations of the Group at large;
- Timely and effective internal and external reporting involving the services of qualified professionals such as auditors and Company Secretary;
- Experienced and dedicated teams of personnel across key functional units;
- Regular operational and management meetings. Weekly operational meetings are conducted among senior management to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly meetings of Department Heads are also held to monitor performances. The quarterly financial statements containing key financial results and comparisons are tabled to the Board for their review. The Management updates the status of tender and project being pursued and current project status during weekly operational meetings; and
- Established internal policies and procedures within the Group.

REVIEW OF THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 revised by Malaysian Institute of Accountants ("MIA") on 11th December 2013 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control system within the Group.

RPG5 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon.

After due and careful assessment and based on the information and assurance provided, the Board is satisfied that there were no material losses, contingencies or uncertainties as a result of weakness in the system of internal control save for the finding's highlighted by the auditors. The risks are considered to be at an acceptable level within the context of the Group's business environment.

Nevertheless, the Board and Management will continue to take proactive measures to strengthen the control environment and the internal control system of the Group.

The above Statement is made in accordance with the resolution passed at the Board of Directors' meeting held on 30 April 2014.

ADDITIONAL COMPLIANCE INFORMATION

1. **Utilisation of Proceeds**
As at 31 March 2014, The Company has fully utilized the proceeds raised from the renounceable rights issue of new shares in the Company ("Rights Issue") together with free detachable warrants ("Warrants") which was completed on 27 January 2012.

2. **Share Buy-Back**
The Company does not have a share buy-back programme in place.

3. **Option, Warrants or Convertible Securities**
Pursuant to the abovementioned corporate exercise, 21,819,950 Warrants, issued pursuant to the Rights Issue have been listed and quoted on the Official List of Bursa Securities on 27 January 2012. As at 31 March 2014 none of the Warrants has been exercised.

4. **Depository Receipt Programme**
The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2013.

5. **Sanctions and / or Penalties**
There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 31 December 2013.

6. **Non-Audit Fees**
The amount of non-audit fees paid to the external auditors for the financial year ended 31 December 2013 is RM8,000.

7. **Variation in Results**
There were no profit estimates, forecasts or projections or unaudited financial results released which differ by 10% or more from the audited results.

8. **Profit Guarantee**
There was no profit guarantee given by the Company during the financial year ended 31 December 2013.

9. **Material Contracts**
There were no material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year, by the Company or its subsidiaries, which involved the interest of the Director and major shareholders other than contracts entered into in the normal course of business.

10. **Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature**
The breakdown of the aggregate value of the recurrent related party transactions pursuant to the shareholders' mandate obtained at the Annual General Meeting held on 21 June 2013 is as follows:

Type of the RRPT	Related Parties involved	Relationship of the Related Parties with the Company	Actual Aggregate Value Transacted(Note 1) (RM'000)
Sale of stones and provision of contract workmanship and other related services by Syarikat Bukit Granite Sdn Bhd to GPL	GPL Group Sdn Bhd ("GPL")	Director Dato' Lim Kim Huat, a Director and substantial shareholder of the Company, is a Director of GPL.	361

Note:

1) *Actual value of the recurrent related party transactions for the period from 22 June 2013 to 30 April 2014.*

DIRECTORS' RESPONSIBILITY STATEMENT IN PREPARING THE AUDITED FINANCIAL STATEMENTS

As required by the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Directors are responsible for ensuring that the financial statements of the Group are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and provisions of the Companies Act, 1965 and give a true and fair view of the state of affairs of the Group at the end of the financial year.

The Directors are satisfied that in preparing the financial statements for the financial year ended 31 December 2013, the Group has adopted and applied consistently appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable approved accounting standards in Malaysia have been adopted and the financial statements have been prepared on a going concern basis.

The Directors are generally responsible for taking such steps to preserve the interests of stakeholders and to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

The financial statements of the Company and the Group for the financial year ended 31 December 2013 are set out on pages 34 to 96 of this annual report.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31st December 2013.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as stated in Note 4 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss from continuing operations, net of tax	(1,039)	(833)
Other comprehensive expense, net of tax	(26)	-
Total comprehensive loss for the financial year	(1,065)	(833)
Attributable to:		
Owners of the Company	(1,065)	(833)

DIVIDEND

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

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31st December 2013.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

In the opinion of the Directors, no contingent liabilities or other liabilities of the Group and of the Company have become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due other than as disclosed in Note 29 to the financial statements.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS

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

Dato' Lim Kim Huat
Loi Heng Sewn
Wong Heang Fine
Cheong Marn Seng
Yeoh Chong Keat

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those Directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 31st December 2013 are as follows:-

	Number of ordinary shares of RM0.15 each			
	At 1.1.2013 '000	Bought '000	Sold '000	At 31.12.2013 '000
The Company				
Direct interests				
Dato' Lim Kim Huat	87,750	-	-	87,750
Loi Heng Sewn *	28,300	-	-	28,300
Cheong Marn Seng	9	-	-	9

* Held through nominee companies, RHB Nominees (Tempatan) Sdn. Bhd. and DMG & Partners Securities Pte Ltd

By virtue of his substantial shareholding in the Company, Dato' Lim Kim Huat is deemed to have interests in shares in the Company and its related corporations to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965 in Malaysia.

Other than as disclosed in the above, the other Directors holding office at the end of financial year had no interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements), by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

SIGNIFICANT EVENTS

The significant events are disclosed in Note 32 to the financial statements.

AUDITORS

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

On behalf of the Board,

DATO' LIM KIM HUAT
Director

LOI HENG SEWN
Director

Kuala Lumpur
Date: 30th April 2014

STATEMENTS OF FINANCIAL POSITION

as at 31st December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
ASSETS					
Non-current assets					
Investment in subsidiaries	4	-	-	3,000	-
Property, plant and equipment	5	1,078	1,171	60	71
Land held for property development	6(a)	-	28,202	-	-
Investment properties	7	707	2,370	707	723
Intangible assets	8	-	-	-	-
Total non-current assets		1,785	31,743	3,767	794
Current assets					
Inventories	9	4,502	4,481	-	-
Property development costs	6(b)	29,736	-	-	-
Amount owing by contract customers	10	278	2	-	-
Trade and other receivables	11	3,980	4,628	1,029	1,031
Amounts owing by subsidiaries	12	-	-	39,144	39,242
Tax recoverable		86	76	-	-
Deposits with financial institutions	13	8,578	11,897	5,283	9,172
Cash and bank balances		601	438	70	10
Total current assets		47,761	21,522	45,526	49,455
TOTAL ASSETS		49,546	53,265	49,293	50,249
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	39,585	39,585	39,585	39,585
Other reserves	15	572	601	1,636	1,636
Retained profits		7,723	8,762	7,846	8,679
Shareholders' funds		47,880	48,948	49,067	49,900
Non-current liabilities					
Long-term borrowings	16	5	1,252	-	-
Total non-current liabilities		5	1,252	-	-
Current liabilities					
Amount owing to contract customers	10	160	429	-	-
Trade and other payables	19	764	1,834	226	349
Short-term borrowings	16	737	802	-	-
		1,661	3,065	226	349
TOTAL LIABILITIES		1,666	4,317	226	349
TOTAL EQUITY AND LIABILITIES		49,546	53,265	49,293	50,249

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

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31st December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Continuing Operations					
Revenue	20	5,141	5,699	-	-
Cost of sales		(3,763)	(4,347)	-	-
Gross profit		1,378	1,352	-	-
Other income		948	5,722	358	498
Selling and marketing expenses		(15)	(25)	-	-
Administrative expenses		(2,540)	(2,836)	(1,175)	(1,761)
Other expenses		(666)	(7,364)	(16)	(8,312)
Finance costs		(144)	(271)	-	(5)
Loss before taxation from continuing operations		(1,039)	(3,422)	(833)	(9,580)
Taxation	21	-	-	-	-
Loss from continuing operations, net of tax		(1,039)	(3,422)	(833)	(9,580)
Discontinued Operation					
Loss on discontinued operation, net of tax	22	-	(5,035)	-	-
Net loss for the financial year	23	(1,039)	(8,457)	(833)	(9,580)
Other comprehensive expense to be reclassified to profit or loss in subsequent period					
Foreign currency translation		(26)	(2,857)	-	-
Foreign currency translation differences on revaluation reserve		-	4	-	-
Total other comprehensive expense, net of tax		(26)	(2,853)	-	-
Total comprehensive loss for the financial year		(1,065)	(11,310)	(833)	(9,580)
Net loss attributable to:					
Owners of the Company		(1,039)	(8,457)	(833)	(9,580)
Total comprehensive loss attributable to:					
Owners of the Company		(1,065)	(11,310)	(833)	(9,580)
Loss per share attributable to owners of the Company					
- Basic, for loss from continuing operations		(0.39)	(1.34)		
- Basic, for loss from discontinued operation		-	(1.97)		
	24	(0.39)	(3.31)		
- Diluted, for loss from continuing operations		(0.39)	(1.34)		
- Diluted, for loss from discontinued operation		-	(1.97)		
	24	(0.39)	(3.31)		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31st December 2013

Group	Note	Share capital RM'000	Non-Distributable Other reserves RM'000	Distributable (Accumulated losses)/ Retained profits RM'000	Reserve of disposal group classified as held for sale RM'000	Total equity RM'000
At 1st January 2012		23,220	1,431	4,124	15,118	43,893
Net loss for the financial year		-	-	(8,457)	-	(8,457)
Other comprehensive income, net of tax						
Foreign currency translation		-	(2,857)	-	-	(2,857)
Foreign currency translation differences on revaluation reserve		-	-	-	4	4
Total comprehensive loss for the financial year		-	(2,857)	(8,457)	4	(11,310)
Transactions with owners						
Rights issue with free warrants	15	16,365	1,636	(1,636)	-	16,365
Realisation of reserve attributable to disposal group classified as held for sale		-	391	14,731	(15,122)	-
At 31st December 2012		39,585	601	8,762	-	48,948
Net loss for the financial year		-	-	(1,039)	-	(1,039)
Other comprehensive expense, net of tax						
Foreign currency translation		-	(26)	-	-	(26)
Total comprehensive loss for the financial year		-	(26)	(1,039)	-	(1,065)
Transactions with owners						
Reserve reclassified to profit or loss upon strike-off of a subsidiary	15	-	(3)	-	-	(3)
At 31st December 2013		39,585	572	7,723	-	47,880

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31st December 2013 (Continued)

Company	**Note**	**Share capital RM'000**	**Warrants Reserves RM'000**	**Retained profits RM'000**	**Total equity RM'000**
At 1st January 2012		23,220	-	19,895	43,115
Net loss for the financial year		-	-	(9,580)	(9,580)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss for the financial year		-	-	(9,580)	(9,580)
Transactions with owners					
Rights issue with free warrants	15	16,365	1,636	(1,636)	16,365
At 31st December 2012		39,585	1,636	8,679	49,900
Net loss for the financial year		-	-	(833)	(833)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss for the financial year		-	-	(833)	(833)
At 31st December 2013		39,585	1,636	7,846	49,067

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31st December 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Loss before taxation from continuing operations	(1,039)	(3,422)	(833)	(9,580)
Loss before taxation from discontinued operation	-	(5,035)	-	-
	(1,039)	(8,457)	(833)	(9,580)
Adjustments for:				
Bad debts written off	79	35	17	2,817
Depreciation of :				
- property, plant and equipment	152	176	18	43
- investment property	16	49	16	16
Loss on disposal of property, plant and equipment	-	4	-	4
(Gain)/loss on disposal of a subsidiary	-	(4,480)	-	404
Gain on strike-off of a subsidiary	(3)	-	-	-
Impairment loss on:				
- investment of a subsidiary	-	-	-	3,118
- trade and other receivables	579	6,854	-	1,732
(Gain)/loss on foreign exchange:				
- unrealised	(27)	(15)	(33)	32
Gain on disposal of investment property	(138)	-	-	-
Property, plant and equipment written off	-	297	-	123
Write-back of impairment loss on trade and other receivables	(79)	(6)	-	-
Write-back of trade and other payables	(433)	-	(123)	-
Write-down of inventories	-	2,689	-	-
Write-back of provision for Liquidated Ascertained Damages	-	(200)	-	-
Interest expenses	144	704	-	5
Interest income	(260)	(604)	(198)	(423)
Balance c/fwd	(1,009)	(2,954)	(1,136)	(1,709)
Changes in working capital:				
Property development costs	(1,534)	-	-	-
Inventories	(21)	2,478	-	-
Trade and other receivables	(181)	(14,685)	18	(2,724)
Trade and other payables	(910)	9,319	-	(1,417)
	(3,655)	(5,842)	(1,118)	(5,850)
Interest paid	(144)	(704)	-	(5)
Tax paid	(10)	(13)	-	-
Net Operating Cash Flows	(3,809)	(6,559)	(1,118)	(5,855)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31st December 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES:				
Repayment from/(advances to) subsidiaries	-	-	98	(35,611)
Interest received	260	501	198	423
Proceeds from disposal of property, plant and equipment	-	1	-	1
Proceeds from disposal of investment property	1,785	-	-	-
Proceeds from disposal of a subsidiary	-	34,048	-	34,048
Addition to land held for property development	-	(28,202)	-	-
Purchase of property, plant and equipment (Note 25)	(59)	(8)	(7)	-
Purchase of investment property	-	(49)	-	-
Increase in investment in subsidiary	-	-	(3,000)	-
Net Investing Cash Flows	1,986	6,291	(2,711)	(1,139)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment to directors	-	(2,200)	-	-
Proceeds from Rights Issue of shares	-	16,365	-	16,365
Proceeds from term loans	-	49	-	-
Increase/(decrease) in bills payable	136	(6,378)	-	-
Repayment of term loans	(1,338)	(197)	-	(96)
Net repayment of hire purchase obligations	(110)	(192)	-	(3)
Net Financing Cash Flows	(1,312)	7,447	-	16,266
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,135)	7,179	(3,829)	9,272
EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION	(21)	1	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	12,335	5,155	9,182	(90)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9,179	12,335	5,353	9,182
ANALYSIS OF CASH AND CASH EQUIVALENTS:				
Deposits with financial institutions	8,578	11,897	5,283	9,172
Cash and bank balances	601	438	70	10
	9,179	12,335	5,353	9,182

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

1. GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 4 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia, and domiciled in Malaysia.

The registered office of the Company is located at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of the Company is located at Block D4-U2-10, Level 2 Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

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

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

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

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs")

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

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

New FRSs

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement

Revised FRSs

FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investments in Associates and Joint Ventures

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

Amendments/Improvements to FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 7	Financial Instruments: Disclosures
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 101	Presentation of Financial Statements
FRS 116	Property, Plant and Equipment
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting

New IC Int

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

Amendments to IC Int

IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments

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

FRS 10 Consolidated Financial Statements and FRS 127 Separate Financial Statements (Revised)

FRS 10 replaces the consolidation part of the former FRS 127 Consolidated and Separate Financial Statements. The revised FRS 127 will deal only with accounting for investment in subsidiaries, joint controlled entities and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with FRS 139 *Financial Instruments: Recognition and Measurement*.

FRS 10 brings about convergence between FRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of FRS 10 in relation to special purpose entities. FRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control. The Group adopted FRS 10 in the current financial year. The adoption of FRS10 has no significant impact to the financial statements of the Group.

FRS 12 Disclosures of Interests in Other Entities

FRS 12 is a single disclosure standard for interests in subsidiaries, jointly controlled entities, associates and unconsolidated structured entities. The disclosure requirements in this FRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. The requirements in FRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. The adoption of FRS 12 has no significant impact to the disclosure requirements in the financial statements of the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

FRS 13 Fair Value Measurement

FRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a result of the guidance in FRS 13, the Group reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair values measurement of liabilities. Application of FRS13 has not materially impacted the fair value measurements of the Group. FRS 13 requires more extensive disclosures.

FRS 119 Employee Benefits (Revised)

FRS 119 (Revised) eliminates the corridor approach and recognise all actuarial gains and losses in other comprehensive income as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The adoption of FRS 119 has no significant impact to the financial statements of the Group.

Amendments to FRS 101 Presentation of Financial Statements

The amendments to FRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified to profit or loss at future point in time have to be presented separately from items that will not be reclassified.

These amendments also clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1 January 2012.

The amendments also introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'.

The above amendments affect presentation only and have no impact on the Group's financial position or performance.

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

Amendments to FRS 1 requires first-time adopters to apply the requirements FRS 139 *Financial Instruments: Recognition and Measurement* and FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to FRSs and shall not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Entities may choose to apply the requirements of FRS 139 *Financial Instruments: Recognition and Measurement* and FRS 120 to any government loans originated before the date of transition to FRSs retrospectively provided that the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give the first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest.

Amendments to FRS 1 also clarifies that an entity that has applied IFRSs in a previous reporting period, but whose most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with IFRSs, has the option to apply this FRS 1 or apply FRSs retrospectively in accordance with FRS108 *Accounting Policies, Changes in Accounting Estimates and Errors* as if it had never stopped applying IFRSs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

Amendments to FRS 7 Financial Instruments: Disclosures

Amendments to FRS 7 addresses disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

Amendment to FRS 116 Property, Plant and Equipment

Amendment to FRS 116 clarifies that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

Amendments to FRS 10 Consolidated Financial Statements, FRS 11 Joint Arrangements and FRS 12 Disclosure of Interests in Other Entities

Amendments to FRS 10 clarifies that the date of initial application is the beginning of the annual reporting period for which this FRS is applied for the first time. Consequently, an entity is not required to make adjustments to the previous accounting if the consolidation conclusion reached upon the application of FRS 10 is the same as previous accounting or the entity had disposed of its interests in investees during a comparative period. When applying FRS10, these amendments also limit the requirement to present quantitative information required by Paragraph 28(f) of FRS108 *Accounting Policies, Changes in Accounting Estimates and Errors* to the annual period immediately preceding the date of initial application. A similar relief is also provided in FRS 11 and FRS 12. Additionally, entities would no longer be required to provide disclosures for unconsolidated structure entities in periods prior to the first annual period that FRS 12 is applied.

If, upon applying FRS 10, an entity conclude that it shall consolidate an investee that was not previously consolidated and that control was obtained before the effective date of the revised versions of these standards issued by the Malaysian Accounting Standards Board in November 2011, these amendments also clarify that an entity can apply the earlier versions of FRS 3 *Business Combinations* and FRS 127.

These amendments are not expected to have any significant impact on the financial results and position of the Group and the Company.

Amendment to FRS 132 Financial Instruments: Presentation

Amendment to FRS 132 clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with FRS 112 Income Taxes.

Amendment to FRS 134 Interim Financial Reporting

To be consistent with the requirements in FRS 8 *Operating Segments*, the amendment to FRS 134 clarifies that an entity shall disclose the total assets and liabilities for a particular reportable segment only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

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

		Effective for financial periods beginning on or after
New FRS		
FRS 9	Financial Instruments	To be announced by the MASB
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2014
FRS 2	Share-based Payment	1 July 2014
FRS 3	Business Combinations	1 July 2014
FRS 7	Financial Instruments: Disclosures	Applies when FRS 9 is applied
FRS 8	Operating Segments	1 July 2014
FRS 9	Financial Instruments	To be announced by the MASB
FRS 10	Consolidated Financial Statements	1 January 2014
FRS 12	Disclosure of Interests in Other Entities	1 January 2014
FRS 13	Fair Value Measurement	1 July 2014
FRS 116	Property, Plant and Equipment	1 July 2014
FRS 119	Employee Benefits	1 July 2014
FRS 124	Related Party Disclosures	1 July 2014
FRS 127	Separate Financial Statements	1 January 2014
FRS 132	Financial Instruments: Presentation	1 January 2014
FRS 136	Impairment of Assets	1 January 2014
FRS 138	Intangible Assets	1 July 2014
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
FRS 139	Financial Instruments: Recognition and Measurement	Applies when FRS 9 is applied
FRS 140	Investment Property	1 July 2014
New IC Int		
IC Int 21	Levies	1 January 2014

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

FRS 9 Financial Instruments

FRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former FRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

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

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

FRS 9 Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139)

The new hedge accounting model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. The most significant improvements apply to those that hedge non-financial risk, and they are expected to be of particular interest to non-financial institutions. As a result of these changes, users of the financial statements will be provided with better information about risk management and about the effect of hedge accounting on the financial statements. The FRS 9 hedge accounting model, if adopted, applies prospectively with limited exceptions.

As part of the Amendments, an entity is now allowed to change the accounting for liabilities that it has elected to measure at fair value, before applying any of the other requirements in FRS 9. This change in accounting would mean that gains caused by a worsening in the entity's own credit risk on such liabilities are no longer recognised in profit or loss. The Amendments will facilitate earlier application of this long-awaited improvement to financial reporting.

The Amendments also remove the mandatory effective date from FRS 9.

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

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

Amendments to FRS 2 Share-based Payment

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

Amendments to FRS 3 Business Combinations

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

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

Amendments to FRS 8 Operating Segments

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

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

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

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

Amendments to FRS 13 Fair Value Measurement

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

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

Amendments to FRS 116 Property, Plant and Equipment and FRS 138 Intangible Assets

Amendments to FRS 116 and FRS 138 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

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

Amendments to FRS 119 Employee Benefits

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

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

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

Amendments to FRS 124 Related Party Disclosures

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

Amendments to FRS 132 Financial Instruments: Presentation

Amendments to FRS 132 does not change the current offsetting model in FRS 132. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the FRS 132 offsetting criteria.

Amendments to FRS 136 Impairment of Assets

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

Amendments to FRS 139 Financial Instruments: Recognition and Measurement

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

Amendments to FRS 140 Investment Property

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

IC Int 21 Levies

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

(c) MASB Approved Accounting Standards, MFRSs

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. The Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework when the MFRSs framework is mandated by the MASB.

As at 31 December 2013, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 *Agriculture* and IC Int 15 *Agreements for the Construction of Real Estate* as well as differences in effective dates contained in certain of the existing FRSs. As such, other than those as discussed below, the main effects arising from the transition to the MFRSs Framework has been discussed in Note 2.2(b). The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effect may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

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

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 141 Agriculture

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

IC Int 15 Agreements for the Construction of Real Estate

IC Int 15 establishes that the developer will have to evaluate whether control and significant risks and rewards of the ownership of work in progress, can be transferred to the buyer as construction progresses before revenue can be recognised. The Group is currently assessing the impact of the adoption of this Interpretation.

2.3 Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

2.3.1 Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.1 Basis of Consolidation (Continued)

(i) Subsidiaries (Continued)

The Group adopted FRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of FRS 10. The adoption of FRS 10 has no significant impact to the financial statements of the Group.

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

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

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

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

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

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquirees either at fair value or at the proportional share of the acquirees identification net assets at the acquisition date.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.1 Basis of Consolidation (Continued)

(ii) Accounting for business combinations (Continued)

Acquisition between 1st January 2006 and 1st January 2011
For acquisition between 1st January 2006 and 1st January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquire. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1st January 2006
For acquisition prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Accounting for acquisitions of non-controlling interests

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

(iv) Loss of control

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

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the owners of the Company, are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.2 Foreign Currency

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange difference arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the 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.

(iii) Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.3.3 Investment in subsidiaries

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

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

2.3.4 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for recognition and measurement of impairment loss is disclosed in Note 2.3.12(b) to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.4 Property, Plant and Equipment and Depreciation (Continued)

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

Buildings	2% - 4.5%
Plant and machinery	9% - 10%
Motor vehicles	10% 18%
Office and other equipment	10% - 18%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period 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 embodies in the items of the property, plant and equipment.

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

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

2.3.5 Property Development Activities

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

The cost of land under development, related development costs common to whole projects and direct building costs less amounts recognised as expenses in the profit or loss are carried forward in the statement of financial position as property development costs. Revenue and expense recognised in the profit or loss is determined by reference to the stage of completion of the development activity in respect of the development units sold. Any expected loss on development projects, is recognised as expense immediately.

Where revenue recognised on the development units sold exceed the billings to purchasers, the balance is shown as accrued billings under other receivables. Where the billings to purchasers exceed revenue recognised on the development units sold, the balance is shown as progress billings under other payables.

2.3.6 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any identified impairment losses. The policy for recognition and measurement of impairment loss is disclosed in Note 2.3.12(b) to the financial statements.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.6 Investment Properties (Continued)

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

2.3.7 Intangible Assets - Goodwill

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

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit, including allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

As permitted under the transitional provision of FRS 121: The Effects of Changes in Foreign Exchange Rates, goodwill and fair value adjustments arising on the acquisition of foreign operation before and after 1st January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.3.2 (iii).

2.3.8 Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of raw materials comprises the purchase price and incidentals incurred in bringing the raw materials to their present location and condition. Cost of finished goods and work-in-progress included the cost of materials, labour and an appropriate proportion of production overheads.

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

2.3.9 Discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.10 Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.3.11 Financial Instruments

(a) Financial assets

Initial Recognition

Financial assets within the scope of FRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group and the Company determine the classification of its financial assets at initial recognition. Financial assets are recognised on the statement of financial position when, and only when the Group and the Company become a party to the contracted provisions of the financial instruments.

Financial assets are recognised initially at fair value, and in the case of financial assets not at fair value through profit or loss, at fair value plus directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:-

(i) <u>Financial Assets at Fair Value Through Profit or Loss</u>
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the profit or loss.

(ii) <u>Loans and Receivables</u>
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.11 Financial Instruments (Continued)

(a) Financial assets (Continued)

Subsequent Measurement (Continued)

(iii) Held-to-Maturity Financial Assets
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group and the Company have the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity financial assets are subsequently measured at amortised cost using the EIR method less impairment. The losses arising from impairment are recognised in the profit or loss. If the Group and the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale and prevent the Group and the Company from classifying the afore mentioned financial assets as held-to-maturity for the current and the following two financial years. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iv) Available-for-Sale Financial Assets
Available-for-sale financial assets are non-derivative financial assets that are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the profit or loss, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the profit or loss. Available-for-sale financial assets are measured at cost if the fair value of the unquoted equity instrument cannot be reliably measured.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to the profit or loss.

(b) Financial Liabilities

Initial Recognition

Financial liabilities within the scope of FRS 139 are classified as financial liabilities at fair value through profit or loss, or other financial liabilities. Financial liabilities are recognised initially at fair value and in the case of the other financial liabilities, at fair values plus directly attributable transaction costs.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as follows:-

(i) Financial Liabilities at Fair Value Through Profit or Loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the profit or loss.

At the reporting date, the Group and the Company have not designated any financial liabilities at fair value through profit or loss.

(ii) Other financial liabilities
Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.11 Financial Instruments (Continued)

(b) Financial Liabilities (Continued)

Subsequent Measurement (Continued)

(ii) Other financial liabilities (Continued)
Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Any difference between cost and redemption value is being recognised in the profit or loss over the period of the borrowings using the effective interest rate method.

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

Derecognition

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

(c) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified receivable fails to make payment when due.

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

2.3.12 Impairment of Assets

(a) Financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.12 Impairment of Assets (Continued)

(a) Financial assets (Continued)

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

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

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

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

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

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

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

(b) Non-Financial Assets other than goodwill

Non-financial assets other than goodwill ("Non-financial assets") of the Group and of the Company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and or other available fair value indicators.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.12 Impairment of Assets (Continued)

(b) Non-Financial Assets other than goodwill (Continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

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 this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated 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.

2.3.13 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurements is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

(i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
(ii) Level 2 – Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly unobservable
(iii) Level 3 – Valuation techniques for which the lowest input that is significant to the fair value measurement is unobservable.

For the assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.3.14 Cash and Cash Equivalents

For the purposes of the statements of cash flow, cash and cash equivalents include cash in hand and at bank, demand deposits, deposits pledged with financial institutions, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.15 Share Capital and Share Issuance Expenses

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

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

2.3.16 Leases

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

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment.

2.3.17 Provisions for Liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2.3.18 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.3.19 Employee Benefits

(i) Short Term Employee Benefits

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.19 Employee Benefits (Continued)

(ii) Defined Contribution Plans

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

2.3.20 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:-

(i) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.3.10.

(ii) Sales of Goods

Revenue is recognised upon delivery of goods and customers' acceptance, and where applicable, net of returns and trade discounts.

(iii) Interest Income

Interest income is recognised on an accrual basis.

2.3.21 Income Taxes

(i) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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.

(ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.21 Income Taxes (Continued)

(ii) Deferred Tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Unrecognised deferred tax assets are reassessed at each reporting date 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 assets and liabilities are measured at the tax rates that are expected to apply to the year the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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.

2.3.22 Operating Segments

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

2.3.23 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.24 Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries)

(ii) the party is a member of the key management personnel of the entity or its parent;

(iii) the party is a close member of the family of any individual referred to in (i) or (ii);

(iv) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (ii) or (iii); or

(v) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

There were no judgements made by management in the process of applying the Group's accounting policies which have significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

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

(i) Depreciation of Property, Plant and Equipment

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(ii) Income Taxes

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

(iii) Impairment of Non-Financial Assets

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

(iv) Classification between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(v) Contracts

Contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

- *Contract Revenue*

  Contracts accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

- *Contract Costs*

  Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the cost and the profitability of the contract on an individual basis at any particular time.

(vi) Impairment of Loans and Receivables

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(vii) Allowance for Inventories

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

As at reporting date, the Directors of the Company are of the opinion that there is no impact resulting from the impairment review.

(viii) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(ix) Valuation of warrants

The Group and the Company measure the value of the warrants by reference to the fair value at the date which they are granted. The estimation of fair value requires determining the most appropriate valuation model.

This estimate also requires the determination of the most appropriate inputs to the valuation model such as volatility, risk free interest rate, option life and making assumptions about them.

4. INVESTMENT IN SUBSIDIARIES

Unquoted shares, at cost	**2013 RM'000**	**2012 RM'000**
At 1st January	12,825	12,825
Addition during the financial year	3,000	-
At 31st December	15,825	12,825
Accumulated impairment losses		
At 1st January	(12,825)	(9,707)
Impaired during the financial year	-	(3,118)
At 31st December	(12,825)	(12,825)
Net carrying amount as at 31 December	3,000	-

4. INVESTMENT IN SUBSIDIARIES (Continued)

The details of the subsidiaries are as follows:-

Name of subsidiary	Country of Incorporation	Gross Equity Interest 2013 %	Gross Equity Interest 2012 %	Principal Activities
Syarikat Bukit Granite Sdn. Bhd. ("SBG")	Malaysia	100	100	Processing, trading, exporting and contract workmanship of high quality marble and granite slabs and investment holding.
Atlas Rhythm Sdn. Bhd. ("AR")	Malaysia	100	100	Property developement.
Held through SBG				
SBG Trading (Labuan) Ltd. ^+	Malaysia	-	100	Dormant.
Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi ("Montana") ^	Republic of Turkey	100	100	Ceased operations.

^ *Subsidiaries without audited financial statements and Auditor's Reports but the financial statements of these subsidiaries were considered by the auditors for the purposes of the financial statements of the Group.*

\+ *Strike off during the financial year.*

SBG Trading (Labuan) Ltd have been strike off during the financial year.

	Group RM'000
Net assets	-
	-
Transfer from foreign exchange reserves	(3)
Gain on strike-off of a subsidiary	(3)

<u>Subscription of additional shares in wholly – owned subsidiary</u>

During the financial year, SBG increased its paid-up share capital by 3,000,000 new ordinary shares of RM1/- each and this amount is fully subscribed by the Company for a total cash consideration of RM3,000,000/-.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2013	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office and other equipment RM'000	Total RM'000
Cost					
At 1st January 2013	621	1,322	537	622	3,102
Additions	-	11	-	48	59
Disposals	-	-	-	-	-
Written off	-	-	-	-	-
At 31st December 2013	621	1,333	537	670	3,161
Accumulated depreciation					
At 1st January 2013	163	1,029	272	467	1,931
Depreciation for the financial year	13	55	45	39	152
Disposals	-	-	-	-	-
Written off	-	-	-	-	-
At 31st December 2013	176	1,084	317	506	2,083
Net book value as at 31st December 2013	445	249	220	164	1,078

Group 2012	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office and other equipment RM'000	-progress RM'000	Total RM'000
Cost						
At 1st January 2012	621	1,322	537	916	174	3,570
Additions	-	-	-	8	-	8
Disposals	-	-	-	(9)	-	(9)
Written off	-	-	-	(293)	(174)	(467)
At 31st December 2012	621	1,322	537	622	-	3,102
Accumulated depreciation						
At 1st January 2012	151	969	227	582	-	1,929
Depreciation for the financial year	12	60	45	59	-	176
Disposals	-	-	-	(4)	-	(4)
Written off	-	-	-	(170)	-	(170)
At 31st December 2012	163	1,029	272	467	-	1,931
Net book value as at 31st December 2012	458	293	265	155	-	1,171

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

Company **2013**	**Motor vehicles RM'000**	**Office and Other equipment RM'000**	**Total RM'000**
Cost			
At 1st January 2013	163	12	175
Additions	-	7	7
Disposals	-	-	-
Written off	-	-	-
At 31st December 2013	163	19	182
Accumulated depreciation			
At 1st January 2013	98	6	104
Depreciation for the financial year	16	2	18
Disposals	-	-	-
Written off	-	-	-
At 31st December 2013	114	8	122
Net book value as at 31st December 2013	49	11	60
2012			
Cost			
At 1st January 2012	163	314	477
Disposals	-	(9)	(9)
Written off	-	(293)	(293)
At 31st December 2012	163	12	175
Accumulated depreciation			
At 1st January 2012	81	154	235
Depreciation for the financial year	17	26	43
Disposals	-	(4)	(4)
Written off	-	(170)	(170)
At 31st December 2012	98	6	104
Net book value as at 31st December 2012	65	6	71

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

(a) Included in the buildings of the Group with net book value of RM444,831/- (2012 : RM457,000/-) is an asset being constructed on a piece of leasehold land belonging to a third party.

(b) The net book value of the property, plant and equipment of the Group and of the Company at the end of the reporting period acquired under hire purchase terms were as follows:-

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Plant and machinery	135	158	-	-
Motor vehicles	220	265	49	65
	355	423	49	65

6. **LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS**

(a) **Land held for property development**

	2013 RM'000	**2012 RM'000**
At the beginning of the financial year		
- land	28,202	-
	28,202	-
Add: Costs incurred during the financial year		
- land	-	28,202
- development costs	1,534	-
	1,534	28,202
Less: Transfer to property development costs (Note 6(b))		
- land	(28,202)	-
- development costs	(1,534)	-
	(29,736)	-
At the end of the financial year		
- land	-	28,202
- development costs	-	-
	-	28,202

6. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (Continued)

(b) Property development costs

	2013 RM'000
At the beginning of the financial year	
- land	-
- development costs	-
	-
Transfer from land held for property (Note 6(a))	
- land	28,202
- development costs	1,534
	29,736
At the end of the financial year	
- land	28,202
- development costs	1,534
	29,736

7. INVESTMENT PROPERTIES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Freehold buildings, at cost:-				
At 1st January	2,484	2,435	804	804
Addition	-	49	-	-
Disposal	(1,680)	-	-	-
At 31st December	804	2,484	804	804
Accumulated depreciation:-				
At 1st January	(114)	(65)	(81)	(65)
Depreciation during the financial year	(16)	(49)	(16)	(16)
Disposal	33	-	-	-
At 31st December	(97)	(114)	(97)	(81)
Net book value as at 31st December	707	2,370	707	723
At fair value	1,279	3,802	1,279	1,157

The investment properties have been pledged as security for banking facilities granted to the Group and the Company as disclosed in Note 18 to the financial statements. The fair value of the investment properties is classified within level 3 of the fair value hierarchy.

8. INTANGIBLE ASSETS – GOODWILL

	Group 2013 RM'000	Group 2012 RM'000
At cost:-		
At 1st January	1,477	48,878
Disposal of a subsidiary	-	(47,401)
At 31st December	1,477	1,477
Accumulated impairment losses:-		
At 1st January	(1,477)	(48,878)
Disposal of a subsidiary	-	47,401
At 31st December	(1,477)	(1,477)
Net carrying amount		
At 31st December	-	-

9. INVENTORIES

	Group 2013 RM'000	Group 2012 RM'000
At cost:-		
Finished goods	2,862	3,169
Goods-in-transit	417	-
	3,279	3,169
At net realisable value:-		
Finished goods	1,223	1,312
	4,502	4,481

10. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	Group 2013 RM'000	Group 2012 RM'000
Amount owing by:-		
Cost of contracts	3,092	172
Attributable profit recognised to date	1,280	66
	4,372	238
Less: Progress billings	(4,094)	(236)
	278	2

10. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	Group 2013 RM'000	Group 2012 RM'000
Amount owing to:-		
Cost of contracts	6,405	8,329
Attributable profit recognised to date	1,442	2,076
	7,847	10,405
Less: Progress billings	(8,007)	(10,834)
	(160)	(429)

11. TRADE AND OTHER RECEIVABLES

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Trade receivables	4,212	4,798	-	-
Less: Allowance for impairment	(1,865)	(2,014)	-	-
	2,347	2,784	-	-
Other receivables				
Other receivables	3,044	3,192	2,640	2,754
Deposits	1,455	1,049	9	8
Prepayments	30	29	3	1
	4,529	4,270	2,652	2,763
Less: Allowance for impairment	(2,896)	(2,426)	(1,623)	(1,732)
	1,633	1,844	1,029	1,031
Total trade and other receivables	3,980	4,628	1,029	1,031

(a) Trade receivables

The Group's normal trade credit terms range from 30 to 60 (2012: 30 to 60) days. Other credit terms are assessed and approved based on a case-by-case basis.

The movement in allowance for impairment is as follows:-

	Group 2013 RM'000	Group 2012 RM'000
At 1st January	(2,014)	(630)
Addition during the financial year	-	(1,653)
Write-back during the financial year	79	32
Written off dring the financial year	59	239
Foreign exchange translation differences	11	(2)
At 31st December	(1,865)	(2,014)

11. TRADE AND OTHER RECEIVABLES (Continued)

(b) Other receivables

The movement in allowance for impairment is as follows:-

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At 1st January	(2,426)	(634)	(1,732)	(634)
Addition during the financial year	(579)	(2,426)	-	(1,732)
Written off during the financial year	109	634	109	634
At 31st December	(2,896)	(2,426)	(1,623)	(1,732)

12. AMOUNTS OWING BY SUBSIDIARIES

Amounts owing by subsidiaries are non-trade, unsecured, interest free and are repayable on demand.

13. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits placed with				
- licensed bank	7,667	11,897	5,283	9,172
- other corporation	911	-	-	-
	8,578	11,897	5,283	9,172

The fixed deposits with licensed banks of the Group have been pledged to banks as security for banking facilities granted to the Group as disclosed in Note 16 to the financial statements.

The effective interest rates of the fixed deposits with licensed banks ranged from 2.50% to 3.20% (2012: 2.30% to 3.20%) per annum at the end of the reporting period. The fixed deposits have a maturity period of 1 year (2012: 1 year).

The effective interest rate of the deposits with other corporation at 2.97% per annum at the end of the reporting period.

14. SHARE CAPITAL

	Group and Company			
	2013		2012	
	Number of Shares Unit'000	RM'000	Number of Shares Unit'000	RM'000
Ordinary shares of RM0.15 each				
Authorised:				
At the beginning/end of the financial year	490,000	490,000	490,000	490,000
Issued and fully paid:				
At the beginning the financial year	263,900	39,585	154,800	23,220
Add: Rights issue with free warrants	-	-	109,100	16,365
At the end of the financial year	263,900	39,585	263,900	39,585

15. OTHER RESERVES

Group	Note	Foreign currency translation reserve RM'000	Reserve fund RM'000	Warrant reserve RM'000	Total RM'000
At 1st January 2012		(1,778)	3,209	-	1,431
Arising from the current financial year		(2,857)	-	-	(2,857)
Realisation of reserve of a disposal group held for sale		3,600	(3,209)	-	391
Rights issue with free warrants	14	-	-	1,636	1,636
At 31st December 2012		(1,035)	-	1,636	601
Arising from the current financial year		(26)	-	-	(26)
Reserve reclassified to profit or loss upon strike-off of a subsidiary		(3)	-	-	(3)
At 31st December 2013		(1,064)	-	1,636	572

(a) Foreign Currency Translation Reserve

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

(b) Reserve Fund

In accordance with the regulations applicable to a foreign investment enterprise in China, SGMG a former wholly-owned subsidiary of the Company is required to appropriate 10% of its profit to a reserve fund before any dividend declaration. The reserve fund can be used to offset accumulated losses and to increase capital upon approval by the relevant government authority. The appropriation is required until the cumulative total of the statutory reserve fund reaches 50% of the subsidiary's registered capital. This reserve is not available for dividend distributable to shareholders.

(c) Warrant reserve

	Warrant Reserve RM'000
At 1st January 2012/December 2012	1,636

Fair value of warrants and assumptions

	RM
Fair value of warrants at issue date	0.075
Exercise price	0.15
Expected volatility (weighted average volatility)	94%
Option life (expected weighted average life)	5 years
Risk-free interest rate (based on rates of 5 years Malaysian) government bonds)	4.088%

16. BORROWINGS

	Group	
	2013	**2012**
	RM'000	**RM'000**
Short term borrowings		
Term loans (Note 18)	-	171
Bankers' acceptances	657	521
Hire purchase payables (Note 17)	80	110
	737	802
Long term borrowings		
Term loans (Note 18)	-	1,167
Hire purchase payables (Note 17)	5	85
	5	1,252
Total loans and borrowings	742	2,054

The bankers' acceptance are secured by:-

(a) A pledge of the fixed deposits with licensed banks as disclosed in Note 13 to the financial statements; and
(b) A corporate guarantee of the Company.

17. HIRE PURCHASE PAYABLES

	Group	
	2013	**2012**
	RM'000	**RM'000**
Future minimum lease payments:-		
- not later than one year	83	119
- later than one year but not later than five years	5	88
	88	207
Less: Future finance charges	(3)	(12)
Present value of finance lease liabilities	85	195
Represented by:-		
Current		
- not later than one year	80	110
Non-current		
- later than one year but not later than five years	5	85
	85	195

18. TERM LOANS

	Group 2013 RM'000	Group 2012 RM'000
Within the next twelve months	-	171
After the next twelve months		
- not later than two years	-	181
- later than two years but not later than five years	-	986
	-	1,167
	-	1,338

The term loan of the Group is secured by:-

(a) A legal charge over a freehold property as disclosed in Note 7 to the financial statements; and

(b) A corporate guarantee of the Company for RM1,440,000/-.

The term loan of the Group has been fully settled during the financial year.

19. TRADE AND OTHER PAYABLES

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Trade payables	(a)	244	995	-	-
Other payables, deposits and accruals					
Other payables		251	470	78	237
Deposits		-	213	-	-
Accruals	(b)	269	156	148	112
		520	839	226	349
		764	1,834	226	349

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 60 days (2012: 30 to 60 days).

(b) Accruals

Included in accruals was accruals for directors' fee and directors' salary amounting to RM41,000/- (2012: RM35,000/-) and RM Nil (2012: RM8,000/-) respectively.

20. REVENUE

	Group 2013 RM'000	Group 2012 RM'000
Sale of marble slabs and blocks	1,531	962
Contract revenue	3,610	4,737
	5,141	5,699

21. TAXATION

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Loss before taxation				
- Continuing operations	(1,039)	(3,422)	(833)	(9,580)
- Discontinued operation	-	(5,035)	-	-
	(1,039)	(8,457)	(833)	(9,580)
Tax at applicable statutory tax rate of 25% (2012: 25%)	260	2,114	208	2,395
Tax effects arising from:				
- non-taxable income	93	1,226	-	-
- non-deductible expenses	(380)	(2,878)	(208)	(2,395)
- deferred tax assets not recognised during the financial year	27	(462)	-	-
Tax expense for the financial year	-	-	-	-

No deferred tax assets were recognised at the end of the reporting period on the following items:-

	Group	
	2013 RM'000	2012 RM'000
Property, plant and equipment	308	262
Unabsorbed capital allowances	(7,846)	(7,896)
Unutilised tax losses	(118)	(131)
	(7,656)	(7,765)

22. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In previous financial year, the Company has announced the decision to dispose of wholly owned subsidiary, Shanghai Ge Fung Marble & Granite Co Ltd ("SGMG") to Liuquan Group Stocks Limited ("Purchaser") for a total consideration of RMB69 million, which is approximately RM34.45 million.

The disposal will raise gross cash proceeds of RMB69 million or equivalent to approximately RM34.45 million to the Group. An amount of RM25 million will be set aside for venture into new businesses including property development which may include acquisition of strategic investments and/or strategic collaborations, joint ventures or alliances. On 29th March 2012, the Company has announced the proposal to acquire the land for a cash consideration of RM27,312,500/- and proposed diversification of the business of the Group into property development and property investment. The disposal of SGMG has been completed on 21st September 2012.

The disposal had the following effects on the financial position of the Group as at 31 December 2012.

22. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

	Group RM'000
Assets:	
Property, plant and equipment	25,778
Inventories	17,760
	43,538
Liabilities:	
Deferred tax liabilities	3,766
Bank Borrowings	7,243
	11,009
Net assets disposed of	32,529
Realisation of foreign exchange reserves	(2,961)
	29,568
Total consideration received from the disposal	(34,048)
Gain on disposal of subsidiary	(4,480)

The effect of disposal on cash flow is as follows:

Consideration received from disposal	(34,048)
Less: Cash and cash equivalents of SGMG disposed of	-
Net cash inflow from disposal of subsidiary	(34,048)

23. NET LOSS FOR THE FINANCIAL YEAR

Net loss for the financial year have been arrived at:-

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
After charging/(crediting):-				
Audit fee				
- current year	48	51	32	35
- prior year	-	-	-	(1)
Bad debts written off				
- trade and other receivables	79	35	17	-
- subsidiary	-	-	-	2,817
Depreciation of investment property	16	49	16	16
Depreciation of property, plant and equipment	152	176	18	43
Directors' fee				
- current year	164	129	164	129
- prior year	-	(36)	-	(36)
Directors non-fee emoluments				
- current year	135	290	135	290
- prior year	-	(235)	-	(235)
Impairment loss on:-				
- investment in a subsidiary	-	-	-	3,118
- trade and other receivables	579	6,854	-	1,732

23. NET LOSS FOR THE FINANCIAL YEAR (Continued)

Net loss for the financial year have been arrived at (Continued):-

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
After charging/(crediting) (Continued):-				
Interest expense:-				
- bank overdrafts	-	24	-	2
- bills payable	50	147	-	-
- hire purchase	9	18	-	-
- term loans	85	82	-	3
- others	-	433	-	-
Interest income	(260)	(501)	(198)	(423)
Interest income on receivables financial assets	-	(103)	-	-
Gain on disposal of investment property	(138)	-	-	-
Loss/(gain) on foreign exchange:-				
- realised	6	146	3	-
- unrealised	(27)	(15)	(33)	32
Loss on disposal of property, plant and equipment	-	4	-	4
(Gain)/loss on disposal of a subsidiary	-	(4,480)	-	404
Gain on strike-off of a subsidiary	(3)	-	-	-
Property, plant and equipment written off	-	297	-	123
Rental income from investment property	-	(10)	-	-
Rental of premises	257	350	-	60
Staff cost:				
- salaries, wages, bonuses and allowances	1,554	1,529	480	497
- defined contribution plan	154	134	57	53
- other benefits	40	29	5	4
Write-down of inventories	-	2,689	-	-
Bad debts recovered	-	(87)	-	(60)
Write-back of trade and other payables	(433)	-	(123)	-
Write-back of impairment loss on trade and other receivables	(79)	(6)	-	-
Write-back of provision for Liquidated Ascertained Damages	-	(200)	-	-

24. LOSS PER SHARE

	Group	
	2013 RM'000	2012 RM'000
Loss, net of tax attributable to owners of the Company	(1,039)	(8,457)
Add back:		
Loss from discontinued operation, net of tax, attributable to owners of the Company	-	(5,035)
Loss, net of tax from continuing operations attributable to owners of the Company used in the computation of basic loss per share	(1,039)	(3,422)

	Number of shares	
	Unit'000	Unit'000
Weighted average number of ordinary shares on issue	263,900	255,808

24. LOSS PER SHARE

	Group	
	2013 RM'000	2012 RM'000
Loss per share for the financial year (sen)		
- Basic, for loss from continuing operations	(0.39)	(1.34)
- Basic, for loss from discontinued operation	-	(1.97)
	(0.39)	(3.31)
Loss per share for the financial year (sen)		
- Diluted, for loss from continuing operations	(0.39)	(1.34)
- Diluted, for loss from discontinued operation	-	(1.97)
	(0.39)	(3.31)

Diluted (loss)/earnings per ordinary share

The diluted (loss)/earnings per ordinary share calculation is not disclosed as the potential ordinary shares arising from the exercise of free warrants at fair value have anti-dilutive effects.

25. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cost of property, plant and equipment purchased	59	8	7	-
Cash disbursed for purchase of property, plant and equipment	59	8	7	-

26. DIRECTORS' REMUNERATION

(a) The aggregate amounts of remuneration received and receivables by the Directors of the Group and the Company during the financial year are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Executive Directors' remuneration				
- Salaries, bonus and other emoluments	121	342	121	342
- Defined contribution plans	14	40	14	40
	135	382	135	382
Executive Directors' remuneration of subsidiaries:-				
- Salaries, bonus and other emoluments	-	-	-	-
Total	-	-	-	-
Total Directors' non-fee emoluments	135	382	135	382
Non-executive Directors' fee	164	93	164	93
Total Directors' remuneration including benefits-in-kind	299	475	299	475

26. DIRECTORS' REMUNERATION (Continued)

The number of Directors of the Group and of the Company at the end of the financial year whose total remuneration during the financial year fell within the following bands are analysed below:-

	Group	
	2013	**2012**
Executive Directors		
RM100,000 - RM250,000	1	2
RM250,001 - RM300,000	-	-
RM400,001 - RM450,000	-	-
Non-executive Directors		
Below RM50,000	4	3
	5	5

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identification of Related Parties

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

Related parties of the Company include:-

(i) Subsidiaries;
(ii) The Directors who are the key management personnel; and
(iii) An entity controlled by the Directors.

(b) Significant related party transactions and balances

Significant related party transaction other than disclosed in the financial statements are as follows:-

	Group	
	2013 RM'000	**2012 RM'000**
Sales of stones and provision of contract workmansip and other related services to a company in which a Director has interest in	895	2,235

Individually significant outstanding balances arising during the financial year from transactions other than normal trade transactions with related parties are as follows:

	Company	
	2013 RM'000	**2012 RM'000**
Amount due from subsidiaries	39,144	39,242

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel

The remuneration of the key management personnel during the financial year is as follows:-

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Key management personnel compensation including directors' remuneration:				
- Short term employee benefits	812	961	620	772

28. OPERATING SEGMENTS

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

The Group is organised into 4 main business segments as follows:

(i) Manufacturing segment – involved in processing, trading, exporting and trading of marble blocks.

(ii) Trading segment – involved in trading of marble blocks.

(iii) Investment holding – involved in investment holding.

(iv) Property development segment – involved in property development activity.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measures differently from operating profit or loss in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

28. OPERATING SEGMENTS (Continued)

(i) BUSINESS SEGMENTS

2013	Manufacturing RM'000	Trading RM'000	Investment Holding RM'000	Property Development RM'000	Group RM'000
Revenue					
External customer	5,141	-	-	-	5,141
Inter-segment	-	-	-	-	-
	5,141	-	-	-	5,141
Adjustments and eliminations					-
Consolidated revenue					5,141
Results					
Segment results	114	-	(1,103)	(40)	(1,029)
Interest income	50	-	198	12	260
Other material items of income	527	-	123	-	650
Depreciation of property, plant and equipment and investment property	(132)	-	(34)	(2)	(168)
Other non-cash expenses	(62)	(579)	(17)	-	(658)
	497	(579)	(833)	(30)	(945)
Finance costs					(144)
Income tax expense					-
Consolidated loss after taxation					(1,089)
Assets					
Segment assets	11,604	19	7,149	30,688	49,460
Unallocated assets					86
Consolidated total assets					49,546
Liabilities					
Segment liabilities	1,423	14	226	3	1,666
Consolidated total liabilities					1,666
Other segment items					
Additions to non-current assets other than financial instruments:-					
- property, plant and equipment	12	-	7	40	59

28. OPERATING SEGMENTS (Continued)

(i) BUSINESS SEGMENTS (Continued)

2012	Manufacturing RM'000	Trading RM'000	Investment Holding RM'000	Property Development RM'000	Group RM'000
Revenue					
External customer	8,013	-	-	-	8,013
Inter-segment	-	-	-	-	-
	8,013	-	-	-	8,013
Adjustments and eliminations					-
Consolidated revenue					8,013
Results					
Segment results	(919)	(5)	(1,740)	(12)	(2,676)
Interest income	78	-	423	-	501
Other material items of income	10	-	4,480	-	4,490
Depreciation of property, plant and equipment and investment property	(166)	-	(59)	-	(225)
Other non-cash expenses	(7,984)	-	(1,860)	-	(9,844)
	(8,981)	(5)	1,244	(12)	(7,754)
Finance costs					(703)
Income tax expense					-
Consolidated loss after taxation					(8,457)
Assets					
Segment assets	13,353	627	11,006	28,203	53,189
Unallocated assets					76
Consolidated total assets					53,265
Liabilities					
Segment liabilities	3,950	16	349	2	4,317
Consolidated total liabilities					4,317
Other segment items					
Additions to non-current assets other than financial instruments:-					
- property, plant and equipment	8	-	-	-	8

28. OPERATING SEGMENTS (Continued)

(i) BUSINESS SEGMENTS (Continued)

Reconciliation of reported revenue and profit or loss

	2013 RM'000	2012 RM'000
Revenue		
Total revenue for reportable segment	5,141	8,013
Revenue of discontinued operation	-	(2,314)
Consolidated revenue	5,141	5,699
Profit or loss		
Total profit or loss for reportable segment	(1,089)	(8,457)
Loss on discontinued operation	-	5,035
Realisation of reserves on strike-off of subsidiary	47	-
Gain on strike-off of subsidiary	3	-
Loss from continuing operations, net of tax	(1,039)	(3,422)

(a) Other material items of income consist of the following:-

	Group	
	2013 RM'000	2012 RM'000
Rental income from investment property	-	10
Gain on disposal of a subsidiary	-	4,480
Gain on disposal of property, plant and equipment	138	-
Write off of trade and other payables	433	-
Write-back of impairment loss on trade and other receivables	79	-
	650	4,490

(b) Other non cash expenses consist of the following:-

	Group	
	2013 RM'000	2012 RM'000
Impairment loss on trade and other receivables	579	6,854
Loss on disposal of property, plant and equipment	-	4
Property, plant and equipment written off	-	297
Write-down of inventories	-	2,689
Bad debts written off	79	-
	658	9,844

28. OPERATING SEGMENTS (Continued)

(ii) GEOGRAPHICAL INFORMATION

	Revenue		Non-current assets	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Malaysia	4,075	5,699	1,785	31,743
China	-	2,314	-	-
Singapore	1,066	-	-	-
	5,141	8,013	1,785	31,743

(iii) MAJOR CUSTOMERS

Revenue from two major customers contributed an aggregate revenue of RM2,019,000/- (2012: RM1,942,000/-) of the Group's total revenue in the manufacturing segment.

29. FINANCIAL GUARANTEE

	Group	
	2013 RM'000	2012 RM'000
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary	657	1,859

30. FOREIGN EXCHANGE RATES

	The Group	
	2013 RM	2012 RM
United States Dollar	3.16	3.05
Euro		
Chinese Renminbi	0.54	0.50
New Turkish Lira	1.54	1.70
Singapore Dollar	2.59	-

31. FINANCIAL INSTRUMENTS

(a) Financial Risk Management and Objectives

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

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to these risks are primarily United States Dollar, Chinese Renminbi and New Turkish Lira. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

31. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(i) Foreign currency risk (Continued)

The currency exposure profile of the Group is as follows:-

Group 2013	United States Dollar RM'000	Chinese Renminbi RM'000	Singapore Dollar RM'000	New Turkish Lira RM'000	Ringgit Malaysia RM'000	Total RM'000
Financial assets						
Trade receivables	-	-	365	-	1,982	2,347
Other receivables *	2	679	-	-	440	1,121
Deposits with financial institutions	-	-	-	-	8,578	8,578
Cash and bank balances	-	-	-	17	584	601
	2	679	365	17	11,584	12,647
Financial liabilities						
Trade payables	-	-	-	-	244	244
Other payables, deposit and accruals	12	-	-	13	495	520
Bank acceptance	-	-	-	-	657	657
Hire purchase payables	-	-	-	-	85	85
	12	-	-	13	1,481	1,506
Net financial assets/(liabilities)	(10)	679	365	4	10,103	11,141
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	-	-	-	(4)	(10,103)	(10,107)
Currency exposure	(10)	679	365	-	-	1,034

* *Exclude deposits and prepayments*

31. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(i) Foreign currency risk (Continued)

Group 2012	United States Dollar RM'000	Chinese Renminbi RM'000	Singapore Dollar RM'000	New Turkish Lira RM'000	Ringgit Malaysia RM'000	Total RM'000
Financial assets						
Trade receivables	-	-	-	-	2,784	2,784
Other receivables *	4	972	-	311	173	1,460
Deposits with financial institutions	-	-	-		11,897	11,897
Cash and bank balances	-	-	-	19	419	438
	4	972	-	330	15,273	16,579
Financial liabilities						
Trade payables	42	-	-	-	953	995
Other payables, deposit and accruals	12	-	-	13	814	839
Bankers' acceptance	-	-	-	-	521	521
Term loans	-	-	-	-	1,338	1,338
Hire purchase payables	-	-	-	-	195	195
	54	-	-	13	3,821	3,888
Net financial (liabilities)/assets	(50)	972	-	317	11,452	12,691
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	-	-	-	(317)	(11,452)	(11,769)
Currency exposure	(50)	972	-	-	-	922

* *Exclude deposits and prepayments*

31. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(i) Foreign currency risk (Continued)

Company **2013**	**Chinese Renminbi RM'000**	**Ringgit Malaysia RM'000**	**Total RM'000**
Financial assets			
Amount owing by subsdiaries	-	39,144	39,144
Other receivables *	679	338	1,017
Deposits with financial institutions	-	5,283	5,283
Cash and bank balances	-	70	70
	679	44,835	45,514
Financial liabilities			
Other payables and accruals	-	226	226
	-	226	226
Net financial assets	679	44,609	45,288
Less: Net financial (assets) denominated in the entity's functional currencies	-	(44,609)	(44,609)
	679	-	679
2012			
Financial assets			
Amount owing by subsdiaries	-	39,242	39,242
Other receivables *	972	50	1,022
Deposits with financial institutions	-	9,172	9,172
Cash and bank balances	-	10	10
	972	48,474	49,446
Financial liabilities			
Other payables and accruals	-	349	349
	-	349	349
Net financial assets	972	48,125	49,097
Less: Net financial (assets) denominated in the entity functional currencies	-	(48,125)	(48,125)
Currency exposure	972	-	972

* *Exclude deposits and prepayments*

31. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(i) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	Group 2013 Increase/ (Decrease) RM'000	Group 2012 Increase/ (Decrease) RM'000
Effects on profit after taxation		
United States Dollar:-		
- strengthened by 5%	(1)	(2)
- weakened by 5%	1	2
Chinese Renminbi:-		
- strengthened by 5%	34	49
- weakened by 5%	(34)	(49)
Singapore Dollar:-		
- strengthened by 5%	18	-
- weakened by 5%	(18)	-
Effects on equity		
United States Dollar:-		
- strengthened by 5%	(1)	(2)
- weakened by 5%	1	2
Chinese Renminbi:-		
- strengthened by 5%	34	49
- weakened by 5%	(34)	(49)
United Arab Emirates Dirham:-		
- strengthened by 5%	18	-
- weakened by 5%	(18)	-

	Company 2013 Increase/ (Decrease) RM'000	Company 2012 Increase/ (Decrease) RM'000
Effects on profit after taxation		
Chinese Renminbi:-		
- strengthened by 5%	34	49
- weakened by 5%	(34)	(49)
Effects on equity		
Chinese Renminbi:-		
- strengthened by 5%	34	49
- weakened by 5%	(34)	(49)

31. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(ii) Interest rate risk

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

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 31(a)(ii).

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Fixed rate instruments				
Deposits with financial institutions	8,578	11,897	-	-
Hire purchase payables	(85)	(195)	-	-
	8,493	11,702	-	-
Floating rate instruments				
Term loan	-	(1,338)	-	-
Bankers' acceptance	(657)	(521)	-	-
	(657)	(1,859)	-	-

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	Group	
	2013 Increase/ (Decrease) RM'000	2012 Increase/ (Decrease) RM'000
Effects on profit after taxation		
Increase of 100 basis points (bp)	(7)	(19)
Decrease of 100 bp	7	19
Effects on equity		
Increase of 100 bp	(7)	(19)
Decrease of 100 bp	7	19

31. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(iii) Credit Risk

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

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

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two (2012: two) customers which constituted approximately 39% (2012: 40%) of its trade receivables as at the end of the reporting period.

Exposure to credit risk

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

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

	The Group	
	2013 RM'000	**2012 RM'000**
Malaysia	1,982	2,784
Singapore Dollar	365	-
	2,347	2,784

Ageing analysis

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

	Gross Amount RM'000	**Individual Impairment RM'000**	**Carrying Value RM'000**
Group			
2013			
Not past due	186	-	186
Past due:-			
- less than 3 months	428	-	428
- 3 to 6 months	104	-	104
- over 6 months	3,494	(1,865)	1,629
	4,212	(1,865)	2,347

31. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(iii) Credit Risk (Continued)

Ageing analysis

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
Group			
2012			
Not past due	370	(4)	366
Past due:-			
- less than 3 months	300	-	300
- 3 to 6 months	793	(72)	721
- over 6 months	3,335	(1,938)	1,397
	4,798	(2,014)	2,784

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

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

Financial assets that are past due but not impaired

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

Financial assets that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 1 year, which are deemed to have higher credit risk, are monitored individually.

(iv) Liquidity Risk

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

31. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(iv) Liquidity Risk (Continued)

Maturity analysis

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

2013	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within one year RM'000	One to five years RM'000	Over five years RM'000
Group						
Financial liabilities						
Trade and other payables		764	764	764	-	-
Banker acceptance	1.75% above bank cost	657	657	657	-	-
Hire purchase payables	5.15% - 7.91%	85	88	83	5	-
		1,506	1,509	1,504	5	-
Company						
Financial liabilities						
Other payables and accruals		226	226	226	-	-
		226	226	226	-	-
2012						
Group						
Financial liabilities						
Trade and other payables		1,834	1,834	1,834	-	-
Banker acceptance	1.75% above bank cost	521	521	521	-	-
Term loans	5.60%	1,338	1,685	241	1,203	241
Hire purchase payables	5.15% - 7.91%	195	207	119	88	-
		3,888	4,247	2,715	1,291	241
Company						
Financial liabilities						
Other payables and accruals		349	349	349	-	-
		349	349	349	-	-

31. FINANCIAL INSTRUMENTS (Continued)

(b) Classification of Financial Instruments

Group	Loans and receivables RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
2013			
Financial Assets			
Trade and other receivables *	3,468	-	3,468
Deposits with financial institutions	8,578	-	8,578
Cash and bank balances	601	-	601
	12,647	-	12,647

** Exclude deposits and prepayments*

Group	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
2013			
Financial Liabilities			
Trade and other payables	-	764	764
Banker acceptance	-	657	657
Hire purchase payabales	-	85	85
	-	1,506	1,506
2012			
Financial Assets			
Trade and other receivables *	4,244	-	4,244
Deposits with financial institutions	11,897	-	11,897
Cash and bank balances	438	-	438
	16,579	-	16,579
Financial Liabilities			
Trade and other payables	-	1,834	1,834
Banker acceptance	-	521	521
Term loans	-	1,338	1,338
Hire purchase payabales	-	195	195
	-	3,888	3,888

** Exclude deposits and prepayments*

31. FINANCIAL INSTRUMENTS (Continued)

(b) Classification of Financial Instruments (Continued)

Company 2013	**Loans and receivables RM'000**	**Financial liabilities at amortised cost RM'000**	**Total RM'000**
Financial Assets			
Amount owing by subsidiaries	39,144	-	39,144
Other receivables *	1,017	-	1,017
Deposits with financial institutions	5,283	-	5,283
Cash and bank balances	70	-	70
	45,514	-	45,514
Financial Liabilities			
Trade and other payables	-	226	226
	-	226	226
2012			
Financial Assets			
Amount owing by subsidiaries	39,242	-	39,242
Other receivables *	1,022	-	1,022
Deposits with financial institutions	9,172	-	9,172
Cash and bank balances	10	-	10
	49,446	-	49,446
Financial Liabilities			
Trade and other payables	-	349	349
	-	349	349

* *Exclude deposits and prepayments*

(c) Fair values

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

The following summarises the method used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short term maturity of the financial instruments.

(ii) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

As the financial asset and financial liabilities of the Group and the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 12th July 2013, the Company announced that SBG Trading (Labuan) Ltd, a wholly-owned subsidiary of the AbleGroup Berhad, had been struck off from the register of Labuan Financial Services Authority ("LFSA"), Federal Territory of Labuan, Malaysia under Section 151(4) of the Labuan Companies Act 1990 on 16 June 2013. However, the struck-off will not have any material effect on the earnings or net assets of AbleGroup Berhad for the financial year ended 31 December 2013.

(b) On 20th September 2013, the Company announced that the sale and purchase agreement ("SPA") for the Proposed Land Acquisition between Syarikat Bukit Granite Sdn Bhd ("Purchaser"), Goldmount Resources Sdn Bhd ("Vendor") and Cergas Kuat Sdn Bhd ("Proprietor") have been cancelled due to non-fulfilment of the conditions precedent stipulated under Clause 3 of the SPA as the Purchaser was unable to obtain approval from the relevant authority for the development order. Besides that, the deposit paid amounting to RM494,533/- have been refunded to SBG during the financial year.

33. CAPITAL MANAGEMENT

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

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

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

	Group	
	2013	**2012**
	RM'000	**RM'000**
Term loans	-	1,338
Hire purchase payables	85	195
Trade and other payables	764	1,834
Bankers' acceptances	657	521
Less: Deposits with financial institutions	(8,578)	(11,897)
Less: Cash and bank balances	(601)	(438)
Net debt	(7,673)	(8,447)
Equity attributable to the owners of the Company	47,880	48,948
Total capital	47,880	48,948
Debt-to-equity ratio	(0.16)	(0.17)

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

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

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

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

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and the Company as at 31st December 2013 and 31st December 2012 are as follows:-

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Total retained profits (accumulated losses)				
- realised	3,611	4,647	7,813	8,647
- unrealised	27	30	33	32
	3,638	4,677	7,846	8,679
Add: Consolidation adjustments	4,085	4,085	-	-
At 31st December	7,723	8,762	7,846	8,679

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

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

STATEMENT BY DIRECTORS

We, **DATO' LIM KIM HUAT** and **LOI HENG SEWN**, being two of the Directors of the Company, do hereby state that in the opinion of the Directors, the accompanying financial statements set out on pages 34 to 96 are properly drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31st December 2013 and of the results and cash flows of the Group and of the Company for the financial period ended on that date.

The supplementary information set out on page 97 have been prepared in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

DATO' LIM KIM HUAT
Director

LOI HENG SEWN
Director

Kuala Lumpur

Date: 30 April 2014

STATUTORY DECLARATION

I, **TAN CHING PDING**, being the officer primarily responsible for the financial management of **ABLEGROUP BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 34 to 96 and the supplementary information set out on page 97 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, I960.

TAN CHING PDING

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 30 April 2014.

Before me,

ZULKIFLA MOHD DAHLIM
No. W541
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the Members of AbleGroup Berhad

Report on the Financial Statements

We have audited the financial statements of AbleGroup Berhad, which comprise the statements of financial position as at 31st December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 96.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December 2013 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have not considered the auditor's report of the subsidiaries of which we have not acted as auditors, as they are not available. However, we have considered the financial statements of the subsidiaries of which we have not acted as auditors, which are indicated in Note 4 to the financial statements.

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

(d) Other than those subsidiaries without auditor's reports as disclosed in Note 4 to the financial statements, the auditor's reports on the financial statements of the subsidiaries did not contain any qualification, or any adverse comments made under Section 174(3) of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

To the Members of AbleGroup Berhad

Other Reporting Responsibilities

The supplementary information set out on page 97 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

M.J. Monteiro
No. 828/05/14 (J/PH)
Chartered Accountant

Kuala Lumpur

Date: 30 April 2014

LIST OF PROPERTIES

As at 31 December 2013

Location	Description and Existing Usage	Tenure	Approximate Area	Approximate Age of Building (Years)	Year of Acquisition	Net Book Value as at 31.12.2013 RM'000
Lot No. 18-15, HS(M) 8806-HS(M) 8829, PT20412-PT20435, HS(M) 20856 PT27083 Mukim Kapar and GM 5802 Lot 1034 all of Mukim Kapar, Daerah Klang	Office unit	Freehold	260m^2(Built-up)	5	2007	723
GM 289, Lot No. 1589, Mukim Of Batu, District Of Kuala Lumpur, State Of Wilayah Persekutuan Kuala Lumpur	Land held for property development	Freehold	1.214 Hectares	N/A	2012	28,166

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2014

SHARE CAPITAL

Authorised Capital	:	RM550,000,000 divided into 3,600,000,000 Ordinary Shares of RM0-15 each and 100,000,000 Irredeemable Convertible Preference Shares of RM0-10 each
Issued and Paid Up Capital	:	RM39,584,962.80
Number of Shares Issued	:	263,899,752 Ordinary Shares of RM0-15 each
Class of Shares	:	Ordinary Shares of RM0-15 each and Irredeemable Convertible Preference Shares of RM0-10 each
Number of Shareholders	:	3,808 Ordinary Shareholders
Voting Rights	:	On a show of hands – one vote On a poll – one vote for each share held

DISTRIBUTION OF SHAREHOLDINGS

(as per Record of Depositors)

Size of Shareholdings	No. of Holders	%	No. of Shares Held	% of Issued Share Capital
Less than 100 shares	57	1.496	2,140	0.000
100 to 1,000 shares	2,476	65.021	803,030	0.304
1,001 to 10,000 shares	610	16.018	2,834,171	1.073
10,001 to 100,000 shares	509	13.366	20,016,715	7.584
100,001 to less than 5% of issued shares	153	4.017	110,693,696	41.945
5% and above of issued shares	3	0.078	129,550,000	49.090
TOTAL	**3,808**	**100.00**	**263,899,752**	**100.00**

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(as per Register of Substantial Shareholders' Shareholdings)

		No. of Shares Held			
No.	Name	Direct	%	Indirect	%
1	Dato' Lim Kim Huat	87,750,000	33.251	-	-
2	Loi Heng Sewn	28,300,000 [a]	10.723	-	-
3	Golden Knights International Ltd	13,500,000 [b]	5.115	-	-

Note: (a) Held through RHB Nominees (Tempatan) Sdn Bhd
(b) Held through HSBC Nominees (Asing) Sdn Bhd

DIRECTORS' SHAREHOLDINGS

(as per Register of Directors' Shareholdings)

		No. of Shares Held			
No.	Name	Direct	%	Indirect	%
1	Cheong Marn Seng	9,000	0.003	-	-
2	Dato' Lim Kim Huat	87,750,000	33.251	-	-
3	Loi Heng Sewn	28,300,000 [a]	10.723	-	-
5	Wong Heang Fine	-	-	-	-
6	Yeoh Chong Keat	-	-	-	-

Note: (a) Held through RHB Nominees (Tempatan) Sdn Bhd

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS
(as per Record of Depositors)

No.	Name of Shareholders	No. of Shares Held	%
1	Dato' Lim Kim Huat	87,750,000	33.251
2	RHB Nominees (Tempatan) Sdn Berhad DMG & Partners Securities Pte Ltd for Loi Heng Sewn (164099)	28,300,000	10.723
3	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-ASING)	13,500,000	5.115
4	CitiGroup Nominees (Asing) Sdn Bhd UBS AG Hong Kong for Vivia Wealth Asset Ltd	11,250,000	4.262
5	HDM Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Hwang Ai Mor (M05)	7,876,300	2.984
6	Chan Chou Chian	5,475,000	2.074
7	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lo Ga Lung	4,803,000	1.820
8	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Toh Pik Chai	4,489,400	1.701
9	RHB Nominees (Tempatan) Sdn Bhd RHB Islamic Asset Management Sdn Bhd for Perbadanan Nasional Berhad	4,010,700	1.519
10	Lifetime Learning Sdn Bhd	3,000,000	1.136
11	Seo Aik Leong	2,595,004	0.983
12	Teo Chiang Hong	2,532,000	0.959
13	Toh Pik Chai	2,412,200	0.914
14	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Datuk Azizan Bin Abd Rahman (MY0531)	2,250,000	0.852
15	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Dom Bin Ahmad	2,250,000	0.852
16	Kenaga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Ching Han @ Paul Ngan Ching Han(011)	2,178,000	0.825
17	Wang Sze Yao @ Wang Ming Way	2,087,975	0.791
18	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pang Go Song	2,086,800	0.790
19	Rajasingham A/L Ratnasingham	2,001,100	0.758
20	Ong Lay Fang	1,668,400	0.632
21	Wong Wai Cheng @ Mrs Lok Kok Onn	1,516,860	0.574
22	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Soo Chai (E-IMO)	1,500,000	0.568
23	Lim Gaik Bway @ Lim Chiew Ah	1,445,000	0.547
24	Chew Yee Fah @ Kew Yee Fah	1,372,900	0.520
25	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Liong Yien	1,098,000	0.416
26	Poon Sheau Lee	1,080,200	0.409
27	Low Khian Seng	1,000,000	0.378
28	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Neo Tsuey Khem	1,000,000	0.378
29	Sew Paul	885,000	0.335
30	Chung Man Li	756,400	0.286

ANALYSIS OF WARRANTS HOLDINGS

As at 30 April 2014

Issued Size : 21,819,950 warrants 2012/2017

No. of Warrants Holders : 282 warrant holders

DISTRIBUTION OF WARRANTS HOLDINGS

(as per Record of Depositors)

Size of Shareholdings	No. of Warrants Holders	%	No. of Warrants Held	% of Issued Warrants
Less than 100 shares	21	7.446	1,084	0.004
100 to 1,000 shares	77	27.304	39,670	0.181
1,001 to 10,000 shares	92	32.624	393,740	1.804
10,001 to 100,000 shares	68	24.113	2,870,966	13.157
100,001 to less than 5% of issued warrants	21	7.446	6,014,490	27.564
5% and above of issued warrants	3	1.063	12,500,000	57.287
TOTAL	**282**	**100.00**	**21,819,950**	**100.00**

DIRECTORS' WARRANTS HOLDINGS

(as per Register of Directors' Warrants Holdings)

		No. of Warrants Held			
No.	**Name**	**Direct**	**%**	**Indirect**	**%**
1	Cheong Marn Seng	-	-	-	-
2	Dato' Lim Kim Huat	9,750,000	44.683	-	-
3	Loi Heng Sewn	450,000 [a]	2.062	-	-
5	Wong Heang Fine	-	-	-	-
6	Yeoh Chong Keat	-	-	-	-

Note: (a) Held through RHB Nominees (Tempatan) Sdn Bhd

ANALYSIS OF WARRANTS HOLDINGS

As at 30 April 2014

LIST OF TOP THIRTY (30) LARGEST WARRANTS HOLDERS
(as per Record of Depositors)

No.	Name of Warrants Holders	No. of Warrants Held	%
1	Dato' Lim Kim Huat	9,750,000	44.683
2	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-ASING)	1,500,000	6.874
3	CitiGroup Nominees (Asing) Sdn Bhd UBS AG Hong Kong for Vivia Wealth Asset Ltd	1,250,000	5.728
4	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chai Kok Kheang	1,007,220	4.616
5	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loi Heng Sewn	450,000	2.062
6	Chap Kar Kar	340,000	1.558
7	Maybank Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Tan Sun Ping	337,900	1.548
8	Ang Chee Leong	327,475	1.500
9	Chan Chou Chian	325,000	1.489
10	Maybank Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Vincent Phua Chee Ee	300,800	1.378
11	Teo Chiang Hong	281,400	1.289
12	Lau Hon Charn	260,000	1.191
13	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Azizan Bin Abd Rahman (MY0531)	250,000	1.145
14	Yee Kong May	250,000	1.145
15	Lee Eng Min	237,100	1.086
16	Wang Sze Yao @ Wang Ming Way	229,775	1.053
17	Lim Gaik Bway @ Lim Chiew Ah	208,580	0.955
18	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Geok Wah (BBRKLANG-CL)	207,500	0.950
19	Tee Kok Kiat	200,000	0.916
20	CIMSEC Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Teh Yoke Wan@Tee Yoke Wan (JKAPAR-CL)	193,000	0.884
21	Wong Wai Cheng @ Mrs Lok Kok Onn	168,540	0.772
22	Lai Sook Leong	168,200	0.770
23	Ngu See Hing	150,000	0.687
24	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Liong Yien	122,000	0.559
25	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kong Kok Chuen (KON0167C)	100,000	0.458
26	Hew Tai Chin @ Hew Tai Moi	100,000	0.458
27	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Fok Chou (013)	100,000	0.458
28	Roney B Zaidell	100,000	0.458
29	Yap Chan Huah	100,000	0.458
30	Yap Yet Chin	100,000	0.458

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of the Company will be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 27 June 2014 at 3.00 p.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors thereon. ***Please refer to Explanatory Note A***

2. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2013. **(Resolution 1)**

3. To re-elect the following Directors retiring pursuant to Article 89 of the Company's Articles of Association:-

   i Mr. Loi Heng Sewn **(Resolution 2)**
   ii Dato' Lim Kim Huat **(Resolution 3)**

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

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:-

5. **ORDINARY RESOLUTION**
   AUTHORITY FOR DIRECTORS TO ISSUE SHARES **(Resolution 5)**

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to issue new shares in the Company at any time, to such person or persons, 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 issued pursuant to this resolution does not exceed ten per cent (10%) of the nominal value of the total issued and paid-up share capital of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

6. **ORDINARY RESOLUTION**
   PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED MANDATE") **(Resolution 6)**

   "THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature as stated in Section 2.4 of the Circular to Shareholders dated 4 June 2014 with the specified classes of related parties mentioned therein which are necessary for the Group's day-to-day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

   THAT the approval shall continue to be in force until:-

   (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Mandate."

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

BY ORDER OF THE BOARD

LIM FEI CHIA (MAICSA 7036158)
Company Secretary

Kuala Lumpur
4 June 2014

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 June 2014 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar (the provisions of Section 149(1) of the Companies Act, 1965 shall not apply).
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at this meeting and where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
6. The original instrument appointing a proxy and the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof.

Explanatory Note A

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward for voting.

Explanatory Notes on Special Business:-

1. **Resolution 5**

   This proposed resolution, if passed, will renew the authority given to the Directors of the Company to issue and allot new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the nominal value of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   The General Mandate procured and approved in the preceding year 2013 which was not exercised by the Company during the year, will expire at the forthcoming Tenth Annual General Meeting of the Company.

   With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

2. **Resolution 6**

   This proposed resolution, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are as set out in the Circular to Shareholders of the Company dated 4 June 2014 despatched together with the Annual Report 2013. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Directors standing for re-election at the Tenth Annual General Meeting of the Company

The Directors retiring pursuant to Article 89 of the Company's Articles of Association and seeking re-election are as follows:-

1. Mr Loi Heng Sewn
2. Dato' Lim Kim Huat

Details of the above Directors are set out in the Directors' Profile from pages 4 to 8.

This page has been intentionally left blank

ABLEGROUP BERHAD (654188-H)
(Incorporated in Malaysia)

Number of ordinary shares held:
CDS Account No.:

FORM OF PROXY

I/We ____ Contact No. ______________________

of ____

being a member of **ABLEGROUP BERHAD**, hereby appoint ______________________________
(Name)

____________________________ of ____
(Address)

____

or failing him/her ____

of ____

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Tenth Annual General Meeting of the Company to be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 27 June 2014 at 3.00 p.m. or at any adjournment thereof.

My/Our Proxy(ies) is/are to vote as indicated below:-

No.	Resolutions	For	Against
1.	To approve the payment of Directors' fees in respect of the financial year ended 31 December 2013.		
2.	To re-elect Loi Heng Sewn as Director.		
3.	To re-elect Dato' Lim Kim Huat as Director.		
4.	To re-appoint Messrs Baker Tilly Monteiro Heng as the Company's Auditors and to authorise the Directors to fix their remuneration.		
5.	To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
6.	Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		

(Please indicate with a "√ " in the space provided on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

Dated this __________ day of __________, 2014

____
Signature/Common Seal of Member

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 June 2014 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar (the provisions of Section 149(1) of the Companies Act, 1965 shall not apply).
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at this meeting and where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
6. The original instrument appointing a proxy and the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof.

Fold here

Affix
Stamp
Here

Company Secretary

ABLEGROUP BERHAD
(654188-H)

Suite 11.1A, Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur

Fold here

AbleGroup Berhad

Block D4-U2-10, Level 2,
Solaris Dutamas,
No 1, Jalan Dutamas 1,
50480 Kuala Lumpur

Tel : 03-6207 8186/286/386
Fax : 03-6207 8786