Company No:
380410 - P

FREIGHT MANAGEMENT HOLDINGS BHD (380410 - P)

(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

30 JUNE 2015

FREIGHT MANAGEMENT HOLDINGS BHD (380410 - P)

(Incorporated in Malaysia)

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FREIGHT MANAGEMENT HOLDINGS BHD (380410 - P)

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8 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
Profit for the financial year	19,989	10,152
Attributable to:		
Owners of the parent	20,105	10,152
Non-controlling interests	(116)	-
	19,989	10,152

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM'000
In respect of the financial year ended 30 June 2014:	
Final single tier dividend of 3.5 sen per ordinary share, paid on 22 December 2014	5,978
In respect of the financial year ended 30 June 2015:	
Interim single tier dividend of 1.5 sen per ordinary share, paid on 28 July 2015	2,595
	8,573

The Directors proposed a final single tier dividend of 3.5 sen per ordinary share in respect of the financial year ended 30 June 2015, subject to the approval of the members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the current financial year, the Company increased its issued and paid-up share capital by the issuance of 2,238,164 new ordinary shares of RM0.50 each for cash via the exercise of 2,238,164 warrants at an exercise price of RM0.97 per warrant on the basis of one (1) new ordinary share for every one (1) warrant exercised pursuant to the Deed Poll dated 6 January 2012.

The newly issued shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

The Company did not issue any new debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS

The Directors who have held for office since the date of the last report are:

Datuk Dr Hj Noordin bin Hj Ab Razak
Chew Chong Keat
Yang Heng Lam
Gan Siew Yong
Aaron Sim Kwee Lein
Ong Looi Chai
Chua Tiong Hock
Khua Kian Keong (Alternate Director to Chua Tiong Hock)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and warrants of the Company during the financial year ended 30 June 2015 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, were as follows:

	------ Number of ordinary shares of RM0.50 each ------			
	Balance as at 1.7.2014	**Bought**	**Sold**	**Balance as at 30.6.2015**
Shares in the Company				
Direct interests				
Chew Chong Keat	43,011,110	1,000,000	-	44,011,110
Gan Siew Yong	7,042,189	1,056,347	-	8,098,536
Yang Heng Lam	29,701,374	-	-	29,701,374
Ong Looi Chai	1,995,870	-	-	1,995,870

DIRECTORS' INTERESTS (continued)

	------ Number of ordinary shares of RM0.50 each ------			
	Balance as at 1.7.2014	**Bought**	**Sold**	**Balance as at 30.6.2015**
Shares in the Company				
Indirect interests				
Khua Kian Keong (Alternate Director to Chua Tiong Hock)	37,325,800	-	-	37,325,800
Chua Tiong Hock	37,325,800	-	-	37,325,800
Yang Heng Lam	423,199	-	-	423,199*
Chew Chong Keat	25,000	158,333	-	183,333#
Gan Siew Yong	25,000	158,333	-	183,333#

	--------- Number of warrants^ of RM0.50 each ---------			
	Balance as at 1.7.2014	**Bought**	**Exercised**	**Balance as at 30.6.2015**
Warrants in the Company				
Direct interests				
Chew Chong Keat	3,780,633	-	(1,000,000)	2,780,633
Gan Siew Yong	1,056,347	-	(1,056,347)	-
Yang Heng Lam	4,512,185	-	-	4,512,185
Ong Looi Chai	285,990	-	-	285,990
Indirect interests				
Yang Heng Lam	35,000	-	-	35,000*

* *Interest of spouse by virtue of Section 134(12)(c) of the Companies Act, 1965 in Malaysia.*
# *Interest of children by virtue of Section 134(12)(c) of the Companies Act, 1965 in Malaysia.*
^ *Issuance of 24,342,857 free warrants on 13 January 2012 on the basis of one (1) warrant for every five (5) existing ordinary shares held.*

By virtue of Section 6A of the Companies Act, 1965 in Malaysia, Chew Chong Keat, Yang Heng Lam, Khua Kian Keong and Chua Tiong Hock are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and warrants of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as 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 other than the following:

(i) remuneration received or due and receivable by certain Directors as Directors/executives of the subsidiaries; and

(ii) deemed benefits arising from related party transactions as disclosed in Note 37 to the financial statements.

DIRECTORS' BENEFITS (continued)

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the warrants issued as disclosed in Note 21 to the financial statements.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely 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; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 43 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period are disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Chew Chong Keat
Director

Yang Heng Lam
Director

Port Klang
16 October 2015

FREIGHT MANAGEMENT HOLDINGS BHD (380410 - P)

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 10 to 120 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 45 to the financial statements on page 121 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Chew Chong Keat
Director

Yang Heng Lam
Director

Port Klang
16 October 2015

STATUTORY DECLARATION

I, Chew Chong Keat, being the Director primarily responsible for the financial management of Freight Management Holdings Bhd, do solemnly and sincerely declare that the financial statements set out on pages 10 to 121 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the above named at)
Kuala Lumpur this)
16 October 2015)

Chew Chong Keat

Before me:

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FREIGHT MANAGEMENT HOLDINGS BHD

Report on the Financial Statements

We have audited the financial statements of Freight Management Holdings Bhd, which comprise statements of financial position as at 30 June 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 120.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

BDO (AF 0206) Chartered Accountants, a Malaysian Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FREIGHT MANAGEMENT HOLDINGS BHD (continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

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

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

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

BDO

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FREIGHT MANAGEMENT HOLDINGS BHD (continued)

Other Matters

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

BDO

BDO
AF: 0206
Chartered Accountants

Tang Seng Choon
2011/12/15 (J)
Chartered Accountant

Kuala Lumpur
16 October 2015

FREIGHT MANAGEMENT HOLDINGS BHD (380410 - P)

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	187,509	137,956	-	-
Investments in subsidiaries	8	-	-	71,087	71,087
Investments in associates	9	3,314	3,225	3,028	3,028
Interests in joint ventures	10	2,386	2,589	997	997
Other investments	11	235	4,070	-	-
Goodwill on consolidation	12	1,659	1,659	-	-
Deferred tax assets	13	565	-	-	-
		195,668	149,499	75,112	75,112
Current assets					
Other investments	11	2,828	-	-	-
Trade receivables	14	99,356	76,062	-	-
Other receivables, deposits and prepayments	15	10,341	9,706	110	103
Amounts owing by subsidiaries	16	-	-	23,474	17,427
Amount owing by an associate	17	257	260	257	260
Amounts owing by related parties	18	717	1,078	-	-
Amounts owing by joint ventures	19	3,096	2,616	2,967	2,561
Current tax assets		727	927	-	-
Cash and bank balances	20	39,436	45,566	11,350	17,821
		156,758	136,215	38,158	38,172
TOTAL ASSETS		352,426	285,714	113,270	113,284
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	21	86,500	85,381	86,500	85,381
Reserves	22	120,953	82,954	20,701	18,070
		207,453	168,335	107,201	103,451
Non-controlling interests		16,343	14,967	-	-
TOTAL EQUITY		223,796	183,302	107,201	103,451

FREIGHT MANAGEMENT HOLDINGS BHD (380410 - P)

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015 (continued)

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
LIABILITIES					
Non-current liabilities					
Hire purchase and lease liabilities	23	3,369	3,239	-	-
Term loans	24	43,382	32,671	-	-
Deferred tax liabilities	13	17,162	9,111	-	-
Post-employment benefits obligation	25	734	-	-	-
		64,647	45,021	-	-
Current liabilities					
Trade payables	26	32,065	27,870	-	-
Other payables and accruals	27	15,531	12,920	482	501
Amounts owing to subsidiaries	16	-	-	2,992	6,770
Amounts owing to related parties	18	131	34	-	-
Amount owing to a joint venture	19	66	31	-	-
Hire purchase and lease liabilities	23	1,602	1,233	-	-
Term loans	24	9,442	9,528	-	-
Bank overdrafts - secured	28	1,226	1,123	-	-
Dividend payable		2,595	2,562	2,595	2,562
Current tax liabilities		1,325	2,090	-	-
		63,983	57,391	6,069	9,833
TOTAL LIABILITIES		128,630	102,412	6,069	9,833
TOTAL EQUITY AND LIABILITIES		352,426	285,714	113,270	113,284

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

FREIGHT MANAGEMENT HOLDINGS BHD (380410 - P)

(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	30	420,271	403,301	13,513	15,522
Cost of services		(311,481)	(299,201)	-	-
Gross profit		108,790	104,100	13,513	15,522
Other income		5,337	4,907	618	211
Administrative expenses		(86,190)	(75,905)	(3,960)	(4,224)
Finance costs	31	(2,987)	(2,122)	-	-
Share of profit/(loss) of associates	9(d)	15	(91)	-	-
Share of loss of joint ventures	10(d)	(721)	(62)	-	-
Profit before tax	32	24,244	30,827	10,171	11,509
Tax expense	33	(4,255)	(5,263)	(19)	(253)
Profit for the financial year		19,989	25,564	10,152	11,256
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Actuarial loss on defined benefits plan	33(e)	(51)	-	-	-
Fair value gain on available-for-sale financial asset		-	297	-	-
Foreign currency translations	33(e)	4,069	13	-	-
Reclassification adjustment on disposal of available-for-sale financial asset	33(e)	(297)	-	-	-
		3,721	310	-	-
Item that will not be reclassified subsequently to profit or loss					
Revaluation surplus on land and buildings	33(e)	23,633	-	-	-
Total other comprehensive income, net of tax		27,354	310	-	-
Total comprehensive income		47,343	25,874	10,152	11,256
Profit attributable to:					
Owners of the parent		20,105	24,006	10,152	11,256
Non-controlling interests	8(e)	(116)	1,558	-	-
		19,989	25,564	10,152	11,256

FREIGHT MANAGEMENT HOLDINGS BHD (380410 - P)

(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (continued)

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Total comprehensive income attributable to:					
Owners of the parent		46,340	24,350	10,152	11,256
Non-controlling interests		1,003	1,524	-	-
		47,343	25,874	10,152	11,256
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic earnings per ordinary share	36	11.75	14.09		
Diluted earnings per ordinary share	36	11.38	13.57		

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

FREIGHT MANAGEMENT HOLDINGS BHD (380410 - P)

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

GROUP	Note	[---- Non-distributable			----]	Distributable			
		Share capital RM'000	**Share premium RM'000**	**Exchange translation reserve RM'000**	**Revaluation reserve RM'000**	**Available-for-sale reserve RM'000**	**Retained earnings RM'000**	**Total attributable to owners of the parent RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Balance as at 1 July 2013		83,893	2,585	888	-	-	61,412	148,778	12,732	161,510
Profit for the financial year		-	-	-	-	-	24,006	24,006	1,558	25,564
Fair value gain on available-for-sale financial asset		-	-	-	-	297	-	297	-	297
Foreign currency translations		-	-	47	-	-	-	47	(34)	13
Total comprehensive income		-	-	47	-	297	24,006	24,350	1,524	25,874
Transactions with owners										
Dividends paid	34	-	-	-	-	-	(7,680)	(7,680)	-	(7,680)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(180)	(180)
Ordinary shares contributed by non-controlling interests of subsidiaries		-	-	-	-	-	-	-	891	891
Ordinary shares issued pursuant to exercise of warrants	21	1,488	1,399	-	-	-	-	2,887	-	2,887
Total transactions with owners		1,488	1,399	-	-	-	(7,680)	(4,793)	711	(4,082)
Balance as at 30 June 2014		85,381	3,984	935	-	297	77,738	168,335	14,967	183,302

FREIGHT MANAGEMENT HOLDINGS BHD (380410 - P)

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (continued)

GROUP	Note	[------ Non-distributable			------]	Distributable			
		Share capital RM'000	Share premium RM'000	Exchange translation reserve RM'000	Revaluation reserve RM'000	Available-for-sale reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 July 2014		85,381	3,984	935	-	297	77,738	168,335	14,967	183,302
Profit for the financial year		-	-	-	-	-	20,105	20,105	(116)	19,989
Actuarial loss on defined benefits plan, net of tax		-	-	-	-	-	(25)	(25)	(26)	(51)
Foreign currency translations		-	-	2,924	-	-	-	2,924	1,145	4,069
Reclassification adjustment on disposal of available-for-sale financial asset		-	-	-	-	(297)	-	(297)	-	(297)
Revaluation surplus on land and buildings, net of tax	7(a)	-	-	-	23,633	-	-	23,633	-	23,633
Total comprehensive income		-	-	2,924	23,633	(297)	20,080	46,340	1,003	47,343
Balance c/f		85,381	3,984	3,859	23,633	-	97,818	214,675	15,970	230,645

FREIGHT MANAGEMENT HOLDINGS BHD (380410 - P)

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (continued)

		[---- Non-distributable			----]	Distributable			
GROUP	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Exchange translation reserve RM'000**	**Revaluation reserve RM'000**	**Available-for-sale reserve RM'000**	**Retained earnings RM'000**	**Total attributable to owners of the parent RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Balance b/f		85,381	3,984	3,859	23,633	-	97,818	214,675	15,970	230,645
Transactions with owners										
Acquisition of additional interests from non-controlling interests	29	-	-	-	-	-	(820)	(820)	554	(266)
Dividends paid	34	-	-	-	-	-	(8,573)	(8,573)	-	(8,573)
Dividend paid to a non-controlling interest of a subsidiary		-	-	-	-	-	-	-	(200)	(200)
Ordinary shares contributed by a non-controlling interest of a subsidiary		-	-	-	-	-	-	-	19	19
Ordinary shares issued pursuant to exercise of warrants	21	1,119	1,052	-	-	-	-	2,171	-	2,171
Total transactions with owners		1,119	1,052	-	-	-	(9,393)	(7,222)	373	(6,849)
Balance as at 30 June 2015		86,500	5,036	3,859	23,633	-	88,425	207,453	16,343	223,796

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

FREIGHT MANAGEMENT HOLDINGS BHD (380410 - P)

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

COMPANY	Note	[-- Non-distributable --] Share capital RM'000	Share premium RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2013		83,893	2,585	10,510	96,988
Profit for the financial year		-	-	11,256	11,256
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	11,256	11,256
Transactions with owners					
Dividends paid	34	-	-	(7,680)	(7,680)
Ordinary shares issued pursuant to exercise of warrants	21	1,488	1,399	-	2,887
Total transactions with owners		1,488	1,399	(7,680)	(4,793)
Balance as at 30 June 2014		85,381	3,984	14,086	103,451
Balance as at 1 July 2014		85,381	3,984	14,086	103,451
Profit for the financial year		-	-	10,152	10,152
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	10,152	10,152
Transactions with owners					
Dividends paid	34	-	-	(8,573)	(8,573)
Ordinary shares issued pursuant to exercise of warrants	21	1,119	1,052	-	2,171
Total transactions with owners		1,119	1,052	(8,573)	(6,402)
Balance as at 30 June 2015		86,500	5,036	15,665	107,201

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

FREIGHT MANAGEMENT HOLDINGS BHD (380410 - P)

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		24,244	30,827	10,171	11,509
Adjustments for:					
Bad debts recovered		(2)	(7)	-	-
Bad debts written off		319	181	-	-
Depreciation of property, plant and equipment	7	13,543	11,229	-	-
Dividend income		(6)	-	(10,217)	(12,194)
Fair value gain on other investments		(351)	-	-	-
Gain on disposal of:					
- property, plant and equipment		(134)	(1,972)	-	-
- other investment	11	(389)	-	-	-
Impairment losses on:					
- trade receivables	14	1,277	702	-	-
- investment in a subsidiary	8	-	-	-	300
- property, plant and equipment	7	69	-	-	-
Interest expense	31	2,987	2,122	-	-
Interest income		(367)	(339)	(215)	(182)
Property, plant and equipment written off	7	42	116	-	-
Provision for post-employment benefits obligation	25	660	-	-	-
Reversal of impairment losses on trade receivables	14	(661)	(625)	-	-
Share of (profit)/loss of associates		(15)	91	-	-
Share of loss of joint ventures		721	62	-	-
Unrealised loss/(gain) on foreign currency transactions		593	381	(403)	-
Operating profit/(loss) before changes in working capital		42,530	42,768	(664)	(567)
Increase in trade receivables		(22,334)	(637)	-	-
(Increase)/Decrease in other receivables, deposits and prepayments		(205)	541	(7)	(58)
Decrease in amount owing by an associate		-	8	-	-
Decrease/(Increase) in amounts owing by related parties		361	(484)	-	-
Increase in amounts owing by joint ventures		(74)	(55)	-	-
Increase in amounts owing to related parties		97	17	-	-
Increase in amount owing to a joint venture		35	31	-	-
Increase in trade payables		3,662	974	-	-
Increase/(Decrease) in other payables and accruals		1,495	2,442	(19)	42
Cash generated from/(used in) operations		25,567	45,605	(690)	(583)

FREIGHT MANAGEMENT HOLDINGS BHD (380410 - P)

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (continued)

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from/(used in) operations		25,567	45,605	(690)	(583)
Contributions paid for post-employment benefits obligation	25	(6)	-	-	-
Interest paid		(2)	(13)	-	-
Tax paid		(4,914)	(4,469)	(19)	-
Net cash from/(used in) operating activities		20,645	41,123	(709)	(583)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of:					
- additional interest in an associate	9	(74)	-	-	-
- interests in joint ventures		(518)	(2,651)	-	(997)
- additional interests in a subsidiary	29	(266)	-	-	-
(Repayments to)/Advances from subsidiaries		-	-	(3,778)	2,782
Advances to subsidiaries		-	-	(6,047)	(4,175)
Advances to a joint venture		-	(2,561)	-	(2,561)
Advances to an associate		-	(260)	-	(260)
Dividends received		6	-	10,217	12,194
Interest received		367	339	215	182
Placements of:					
- fixed deposits pledged to licensed banks		-	(864)	-	-
- fixed deposits placed with a licensed bank with original maturity of more than three (3) months		(15)	(14)	-	-
- short term fund		2	-	-	-
Proceeds from disposals of:					
- property, plant and equipment		689	4,372	-	-
- other investments		3,946	-	-	-
Purchase of:					
- property, plant and equipment	7	(8,000)	(15,191)	-	-
- other investments		(476)	(3,770)	-	-
Withdrawals of fixed deposits pledged with licensed banks		1,403	-	-	-
Net cash (used in)/from investing activities		(2,936)	(20,600)	607	7,165

Company No:
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FREIGHT MANAGEMENT HOLDINGS BHD (380410 - P)

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (continued)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(8,540)	(7,635)	(8,540)	(7,635)
Dividends paid to non-controlling interests of subsidiaries		(200)	(180)	-	-
Drawdowns of term loans		-	4,528	-	-
Drawdowns of revolving credits		-	1,500	-	-
Interest paid		(2,985)	(2,109)	-	-
Ordinary share capital contributed by non-controlling interests of subsidiaries		19	891	-	-
Proceeds from exercise of warrants	21	2,171	2,887	2,171	2,887
Repayments of:					
- hire purchase and lease liabilities		(1,487)	(1,874)	-	-
- revolving credits		-	(1,500)	-	-
- term loans		(10,386)	(12,507)	-	-
Net cash used in financing activities		(21,408)	(15,999)	(6,369)	(4,748)
Net (decrease)/increase in cash and cash equivalents		(3,699)	4,524	(6,471)	1,834
Effects of exchange rate changes on cash and cash equivalents		856	(68)	-	-
Cash and cash equivalents at beginning of financial year		39,473	35,017	17,821	15,987
Cash and cash equivalents at end of financial year	20	36,630	39,473	11,350	17,821

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

FREIGHT MANAGEMENT HOLDINGS BHD (380410 - P)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

1. CORPORATE INFORMATION

Freight Management Holdings Bhd ('the Company') is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Lot 37, Lebuh Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 30 June 2015 comprise the Company and its subsidiaries and the interests of the Group in associates and joint ventures. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 16 October 2015.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principle activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 10 to 120 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 45 to the financial statements set out on page 121 has been prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of accounting (continued)

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group 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. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, the accounting policies of the subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

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

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

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

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

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.7 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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 future economic benefits associated with the asset would flow to the Group and the cost of the asset could 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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

After initial recognition, property, plant and equipment except for land and buildings are stated at cost less any accumulated depreciation and any accumulated impairment losses. Land and buildings are stated at valuation, which are the fair values at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Land and buildings are revalued regularly (or at least once in every three (3) years) to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax, if any, and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit would be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and rates are as follows:

Long-term leasehold land	60 years - 99 years
Buildings	50 years
Machinery, furniture and fittings	10% - 33%
Office equipment	10% - 66%
Renovations	10% - 25%
Motor vehicles	10% - 20%
Forklifts	20%
Storage containers	10%
Tug boats and barges	5%
Prime movers and trailers	10%

Freehold land has unlimited useful life and is not depreciated. Construction-in-progress represents warehouse and building under construction and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed 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 embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interest in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment losses. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

Equity loan

Equity loan represents non-trade loan granted by the Company to a subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future and is intended to provide the subsidiary with a long-term source of additional capital. It is, in substance, an addition to the investment in the subsidiary of the Company and accordingly, is accounted for in accordance with MFRS 127 *Separate Financial Statements* as part of the investment in the subsidiary and measured at cost.

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments (continued)

(b) Associates (continued)

The share of profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the interest of the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

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

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

(c) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture. The Group has determined that all its joint operations are joint ventures (Note 6.2(d)).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments (continued)

(c) Joint arrangements (continued)

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

In the separate financial statements of the Company, an investment in a joint venture is stated at cost.

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

(a) The structure of the joint arrangement;
(b) The legal form of joint arrangements structured through a separate vehicle;
(c) The contractual terms of the joint arrangement agreement; and
(d) Any other facts and circumstances.

When there are changes in the facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

4.7 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Goodwill (continued)

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the net fair value of net assets of the associate's identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

4.8 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries, associates and joint ventures) and deferred tax assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill that has an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Impairment of non-financial assets (continued)

The impairment loss is recognised in profit or loss immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to profit or loss.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss in the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

4.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

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

(iii) Loans and receivables

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

(a) Financial assets (continued)

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the right of the Group to receive payment is established.

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

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

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

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

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

(b) Financial liabilities (continued)

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

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

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

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

(b) Financial liabilities (continued)

At the end of each reporting period, the Group assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity

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

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Companies Act, 1965 in Malaysia.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

(c) Equity (continued)

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.10 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial 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.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates 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 impairment reversed is recognised in profit or loss.

(b) Available-for-sale financial assets

The Group collectively considers factors such as 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 as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Impairment of financial assets (continued)

(b) Available-for-sale financial assets (continued)

Impairment losses in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

4.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

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

4.12 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries, associate or joint ventures on distributions to the Group and the Company, and real property gains taxes payable on disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties, if any.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Income taxes (continued)

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

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

(i) The same taxable entity; or

(ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.13 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Provisions (continued)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.14 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.15 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Employee benefits (continued)

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

(c) Defined benefits plan

The Group operates a funded defined benefits plan for eligible employees of a subsidiary in Indonesia.

The recognition and measurement of the defined benefits plan involve:

(i) Determining the deficit or surplus by:

(a) Using an actuarial technique, the projected unit credit method, to make a reliable estimate of the ultimate cost to the Group of the benefits that employees have earned in return for their service in the current and prior periods;

(b) Discounting that benefits in order to determine the present value of the defined benefits obligation and the current service cost; and

(c) Deducting the fair value of any plan asset from the present value of the defined benefits obligation;

(ii) Determining the amount of the net defined benefits liability as the amount of the deficit or surplus as determined above, adjusted for any effect of limiting a net defined benefits asset to the asset ceiling; and

(iii) Determining amounts to be recognised in profit or loss, i.e. current service cost, any past service cost and gain or loss on settlement and net interest on the net defined benefits liability.

The Group determines the net defined benefits liability annually so that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The Group recognises the net defined benefits liability in the statements of financial position.

The cost of providing benefits under the defined benefits plan is determined using the projected unit credit method.

The Group uses the yield rate of high quality government or corporate bonds to discount the post-employment benefits obligation. The currency and term of the government bonds (corporate bonds) are consistent with the currency and estimated term of the post-employment benefits obligation of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Employee benefits (continued)

(c) Defined benefits plan (continued)

The re-measurement of the net defined obligation is recognised directly within equity. The re-measurement includes:

(i) Actuarial gains and losses;
(ii) Return on plan asset, excluding interest; and
(iii) Any asset ceiling effects, excluding interest.

Services costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefits obligation at the beginning of the annual period to the balance of the net defined benefits obligation, considering the effects of contributions and benefits payments during the reporting period. Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

Settlement of defined benefits schemes are recognised in the period when the settlement occurs.

If the Group has an unconditional right to a refund during the life of the plan, it would recognise an asset measured as the amount of the surplus at the end of the reporting period that it has a right to receive a refund which would be the fair value of the plan asset less the present value of the defined benefits obligation, less any associated costs, such as taxes. If the amount of a refund is determined as the full amount or a proportion of the surplus, rather than a fixed amount, the Group would make no adjustment for the time value of money, even if the refund is realisable only at a future date.

If there is no minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions is the present value of future service cost to the entity at the end of each reporting period over the shorter of the expected life of the plan and the expected life of the entity. The Group would assume no change to the benefits provided by a plan in the future until the plan is amended and shall assume a stable workforce in the future unless it is demonstrably committed at the end of the reporting period to make a reduction in the number of employees covered by the plan.

4.16 Foreign currencies

(a) Functional and presentation currency

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Foreign currencies (continued)

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statements of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of foreign operations are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

4.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Services

Revenue from freight and forwarding is recognised in profit or loss when the services are rendered.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Revenue recognition (continued)

(b) Management fees

Management fees in respect of the rendering of management and consultation services to the subsidiaries are recognised on an accrual basis.

(c) Dividend income

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

(d) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(e) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

4.18 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

   (i) The combined reported profit of all operating segments that did not report a loss; and

   (ii) The combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Operating segments (continued)

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.19 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.20 Fair value measurements

The fair value of an asset or a liability, except for lease transactions is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant 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 fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to MFRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to MFRS 12 *Disclosure of Interest in Other Entities: Investment Entities*	1 January 2014
Amendments to MFRS 127 *Separate Financial Statements (2011): Investment Entities*	1 January 2014
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments *to* MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements 2010 - 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements 2011 - 2013 Cycle*	1 July 2014

There is no material effect upon the adoption of these Amendments and Interpretation during the financial year.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective Date
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012 - 2014 Cycle*	1 January 2016
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018

The Group is in the process of assessing the impact of implementing these Amendments and Standards, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

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

The Directors are of the opinion that there are no significant changes in estimates as at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.

(b) Consolidation of entities in which the Group holds less than majority of voting rights

(i) The Group considers that it controls PT. FM Global Logistics ('PTFM') even though it owns less than fifty percent (50%) of the voting rights. This is due to the Group has control over the Board and power to govern the relevant activities of PTFM via a shareholders agreement. The remaining fifty-one percent (51%) of the equity shares in PTFM, which are held by two (2) individual shareholders that are not related, would not have control over PTFM.

(ii) The Group considers that it controls FM Global Logistics Lanka (Private) Limited ('FMGLL') by virtue of the substantiveness of the options it owns, which are convertible into ordinary shares to give the Group additional voting rights of eleven percent (11%) over the relevant activities of FMGLL. The eventual exercise of options would bring the shareholdings of the Group in FMGLL to fifty-one percent (51%). The existence and effect of the potential voting rights have been considered when assessing whether the Group has control in FMGLL.

(c) Significant influence

Significant influence is presumed to exist when an entity hold twenty percent (20%) or more of the voting rights of another entity, unless it can be clearly demonstrated otherwise.

The Group holds a twenty percent (20%) interest in YKP Ocean Services Co., Ltd. ('YKP Ocean') for which the Group has determined that it does not hold significant influence over YKP Ocean as:

(i) The Group does not have any representative on the board of directors of YKP Ocean, and is therefore unable to participate in policy-making processes of YKP Ocean;

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.2 Critical judgements made in applying accounting policies (continued)

(c) Significant influence (continued)

The Group holds a twenty percent (20%) interest in YKP Ocean Services Co., Ltd. ('YKP Ocean') for which the Group has determined that it does not hold significant influence over YKP Ocean as (continued):

(ii) There are no material transactions between the Group and YKP Ocean; and
(iii) There is no interchange of managerial personnel and provision of essential technical information between the Group and YKP Ocean.

Based on this, the Group considers that it does not have the power to exercise significant influence and has treated its interest in YKP Ocean as a simple investment in unquoted shares.

(d) Classification of joint arrangements

For all joint arrangements structured in separate vehicles, the Group assesses the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether there are any factors that give the Group rights to the net assets of the joint arrangements (in which case it is classified as a joint venture), or rights to specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). These factors include:

(i) Structure;
(ii) Legal form;
(iii) Contractual agreement; and
(iv) Other facts and circumstances.

Upon consideration of these factors, the Group has determined that all of its joint arrangements structured through separate vehicles provide rights to the net assets and are therefore, classified as joint ventures.

(e) Impairment of equity investments categorised as available-for-sale financial assets

The Group believes that a significant or prolonged decline in fair value of an investment in equity instrument is a decline in fair value of more than twenty percent (20%) of the cost, or the decline in fair value below its original cost has persisted for more than nine (9) to twelve (12) months.

(f) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.2 Critical judgements made in applying accounting policies (continued)

(g) Post-employment benefits obligation

The Group determines the present value of the defined benefits obligation and the fair value of any plan asset based on calculations provided by an independent actuary using the relevant assumptions as disclosed in Note 25 to the financial statements. Where expectations differ from the original estimate, the differences would impact the carrying amount of the post-employment benefits obligation.

(h) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

(i) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

6.3 Key sources of estimation uncertainty

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

(a) Depreciation of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. It is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amount and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(b) Impairment of investments in subsidiaries

Management reviews the material investments in subsidiaries for impairment when there is an indication of impairment.

The recoverable amounts of the investments in subsidiaries are assessed by reference to the higher of its fair value less cost to sell and its value in use of the respective subsidiaries.

Estimating a value in use requires management to make an estimate of the expected future cash flows to be derived from continuing use of the asset and from its ultimate disposal, expectations about possible variations in the amount, timing of those cash flows, the time value of money, price for inherent uncertainty risk and other relevant factors.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(c) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The assumptions used are disclosed in Note 12 to the financial statements.

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and other deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the losses and the other deductible temporary difference could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

(e) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(f) Income taxes

Significant judgement is required in determining the capital allowances, deductibility of certain expenses and taxability of certain income during the estimation of the provision for income taxes. There are transactions during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises tax liabilities based on estimates of whether additional taxes would be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred tax provisions in the period in which such determination is made.

(g) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 42 to the financial statements.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(h) Fair value measurements

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group has engaged a professional valuer to perform valuations on the land and buildings as disclosed separately in Note 7 to the financial statements.

The Group measures these elements in the financial statements at fair value:

(i) Property, plant and equipment (land and buildings), Note 7 to the financial statements;
(ii) Other investments, Note 11 to the financial statements; and
(iii) Financial instruments, Note 41 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2014 RM'000	Additions RM'000	Reclassifications RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Impairment losses RM'000	Revaluation surplus RM'000	Translations adjustments RM'000	Balance as at 30.6.2015 RM'000
Carrying amount										
At valuation										
Freehold land	236	-	-	-	-	-	-	14	-	250
Long-term leasehold land	19,089	-	-	-	-	(257)	-	22,368	-	41,200
Buildings	34,946	15,757	15,664	-	-	(1,463)	(69)	8,710	-	73,545
At cost										
Machinery, furniture and fittings	5,914	4,979	-	-	(13)	(1,468)	-	-	8	9,420
Office equipment	3,764	1,955	-	(1)	(15)	(1,648)	-	-	4	4,059
Renovations	479	916	-	-	(14)	(196)	-	-	10	1,195
Motor vehicles	8,034	2,300	-	(338)	-	(1,955)	-	-	56	8,097
Forklifts	1,345	642	-	-	-	(801)	-	-	-	1,186
Storage containers	1,012	-	163	-	-	(139)	-	-	-	1,036
Tug boats and barges	29,045	2,895	-	-	-	(2,488)	-	-	2,456	31,908
Prime movers and trailers	18,265	692	-	(216)	-	(3,128)	-	-	-	15,613
Construction-in-progress	15,827	-	(15,827)	-	-	-	-	-	-	-
	137,956	30,136	-	(555)	(42)	(13,543)	(69)	31,092	2,534	187,509

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	At 30.6.2015				
	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Valuation RM'000	Carrying amount RM'000
At valuation					
Freehold land	-	-	-	250	250
Long-term leasehold land	-	-	-	41,200	41,200
Buildings	-	-	(69)	73,614	73,545
At cost					
Machinery, furniture and fittings	15,021	(5,601)	-	-	9,420
Office equipment	14,705	(10,646)	-	-	4,059
Renovations	1,730	(535)	-	-	1,195
Motor vehicles	16,040	(7,943)	-	-	8,097
Forklifts	5,302	(4,116)	-	-	1,186
Storage containers	2,616	(1,580)	-	-	1,036
Tug boats and barges	43,571	(11,663)	-	-	31,908
Prime movers and trailers	30,727	(15,114)	-	-	15,613
Construction-in-progress	-	-	-	-	-
	129,712	(57,198)	(69)	115,064	187,509

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Balance as at 1.7.2013 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Translations adjustments RM'000	Balance as at 30.6.2014 RM'000
Carrying amount							
At cost							
Freehold land	236	-	-	-	-	-	236
Long-term leasehold land	19,346	-	-	-	(257)	-	19,089
Buildings	35,624	151	-	-	(829)	-	34,946
Machinery, furniture and fittings	5,817	1,190	(6)	(70)	(975)	(42)	5,914
Office equipment	3,937	1,361	(1)	(45)	(1,523)	35	3,764
Renovations	249	330	-	(1)	(98)	(1)	479
Motor vehicles	7,130	2,980	(149)	-	(1,781)	(146)	8,034
Forklifts	1,976	119	-	-	(750)	-	1,345
Storage containers	945	224	-	-	(157)	-	1,012
Tug boats and barges	24,610	7,806	(2,244)	-	(1,776)	649	29,045
Prime movers and trailers	21,348	-	-	-	(3,083)	-	18,265
Construction-in-progress	-	15,827	-	-	-	-	15,827
	121,218	29,988	(2,400)	(116)	(11,229)	495	137,956

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	At 30.6.2014		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
At cost			
Freehold land	236	-	236
Long-term leasehold land	20,586	(1,497)	19,089
Buildings	39,732	(4,786)	34,946
Machinery, furniture and fittings	10,053	(4,139)	5,914
Office equipment	12,872	(9,108)	3,764
Renovations	833	(354)	479
Motor vehicles	14,811	(6,777)	8,034
Forklifts	4,660	(3,315)	1,345
Storage containers	2,431	(1,419)	1,012
Tug boats and barges	37,465	(8,420)	29,045
Prime movers and trailers	30,825	(12,560)	18,265
Construction-in-progress	15,827	-	15,827
	190,331	(52,375)	137,956

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Freehold land, long-term leasehold land and buildings (collectively known as land and buildings) classified under property, plant and equipment are measured at valuation with effect from 30 June 2015. The valuation exercise on the land and buildings was performed by an independent professional valuer using the open market value method.

The amounts recognised in the financial statements arising from the revaluation are as follows:

	Group	
	2015 RM'000	2014 RM'000
Revaluation reserve (Note 22(c))	23,633	-
Deferred tax liabilities (Note 13(a))	7,459	-
	31,092	-

Had the revalued assets been carried out at cost less accumulated depreciation, the carrying amount would have been:

	Group	
	2015 RM'000	2014 RM'000
Freehold land	236	236
Long-term leasehold land	18,832	19,089
Buildings	64,835	34,946
	83,903	54,271

(b) The fair value of land and buildings (at valuation) of the Group are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2015				
Freehold land	-	250	-	250
Long-term leasehold land	-	41,200	-	41,200
Buildings	-	73,545	-	73,545
	-	114,995	-	114,995

(i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial year ended 30 June 2015.

(ii) Level 2 fair value of land and buildings (at valuation) was determined by external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The property valuer provides the fair value of the land and buildings (at valuation) of the Group on a regular basis.

(iii) The fair value measurements of the land and buildings (at valuation) are based on the highest and best use, which does not differ from their actual use.

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group 2015 RM'000	Group 2014 RM'000
Purchase of property, plant and equipment	30,136	29,988
Financed by hire purchase and lease arrangements	(1,950)	(2,440)
Financed by term loans	(20,186)	(12,357)
Cash payments on purchase of property, plant and equipment	8,000	15,191

(d) The net carrying amount of the property, plant and equipment of the Group under hire purchase and lease arrangements at the end of the reporting period are as follows:

	Group 2015 RM'000	Group 2014 RM'000
Motor vehicles	4,078	3,521
Prime movers and trailers	1,913	1,926
	5,991	5,447

Details of the terms of the hire purchase and lease arrangements are disclosed in Notes 23 and 41 to the financial statements respectively.

(e) Property, plant and equipment pledged as securities for banking facilities granted to the Group as disclosed in Notes 24 and 28 to the financial statements are as follows:

	Group 2015 RM'000	Group 2014 RM'000
Carrying amount		
Long-term leasehold land	41,200	19,089
Buildings	72,300	33,804
Tug boats and barges	15,235	12,317
	128,735	65,210

(f) There were impairment losses of RM69,279 recognised in profit or loss due to the recoverable amounts of the buildings were less than their carrying amounts.

8. INVESTMENTS IN SUBSIDIARIES

	Company 2015 RM'000	Company 2014 RM'000
Unquoted equity shares, at cost	45,576	45,576
Equity loan to a subsidiary	26,161	26,161
	71,737	71,737
Less: Impairment losses	(650)	(650)
	71,087	71,087

(a) Equity loan to a subsidiary is unsecured and interest-free.

(b) The reconciliation of movements in the impairment losses on investments in subsidiaries are as follows:

	Company 2015 RM'000	Company 2014 RM'000
At 1 July 2014/2013	650	350
Charge for the financial year (Note 32)	-	300
At 30 June 2015/2014	650	650

In the previous financial year, an impairment loss on investments in subsidiaries amounted to RM300,000 related to a subsidiary, Exterian Enterprise Sdn. Bhd., had been recognised due to the recoverable amount was less than its carrying amount.

(c) The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by Company 2015	Interest in equity held by Company 2014	Principal activities
FM Multimodal Services Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
FM Global Logistics (KUL) Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
FM Worldwide Logistics (Penang) Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
FM Global Logistics (Ipoh) Sdn. Bhd.	Malaysia	100%	100%	Dormant
FM Global Logistics (M) Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services

8. INVESTMENTS IN SUBSIDIARIES (continued)

(c) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Interest in equity held by Company 2015	Interest in equity held by Company 2014	Principal activities
FM Global Logistics (Melaka) Sdn. Bhd.	Malaysia	100%	100%	Dormant
FM Global Logistics (Penang) Sdn. Bhd.	Malaysia	100%	100%	Dormant
Advance International Freight Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
FMG Capital & Management Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Freight Management MSC Sdn. Bhd.	Malaysia	100%	100%	Developing, providing and maintaining IT software application solutions
Symphony Express Sdn. Bhd.	Malaysia	80%	80%	Provision of freight services
Exterian Enterprise Sdn. Bhd.	Malaysia	100%	100%	Dormant
#TCH Marine Pte. Ltd.	Singapore	51%	51%	Charterers of barges and tugboats
#FM Global Logistics (S'pore) Pte. Ltd.	Singapore	100%	100%	Provision of freight services
FM Global Logistics Ventures Sdn. Bhd.	Malaysia	100%	100%	Investment holding
+Icon Freight International Inc.	British Virgin Islands	100%	100%	Provision of management services
Subsidiaries of FM Global Logistics Ventures Sdn. Bhd.				
*^PT. FM Global Logistics ('PTFM')	Indonesia	49%	49%	Provision of freight services
+FM Global Logistics Pty. Ltd.	Australia	75%	75%	Provision of integrated freight and logistic services
*FM Global Logistics Co., Ltd.	Thailand	100%	49%	Provision of freight services
+FM Global Korea Corporation	South Korea	100%	-	Provision of trading services