Haisan

HAISAN RESOURCES BERHAD
(502213-D)

Be the CHANGE.

...and moving forward

ANNUAL REPORT 2014

Vision

A leader in our business,
providing solutions and service excellence

Mission

Our customers' first choice, with services and solutions
of the highest quality

Creation and development of the most innovative solutions
that enhance customers' businesses

Value creation for all stakeholders

CONTENTS

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the Fifteenth ("15th") Annual General Meeting ("AGM") of the Company will be held at Crystal Crown Hotel, No. 217, Persiaran Raja Muda Musa, 42000 Pelabuhan Klang, Selangor Darul Ehsan on 25 June 2015 (Thursday) at 10.00 a.m. or any adjournment thereof to transact the following businesses:-

NO.	AGENDA	ORDINARY RESOLUTION	EXPLANATORY NOTE
1.	To receive the Audited Financial Statements for the year ended 31 December 2014 and the Reports of the Directors and Auditors thereon.	-	(I)
2.	To approve the payment of Directors' fees amounting to RM48,000 for the financial year ended 31 December 2014.	1	(II)
3.	To re-elect the following directors who retire in accordance with Article 83 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:-		(III)
	a) Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Al Muktafi Billah Shah	2	
	b) Azman Bin Che Onn	3	
4.	To pass the following in relation to the appointment of the Auditors of the Company :-		(IV)
	"THAT Messrs. Adam & Co., Chartered Accountants, be and are hereby appointed as auditors of the Company in place of the retiring auditors Messrs. Wong Weng Foo & Co., Chartered Accountants, to hold office until the conclusion of the next AGM at a remuneration to be agreed by the Directors."	4	
5.	As special businesses, To consider and, if thought fit, to pass the following Resolutions:-		
i)	**Proposed Retention of Independent Non-Executive Director**	5	(V)
	"En. Azman Bin Che Onn be retained and continue to act as an Independent Non-Executive Director of the Company."		
ii)	**Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965**	6	(VI)
	"THAT pursuant to Section 132D of the Companies Act, 1965 and the approvals and requirements of the relevant government/regulatory authorities, the Directors be and are hereby authorized from time to time to issue and allot shares in the Company upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this Resolution in any one financial year does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."		

By order of the Board
HAISAN RESOURCES BERHAD

Chow Poh Beng (MAICSA 7026511)
Shoon Kuan Ho (MAICSA 7020915)
Company Secretaries
Klang, Selangor

29 May 2015

Notes:-

1. *Only members registered in the Record of Depositors as at 19 June 2015 shall be eligible to attend the AGM or appoint a proxy to attend, speak and vote on his/her behalf.*
2. *A member of the Company entitled to attend and vote at the AGM is entitled to appoint up to two (2) proxies to attend and vote instead of him/her. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*
4. *In the case of a corporate member, the instrument appointing a proxy shall be under its common seal or under the hand of some officer of the corporation, duly authorised on that behalf.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary share in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds in the ordinary shares of the Company standing to the credit of the said securities account.*
7. *The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 506, Jalan Pelabuhan Utara, Bandar Sultan Suleiman, 42000 Pelabuhan Klang, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for the AGM or any adjournment thereof.*

EXPLANATORY NOTE:-

(I) This agenda on the Audited Financial Statements ("AFS") is for discussion only and will not be put to vote as the provision of Section 169 of the Companies Act, 1965, requires the AFS to be laid to the shareholders in an AGM and it does not require formal approval thereof by the shareholders.

(II) The Board of Directors ("Board") seeks the approval of the shareholder in respect of the payment of directors' fee to the directors who have served for the financial year ended 31 December 2014. Details of the directors' remuneration and fees are disclosed on page 27 of this Annual Report.

(III) Article 83 provides for yearly one third retirement of the directors for the time being and the profile of the directors can be found on page 9 to 13 of this Annual Report.

(IV) Notice of Nomination for the appointment of Auditors pursuant to Section 172(11) of the Companies Act, 1965, from the shareholder of the Company can be found on page 108 of this Annual Report.

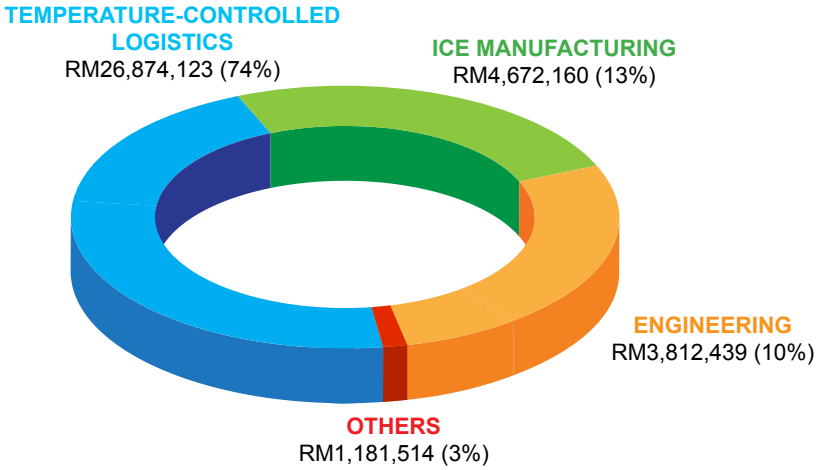
(V) The Resolution, if passed, will allow En. Azman Bin Che Onn to be retained and continue acting as the Independent Non-Executive Director to fulfil the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in line with the recommendation of the Malaysian Code of Corporate Governance 2012. The full details of the Board's justification and recommendations for the retention of the Independent Director are set out in the Statement on Corporate Governance on page 25 and 26 of this Annual Report.

(VI) The Resolution, if passed, will give the Directors the authority to issue and allot shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

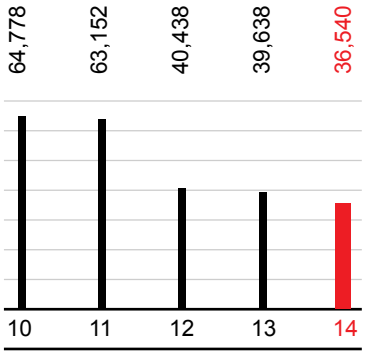
The general mandate sought in this Resolution for issue of securities is a renewal of the mandate that was approved by the shareholders on 26 June 2014. The mandate that was approved last year was unutilized. The proposed renewal of the general mandate will provide flexibility to the Company to issue new securities for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

FIVE-YEAR **FINANCIAL HIGHLIGHTS**

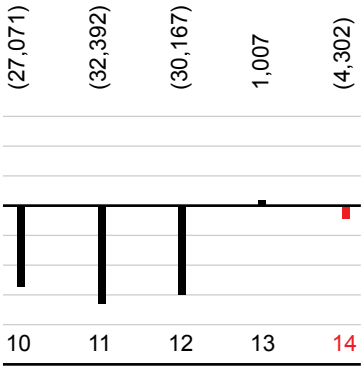
Revenue Contribution by Divisions
(for financial year ended 31 December 2014)



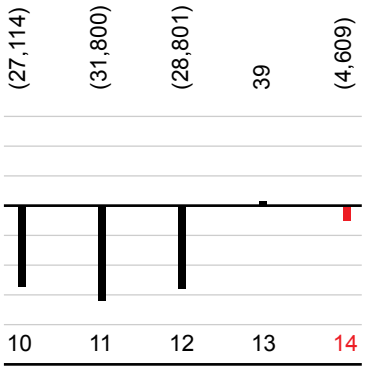
Revenue from Continuing Operations
(RM'000)



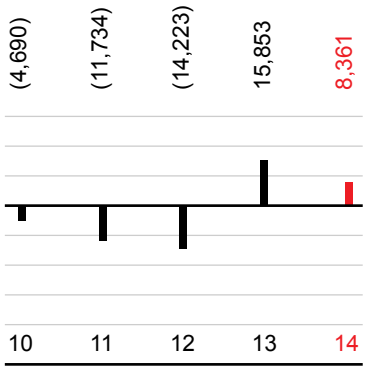
Profit/(Loss) before Taxation
(RM'000)



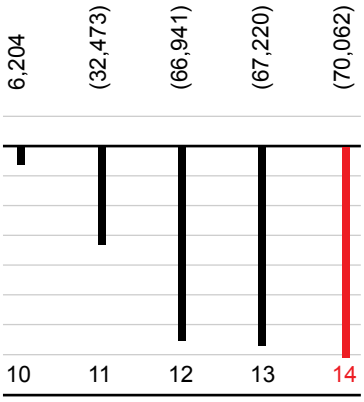
Profit/(Loss) after Taxation before Minority Interest
(RM'000)



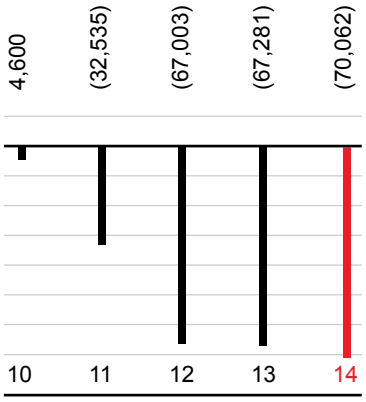
Earnings/(Loss) before Interest, Taxation, Depreciation & Amortisation
(RM'000)



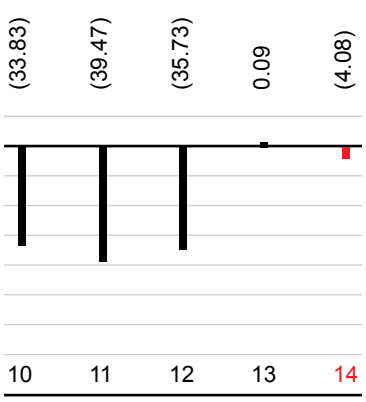
Equity Attributable to Equity Holders of the Company
(Shareholders' Funds)
(RM'000)



Net Tangible Assets Attributable to Equity Holders of the Company
(RM'000)



Earnings / (Loss) per Share
(sen)



CORPORATE **STRUCTURE**

as at 29 May 2015

HAISAN RESOURCES BERHAD
(502213-D)

TEMPERATURE-CONTROLLED LOGISTICS

100% IGLO (M) Sdn Bhd
100% IGLO Cold Chain Logistics Sdn Bhd » 100% IGC Logistics Sdn Bhd
100% ABW Value Services Sdn Bhd
100% Hai San Holdings Sdn Bhd
100% Hai San & Sons Sdn Bhd
100% Cahaya Nurani (M) Sdn Bhd
100% IGLO International Limited » 100% IGLO (Shanghai) Co., Ltd
» 100% IGLO (Shanghai) Logistics Co., Ltd
» 100% IGLO (Saigon) Incorporated

ENGINEERING

100% Haisan Engineering Sdn Bhd » 30% Edgetech Energy Sdn Bhd
40% Kelgas Haisan Industries Sdn Bhd

ICE MANUFACTURING

100% Hai San Ice Industries Sdn Bhd » 95.98% Pontian Ice Factory Sdn Bhd
100% Asia Mewah Resources Sdn Bhd
100% Freeville (M) Sdn Bhd

OTHERS

100% Xtreme Software Sdn Bhd

CORPORATE **PROFILE**

Haisan Resources Berhad ("Haisan" or "the Company"), a public listed company on the Main Market of Bursa Malaysia Securities Berhad, is a leading provider of integrated temperature-controlled logistics and industrial refrigeration engineering solutions in Malaysia.

Haisan's strength lies in its ability to combine expertise with innovation and state-of-the-art infrastructures with up-to-date technology, to provide our clients/customers and ourselves with a distinct competitive edge in the marketplace.

HAISAN'S CORE BUSINESSES:

TEMPERATURE-CONTROLLED LOGISTICS

provides integrated end-to-end logistics solutions for temperature-controlled products across Malaysia and Singapore;

ENGINEERING

provides total solutions for industrial refrigeration applications, include offering a wide range of refrigeration equipment and, providing turnkey solutions for cold storage and food processing facilities; and

ICE MANUFACTURING

offers a wide range of ice products along with distribution and merchandising services.

HAISAN AT THE INDUSTRY FOREFRONT

Temperature-Controlled Logistics

The Company's Temperature-Controlled Logistics ("TCL") division, **IGLO**, operates as a regional integrated cold chain logistics provider with a state-of-the-art Multiple Temperature-Controlled Facilities ("MTCF"), which is located at Port Klang, Malaysia.

The MTCF of IGLO is one of the largest cold storage facilities in Malaysia, with a capacity of 18,000 pallets and, is the first cold storage facility accredited with HALAL and Hazard Analysis and Critical Control Points (HACCP) certifications in the country.

With its technologically advanced MTCF, which is designed and commissioned by Haisan's in-house Engineering team, IGLO has the ability to store the temperature-sensitive products at various temperature levels, ranging from +15ºC to as low as -28ºC, as well as the capability of blast freezing up to -40ºC.

IGLO's concept of "No Break in Cold Chain" forms an integral part of its service deliverables, to ensure the quality of the clients' products throughout the supply chain process i.e. from the point of receipt until the point of delivery.

IGLO's expertise lies in providing quality end-to-end cold chain logistics solutions to the food and beverage industry, in particular, ice cream, fast foods, dairy products, marine produces, meats, poultry, vegetables, fruits, soft drinks, and etc.

IGLO is also able to provide similar temperature-controlled solutions to tobacco and semiconductor chips products which require specific skills and knowledge in managing the storage and handling of the products. In fact, IGLO is the

first company in Malaysia to pioneer the unique tempering process in relation to the storage and handling of the tobacco products in a temperature-controlled environment.

IGLO employs an in-house developed Warehouse Management System ("WMS") which is used concurrently with the Radio Frequency Identification ("RFID") system, to support its operations. The WMS is a system developed to manage operation at optimum efficiency i.e. allows customised stock picking, management of inventory and online data visibility, whilst the RFID system is a tool to enhance the inventory and tracking management.

IGLO also maintains a fleet of refrigerated trucks to provide extensive distribution and transport services for temperature-controlled products across Malaysia and Singapore.

Engineering

The Company's Engineering division, **Haisan Engineering**, specializes in refrigeration solutions for industrial applications. Equipped with a team of qualified engineers and experienced technicians, Haisan Engineering is capable in providing a complete range of refrigeration engineering solutions and services, which include undertaking turnkey projects involving the supply of integrated refrigeration system for cold storage and food processing facilities, as well as fabricating and offering a wide range of refrigeration equipment such as compressor, contact plate freezer, pressure vessel, air blast freezer, evaporative condenser, instantaneous water chillers, ammonia, valves and controls, Instant Quick Freezing (IQF) system, ice making machines and block ice plant.

Ice Manufacturing

The Company's Ice Manufacturing division, **Haisan Ice**, is one of the major ice manufacturers in Malaysia in the category of tube ice. Being one of the pioneers in the industry, Haisan Ice is the first ice manufacturing company to receive HALAL, HACCP and ISO 9001:2008 certifications for its ice products in Malaysia, and it had also obtained license to prepare ice for the purpose of trade or business issued by the Ministry of Health of Malaysia.

Being one of the oldest names around, Haisan Ice's products had been in the market for more than 35 years and are well-accepted by the local consumers. Its wide range of ice products such as block ice, tube ice and ice sculpture are made from the purest water supply utilising the state-of-the-art in-house developed water filtration system. Currently the division has two (2) ice plants in Klang Valley, located at Port Klang and Petaling Jaya respectively.

Haisan Ice, through various channels of distribution including mass merchandisers, markets its packaged edible tube ice in hypermarkets, convenience stores, and etc. Its ice products are used by a wide range of users including commercial users, special entertainment outlets, event organisers, restaurants, as well as processing plants and the fishery and agricultural sectors.

The Way Forward

It is our firm believe in "Embracing Change or Be Changed" that cause us to transform, from a humble ice maker and seller for more than 35 years ago, to become what we are today and, we will continue to rely on the same drive in "Welcome Positive Change, Embrace Effective Change and Make Wise Changes" to attain our vision and mission.


Temperature-Controlled Logistics


Industrial Refrigeration Engineering

Ice Manufacturing

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Independent Non-Executive Chairman
Dato' Tengku Sarafudin Badlishah Bin
Dato' Seri Diraja Tan Sri Tunku Sallehuddin

Executive Vice Chairman
Tengku Makram Bin Tengku Ariff

Managing Director / President / Chief Executive Officer
Ong Chin Yet

Executive Director
Ir. Kamarudin Bin Md Derom
Ong Chin Cheong

Non-Independent Non-Executive Director
Chua Boon Leong

Independent Non-Executive Director
Dato' Seri Tengku Baharuddin Ibni
Almarhum Sultan Mahmud Al Muktafi Billah Shah
Maj (R) Mahmood Kamsani Bin Mustapha
Azman Bin Che Onn

AUDIT COMMITTEE

Chairman
Maj (R) Mahmood Kamsani Bin Mustapha

Members
Dato' Seri Tengku Baharuddin Ibni
Almarhum Sultan Mahmud Al Muktafi Billah Shah
Azman Bin Che Onn
Chua Boon Leong

NOMINATION COMMITTEE

Chairman
Azman Bin Che Onn

Members
Dato' Seri Tengku Baharuddin Ibni
Almarhum Sultan Mahmud Al Muktafi Billah Shah
Chua Boon Leong

REMUNERATION COMMITTEE

Chairman
Chua Boon Leong

Members
Dato' Seri Tengku Baharuddin Ibni
Almarhum Sultan Mahmud Al Muktafi Billah Shah
Azman Bin Che Onn

REGISTERED OFFICE / PRINCIPAL PLACE OF BUSINESS

Lot 506, Jalan Pelabuhan Utara,
Bandar Sultan Suleiman,
42000 Pelabuhan Klang,
Selangor Darul Ehsan, Malaysia
Tel: (603) 3168 9626
Fax: (603) 3168 1418
Email: contact@haisan.com
Website: www.haisan.com

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
(Listed since 2001)
Stock Code 7110

COMPANY SECRETARIES

Chow Poh Beng (MAICSA 7026511)
Shoon Kuan Ho (MAICSA 7020915)

SHARE REGISTRAR

Mega Corporate Services Sdn. Bhd.
Level 15-2, Sheraton Imperial Court,
Jalan Sultan Ismail, 50250 Kuala Lumpur
Tel: (603) 2692 4271
Fax: (603) 2732 5388

AUDITORS

Wong Weng Foo & Co.
Chartered Accountants
41, Damai Complex,
Jalan Dato Haji Eusoff,
50400 Kuala Lumpur
Tel: (603) 4042 4280
Fax: (603) 4041 3141

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad

PROFILE OF **DIRECTORS**

01

YTM Dato' Tengku Sarafudin Badlishah Bin Dato' Seri Diraja Tan Sri Tunku Sallehuddin
Independent Non-Executive Chairman
Malaysian, aged 48

Date of first appointment as a Director	29 January 2014
Date of last re-election as a Director	26 June 2014
Length of service as a Director at Next AGM	One (1) year
Board committee(s) served on	None
Present directorships in public listed companies	None
Major appointments (other than directorships)	None
Past directorships in public listed companies held over the preceding five (5) years	None
Academic and professional qualification(s)	Bachelor's Degree in Law from Brunel University, London; Barrister from the Inner Temple, England; Advocate & Solicitor of the High Court of Malaya
Family relationship with any director and / or major shareholder of the listed issuer	None
Any conflict of interests that he has with the listed issuer	None
Conviction for offences within the past ten (10) years	None
Board meetings' attendance during the year under review	Full attendance to all four (4) board meetings

Working Experience And Occupation:

Dato' Tengku Sarafudin Badlishah started his career at Sime Darby Berhad in 1992 and was attached to the Corporate Planning and Legal Department. He was later transferred to the Industrial Relations Department.

In 1997, Dato' Tengku Sarafudin Badlishah joined Pesaka Jardine Fleming Sdn Bhd ("PJF"), a financial advisory company. At PJF, he was involved in compliance, secretarial and legal matters. He was the executor of Jardine Fleming Group company secretarial requirements in Malaysia and also the company secretary for Jardine Fleming Apex Unit Trusts Berhad.

In late 1999, Dato' Tengku Sarafudin Badlishah joined the Legal Department of the Malaysian Communications and Multimedia Commission ("MCMC"). He was the Head of Legal an Secretarial Department at MCMC.

Dato' Tengku Sarafudin Badlishah is currently a partner in a legal firm, Kamil Hashim Raj & Lim.

02 YM Tengku Makram Bin Tengku Ariff

Executive Vice Chairman
Malaysian, aged 65

Date of first appointment as a Director	25 September 2013
Date of last re-election as a Director	26 June 2014
Length of service as a Director at Next AGM	Two (2) years
Board committee(s) served on	None
Present directorships in public listed companies	None
Major appointments (other than directorships)	None
Past directorships in public listed companies held over the preceding five (5) years	Independent Non-Executive Deputy Chairman of Thong Guan Industries Bhd (1997-2013)
Past key appointments	None
Academic and professional qualification(s)	Malaysian Certificate of Education (MCE)
Family relationship with any director and/ or major shareholder of the listed issuer	None
Any conflict of interests that he has with the listed issuer	None
Conviction for offences within the past ten (10) years	None
Board meetings' attendance during the year under review	Full attendance to all four (4) board meetings

Working Experience And Occupation:
Tengku Makram completed his MCE in 1967 and thereafter he served in the Royal Malaysian Armed Forces. Upon completion of his service in the Royal Malaysian Armed Forces, Tengku Makram had ventured into different businesses since 1979 which included amongst others, property development, construction and car industries.

03 Ong Chin Yet

Managing Director/President/Chief Executive Officer ("CEO")
Malaysian, aged 53

Date of first appointment as a Director	30 October 2000
Date of last re-election as a Director	27 June 2013
Length of service as a Director at Next AGM	Fifteen (15) years
Board committee(s) served on	None
Present directorships in public listed companies	None
Major appointments (other than directorships)	None
Past directorships in public listed companies held over the preceding five (5) years	None
Academic and professional qualification(s)	Degree of Science (Honours) in Accounting & Data Processing from Leeds University, United Kingdom.
Family relationship with any director and / or major shareholder of the listed issuer	Mr Ong is the brother of Mr. Ong Chin Cheong, who is the Executive Director of the Company.
Any conflict of interests that he has with the listed issuer	Mr. Ong is deemed interested in transactions between the Group and certain companies carried out in the ordinary course of business by virtue of his common directorship and/or shareholdings in these companies
Conviction for offences within the past ten (10) years	None
Board meetings' attendance during the year under review	Full attendance to all four (4) board meetings

Working Experience And Occupation:
Upon his graduation in 1984, Mr. Ong joined the Group and was responsible for financial and administration duties. He later extended his responsibilities to operations particularly in industrial refrigeration engineering. He is also responsible for the Group's expansion plan, including its diversification into other industries such as temperature-controlled logistics, bonded and non-bonded warehousing.

04 Ir. Kamarudin Bin Md Derom

Executive Director
Malaysian, aged 57

Date of first appointment as a Director	30 October 2000
Date of last re-election as a Director	27 June 2013
Length of service as a Director at Next AGM	Fifteen (15) years
Board committee(s) served on	None
Present directorships in public listed companies	Chairman of LTKM Berhad
Major appointments (other than directorships)	None
Past directorships in public listed companies held over the preceding five (5) years	None
Academic and professional qualification(s)	Degree in Bachelor of Science in Civil and Environmental Engineering, University of Wisconsin-Madison, USA (1983); Registered Professional Engineer with the Board of Engineers, Malaysia.
Family relationship with any director and / or major shareholder of the listed issuer	None
Any conflict of interests that he has with the listed issuer	Ir. Kamarudin is deemed interested in transactions between the Group and certain companies carried out in the ordinary course of business by virtue of his common directorship and/or shareholdings in these companies.
Conviction for offences within the past ten (10) years	None
Board meetings' attendance during the year under review	Attended three (3) out of four (4) board meetings

Working Experience And Occupation:

Upon graduated in 1983, Ir. Kamarudin started his career as a Civil Engineer in Promet Construction Sdn Bhd. In 1986, he joined Energoprojekt Engineering & Constructing Co., a company involved in the Expressway Project between Ayer Keroh and Pagoh. He left Energoprojekt in 1989 and joined Senju (M) Sdn Bhd, a multinational company from Japan involving in the manufacturing of industrial solders for electronics as a Sales Manager. He was later engaged as a Project Manager with Pembinaan TLN Sdn Bhd from 1991 to 1994.

In 1995, Ir. Kamarudin co-founded a bonded warehousing company with Haisan to provide bonded warehousing services. He is now actively oversees the business development and other divisions of the Group.

05 Ong Chin Cheong

Executive Director
Malaysian, aged 50

Date of first appointment as a Director	30 October 2000
Date of last re-election as a Director	26 June 2014
Length of service as a Director at Next AGM	Fifteen (15) years
Board committee(s) served on	None
Present directorships in public listed companies	None
Major appointments (other than directorships)	None
Past directorships in public listed companies held over the preceding five (5) years	None
Academic and professional qualification(s)	GCE Advanced Level (A-level), United Kingdom (1982)
Family relationship with any director and / or major shareholder of the listed issuer	Mr. Ong is the brother of Mr. Ong Chin Yet, who is the Managing Director, President and CEO of the Company.
Any conflict of interests that he has with the listed issuer	Mr Ong is deemed interested in transactions between the Group and the ordinary course of business by virtue of hi common directorship certain companies carried out in and / or shareholdings in these companies.
Conviction for offences within the past ten (10) years	None
Board meetings' attendance during the year under review	Full attendance to all four (4) board meetings

Working Experience And Occupation:

Upon graduation from A-level, Mr. Ong joined the Group and was responsible for block ice manufacturing activity which he later expanded into producing tube ice in 1997. He is now oversees various operational matters of the Group.

06

Chua Boon Leong
Non-Independent Non-Executive Director
Malaysian, aged 60

Date of first appointment as a Director	26 July 2001
Date of last re-election as a Director	26 June 2014
Length of service as a Director at Next AGM	Fourteen (14) years
Board committee(s) served on	Chairman of Remuneration Committee; Member of Audit Committee and Nomination Committee
Present directorships in public listed companies	None
Major appointments (other than directorships)	None
Past directorships in public listed companies held over the preceding five (5) years	None
Academic and professional qualification(s)	Member of the Malaysian Institute of Accountants (MIA) and fellow of the Association of Chartered Certified Accountants (ACCA)
Family relationship with any director and / or major shareholder of the listed issuer	None
Any conflict of interests that he has with the listed issuer	None
Conviction for offences within the past ten (10) years	None
Board meetings' attendance during the year under review	Full attendance to all four (4) board meetings

Working Experience And Occupation:
Mr. Chua has more than twenty five (25) years of working experience in the financial, audit and corporate finance field. He has held senior management positions in diverse companies in the financial, auditing, manufacturing, development and construction industries both locally and overseas.

07

YAM Tengku Sri Temenggung Raja D.K., S.S.M.T. Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Al Muktafi Billah Shah
Independent Non-Executive Director
Malaysian, aged 39

Date of first appointment as a Director	4 October 2007
Date of last re-election as a Director	27 June 2012
Length of service as a Director at Next AGM	Eight (8) years
Board committee(s) served on	Member of Audit Committee, Nomination Committee and Remuneration Committee
Present directorships in public listed companies	None
Major appointments (other than directorships)	None
Past directorships in public listed companies held over the preceding five (5) years	None
Academic and professional qualification(s)	Hotel Management Certificate from Singapore Hotel and Tourism Education Centre (SHATEC) in 1994; Undergraduate studies in Tourism Business & Finance (Marketing), College of Food & Beverage and Tourism Business, the University of De Montfort, UK (1996).
Family relationship with any director and / or major shareholder of the listed issuer	None
Any conflict of interests that he has with the listed issuer	None
Conviction for offences within the past ten (10) years	None
Board meetings' attendance during the year under review	Attended two (2) out of four (4) board meetings

Working Experience And Occupation:
Dato' Seri Tengku Baharuddin is a director of a private limited company incorporated in Malaysia since 2006 which is principally engaged in construction activities.

08 Maj (R) Mahmood Kamsani Bin Mustapha

Independent Non-Executive Director
Malaysian, aged 63

Date of first appointment as a Director	25 February 2014
Date of last re-election as a Director	26 June 2014
Length of service as a Director at Next AGM	One (1) year
Board committee(s) served on	Chairman of Audit Committee
Present directorships in public listed companies	None
Major appointments (other than directorships)	None
Past directorships in public listed companies held over the preceding five (5) years	None
Academic and professional qualification(s)	Diploma in Strategic and Security Studies from the National University of Malaysia (UKM), 1983
Family relationship with any director and / or major shareholder of the listed issuer	None
Any conflict of interests that he has with the listed issuer	None
Conviction for offences within the past ten (10) years	None
Board meetings' attendance during the year under review	Full attendance to all four (4) board meetings

Working Experience And Occupation:

Maj Mahmood started as an officer in the Royal Malay Regiment in 1974, and had subsequently promoted several times, until his last position as a Staff Officer in the Department of Defence Planning, prior to his early retirement from the Malaysian Armed Forces in 1985.

Subsequent to his retirement, he was engaged in various companies, such as Makepro Construction Sdn Bhd from 1986 to 1988, Budaya Group of Companies from 1989 to 1990, self-operated catering services company to supply food and beverage for Tabung Haji Pilgrims in Mecca and Medina from 1991 to 1992, and formed a joint-venture company with KUB Malaysia Berhad to market Lockheed fortworth military products in 1993.

From 1994 to 1996, Maj Mahmood was appointed as a Senior Manager in General Lumber Fabricators and Builders to market and operate Prefabricated Timber Roof Trusses. Later in 1997, he joined Sime Axa Assurance Berhad as a Senior Manager of Administration Department until 2001.

Maj Mahmood was appointed as a Director of Encorp Utilities Sdn Bhd, a company involved in the operation and maintenance of water treatment plant, from 2002 to 2012.

09 Azman Bin Che Onn

Independent Non-Executive Director
Malaysian, aged 49

Date of first appointment as a Director	30 October 2000
Date of last re-election as a Director	27 June 2012
Length of service as a Director at Next AGM	Fifteen (15) years
Board committee(s) served on	Chairman of Nomination Committee; Member of Audit Committee and Remuneration Committee
Present directorships in public listed companies	None
Major appointments (other than directorships)	None
Past directorships in public listed companies held over the preceding five (5) years	None
Academic and professional qualification(s)	Bachelor of Commerce (Accounting) from the University of New South Wales, Sydney, Australia (1990)
Family relationship with any director and / or major shareholder of the listed issuer	None
Any conflict of interests that he has with the listed issuer	None
Conviction for offences within the past ten (10) years	None
Board meetings' attendance during the year under review	Full attendance to all four (4) board meetings

Working Experience And Occupation:

Upon graduation, En. Azman was attached to Yeo, Yong Poh & Co. (Public Accounting firm). In 1991, he left the firm and ventured into his own business.

CORPORATE **CALENDAR**

2014

JANUARY 2
Obtained the shareholders' approval for its Proposed Regularisation Plan in an Extraordinary General Meeting

JANUARY 10
The High Court of Malaya at Shah Alam confirmed and sanctioned the Company's Petition for an Order for the reduction of the Company's share capital ("Order") pursuant to Section 64 of the Companies Act, 1965

JANUARY 15
An office copy of the Order was lodged with the Companies Commission of Malaysia and by the Order so lodged, the reduction of the share capital of Haisan has taken effect

JANUARY 29
Appointment of Dato' Tengku Sarafudin Badlishah Bin Dato' Seri DiRaja Tan Sri Tunku Sallehuddin as the Independent Non-Executive Chairman;

Appointment of Mr. Ong Rui Yuan as the Executive Director;

Redesignation of Tengku Makram Bin Tengku Ariff as the Executive Vice Chairman;

Redesignation of Ir. Kamarudin Bin Md Derom as the Executive Director; and

Appointment of Ms. Shoon Kuan Ho as the Company Secretary

FEBRUARY 25
Appointment of Mr. Prabir Kumar Mittra as the Independent Non-Executive Director; and

Appointment of Maj (R) Mahmood Kamsani bin Mustapha as the Independent Non-Executive Director

FEBRUARY 27
Announcement of the Group's unaudited consolidated fourth quarter results for the financial year ended 31 December 2013

MARCH 6
Redesignation of Mr. Chua Boon Leong as the Non-Independent Non-Executive Director;

Redesignation of Mr. Chua Boon Leong as the Member of Audit Committee; and

Appointment of Mr. Prabir Kumar Mittra as the Chairman of Audit Committee

MARCH 21
Announcement in relation to the completion of a disposal of the Company's property located at Chan Sow Lin industrial area

APRIL 11
Haisan Sdn Bhd changed its name to Haisan Engineering Sdn Bhd

APRIL 30
Announcement of the Group's audited consolidated financial statements for the financial year ended 31 December 2013

MAY 30
Announcement of the Group's unaudited consolidated first quarter results for the financial period ended 31 March 2014

JUNE 26
Fourteenth (14th) Annual General Meeting was held at Crystal Crown Hotel, Port Klang

AUGUST 28
Announcement of the Group's unaudited consolidated second quarter results for the financial period ended 30 June 2014

Resignation of Mr. Prabir Kumar Mittra as the Chairman of Audit Committee and the Independent Non-Executive Director; and

Resignation of Mr. Ong Rui Yuan as the Executive Director

SEPTEMBER 8
Appointment of Maj (R) Mahmood Kamsani Bin Mustapha as the Chairman of Audit Committee

OCTOBER 16
Bursa Malaysia Securities Berhad ("Bursa Securities") granted the Company an extension of time up to 24 February 2015 to implement its Regularisation Plan

NOVEMBER 27
Announcement of the Group's unaudited consolidated third quarter results for the financial period ended 30 September 2014

2015

FEBRUARY 11

Bursa Securities granted the Company an extension of time up to 24 June 2015 to implement its Regularisation Plan

FEBRUARY 27

Announcement of the Group's unaudited consolidated fourth quarter results for the financial year ended 31 December 2014

APRIL 30

Announcement of the Group's audited consolidated financial statements for the financial year ended 31 December 2014

CHAIRMAN'S **STATEMENT**

Dear valued shareholders,

On behalf of the Board of Directors ("Board") of Haisan Resources Berhad ("Haisan"), I wish to present the Annual Report and the Audited Financial Statements of Haisan and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2014 ("FYE 2014").

OVERVIEW

Throughout 2014, we remained focused on executing our initiatives contemplated under the Regularisation Plan with aims to restore the financial solvency of the Group and to lift Haisan from its Practice Note 17 ("PN17") status. The Regularisation Plan, which comprises the recapitalisation initiatives through a private placement, which had been carried out in the first quarter of 2014, contributed RM2.00 million ("Private Placement"), and a renounceable rights issue to be undertaken, which will raise proceeds up to RM18.08 million ("Rights Issue"), coupled with the proposed development plans for the principal business segments of the Group, would be sufficiently comprehensive to resolve the problems that had caused Haisan to trigger the prescribed criteria of PN17.

The Rights Issue would be carried out upon the completion of the sale and leaseback of the Group's seven (7) properties located at Port Klang, on the basis of three (3) rights shares for every one (1) existing Haisan share at an issue price of RM0.05 per rights share.

Although we have been operating in a constrained financial environment with limited financial assistance from the banks ever since Haisan was classified as a PN17 company, we still managed to maintain the sustainability of the Group's core operations throughout the years, as well as safeguarded our market leader status in the cold chain industry. This is attributed to our good reputation in the market as a highly respected specialist with a wide range of operations, from upstream to downstream in the cold chain industry.

FINANCIAL PERFORMANCE

For the FYE 2014, the Group's revenue from continuing operations deteriorated to RM36.54 million compared to preceding year's revenue of RM39.64 million primarily due to decline in income from the Engineering and Ice divisions.

The reduction in revenue of the Engineering division was attributed to the decrease in project revenue following a drop in number of projects/contracts secured during the financial year under review.

On the other hand, the Group's revenue performance for the FYE 2014 was also impacted by the discontinuation of the loss making ice operations, i.e. two (2) in Johor and one (1) in Kuala Lumpur, by disposing the assets of the operations, which was in line with the Group's strategy to exit from the loss making operations and to shrink its balance sheet further.

The Group registered a loss after tax from continuing operations of RM4.61 million for the FYE 2014 against a profit after tax from continuing operations of approximately RM0.04 million for the financial year ended 31 December 2013 ("FYE 2013"). Besides the lower revenue, the loss for the FYE 2014 was due to high interest costs amounting to RM9.10 million and decline in other income which more than halved from RM10.98 million in 2013 to RM5.06 million in 2014. The other income for the FYE 2013 was composed primarily of a one-off non-cash income arising from the reversal of the provision for utilities claims no longer required and a gain on waiver of interest on full and final settlement of a debt.

The profit from discontinued operations for the FYE 2013 was RM1.10 million, mainly as a result of a gain of RM1.56 million on the disposal of a Chinese subsidiary, net of tax. There were no discontinued operations in the Group during the year under review. As a result, the Group's net loss after tax was same as the loss after tax from continuing operations of RM4.61 million for the FYE 2014 compared to a net profit after tax of RM1.14 million for the FYE 2013.

DATO' TENGKU SARAFUDIN BADLISHAH BIN DATO' SERI DIRAJA TAN SRI TUNKU SALLEHUDDIN
Independent Non-Executive Chairman

	2014 (RM million)	2013 (RM million)
Revenue from continuing operations	36.54	39.64
(Loss)/Profit after tax from continuing operations	(4.61)	0.04
Net (loss)/profit after tax	(4.61)	1.14

CORPORATE DEVELOPMENT

On 2 January 2014, Haisan cancelled its 7,604,100 shares which were bought back and held as treasury shares pursuant to Section 67A of the Companies Act, 1965 after the shareholders' approval of the Proposed Regularisation Plan was obtained. Consequently, the issued and paid-up share capital of Haisan was reduced from RM44,072,500 comprising of 88,145,000 ordinary shares of RM0.50 each to RM40,270,450 comprising of 80,540,900 ordinary shares of RM0.50 each effective 2 January 2014. The issued and paid-up share capital of Haisan was further reduced to RM4,027,045 comprising of 80,540,900 ordinary shares of RM0.05 each, following the lodgement of an order dated 10 January 2014 which was granted by the High Court of Malaya for the Capital Reduction, with the Companies Commission of Malaysia on 15 January 2014.

Further on 14 March 2014, Haisan issued and allotted 40,000,000 shares to the respective Placees, namely YM Tengku Makram Bin Tengku Ariff, En. Wan Zulkifie Bin Wan Yusoff, Accurate Consult Sdn Bhd, Dato' S.S. Subramaniam, Mdm. Khoo Geok Leng, En. Mohamed Shahrom Bin Abdul Ghani and Mr. Benny Soh Seow Leng, pursuant to the Private Placement. However, the 40,000,000 shares will only be listed and quoted simultaneously with the rights shares to be issued pursuant to the Rights Issue.

On 16 October 2014, Bursa Securities granted Haisan an extension of time until 24 February 2015 to implement and complete its Regularisation Plan, and subsequent on 11 February 2015, Bursa Securities had once again given Haisan an extension of time of four (4) months until 24 June 2015.

During the year under review, Haisan had also completed the disposals of two (2) ice factories located in Kuala Lumpur and Johor in the first quarter and fourth quarter of 2014, respectively. The proceeds from the disposals were utilised to pare down the Group's debt level.

There have been some changes to the Board's composition during the year under review. Mr. Chua Boon Leong, who has served the Board more than twelve (12) years, had been redesignated as the Non-Independent Non-Executive Director on 6 March 2014. Mr. Chua has a good insight on the business aspects of the Group and is experienced in financing and compliance matters, and the Board values his continued service on the Board.

On the other hand, on 28 August 2014, Mr. Prabir Kumar Mittra had resigned as Chairman of Audit Committee as well as stepped down from the Board as Independent Non-Executive Director, and subsequently took up a senior role in the Group as Deputy President and Head of Financial Reporting & Governance. The role of the Chairman of Audit Committee was succeeded by Maj (R) Mahmood Kamsani Bin Mustapha, who has exposure in the corporate and business environment for almost thirty (30) years.

Mr. Ong Rui Yuan had also stepped down from the Board as Executive Director on 28 August 2014 in order to focus on his role in the Group as Deputy President and Head of Operations & Compliance.

The Board believes that these changes were necessary to enhance the management team's operational focus and ability to carry out the Group's restructuring plans successfully.

OUTLOOK & PROSPECTS

Moving forward, the Board has no doubt the year ahead will prove challenging for the Group, but we remain confident that the initiatives we are working on will allow us to strengthen and recapitalise the Group's financial position as well as to lift Haisan from its PN17 status. We are eagerly awaiting for the completion of the Group's Regularisation Plan which will allow the Group to raise a capital of approximately RM18.08 million via the Rights Issue. The proceeds will then be utilised primarily to part finance the Group's capital expenditure for its business operations, upgrading its existing facilities and future expansion.

Based on the best knowledge of the Board under the present circumstances, the Regularisation Plan is adequate to address the financial concerns of the Group that had caused the deterioration of its financial performance. Moving forward, we will explore opportunities which complement the three (3) principal business segments of the Group. Nevertheless, any future projects would be subject to detailed analysis of the potential markets, risks and return prior to undertaking the investment and improved financial management for an optimum capital structure without adding undue pressure on the cash flows of the Group.

DIVIDENDS

In light of our ongoing and continuing restructuring initiatives to lift Haisan from its PN17 status, we continue to adopt a prudent approach in managing the Group's financial resources. Therefore, the Board does not recommend the declaration of dividends for the FYE 2014.

APPRECIATION

On behalf of the Board, I take this opportunity to thank all of our valued customers, shareholders, partners, suppliers, bankers, advisers and regulatory authorities for their invaluable support and assistance throughout the years and we look forward to their continued support.

Lastly, I would like to express my sincere appreciation to all of my fellow directors, management and staff for their dedication and commitment to the Group as we grow together as a team.

Together we build the future, together we make it happen!

CEO'S **REVIEW OF OPERATIONS**

2014 witnessed our continued efforts towards ensuring the completion of the Regularisation Plan which is aimed at restoring the Group's financial position and lifting Haisan out of its PN17 status. However, the overall business performance of the Group during the year was affected by its working capital constraints which held back the growth and development of the Group.

ONG CHIN YET
Chief Executive Officer

The Group recorded a revenue from continuing operations of RM36.54 million for the FYE 2014, a deterioration of 7.82% compared to preceding year's revenue of RM39.64 million, primarily attributed to decline in income from the Engineering and Ice divisions.

The Group registered a loss after tax from continuing operations of RM4.61 million for the FYE 2014 against a profit after tax from continuing operations of approximately RM0.04 million for the financial year ended 31 December 2013 ("FYE 2013"). Besides the lower revenue, the loss for the FYE 2014 was due to high interest costs amounting to RM9.10 million and decline in other income which more than halved from RM10.98 million in 2013 to RM5.06 million in 2014.

There were no discontinued operations in the Group during the year under review. As a result, the Group's net loss after tax was same as the loss after tax from continuing operations of RM4.61 million for the FYE 2014 compared to a net profit after tax of RM1.14 million for the FYE 2013.

SEGMENTAL PERFORMANCE

Temperature-Controlled Logistics ("TCL")

The TCL division remained the main revenue contributor of the Group, accounting for 74% of the total turnover for the financial year under review. The division made RM26.87 million in turnover, of which a majority was derived from warehousing. The revenue showed an increase of 6% compared to RM25.42 million for the preceding year. This increase has shown a continued peak in occupancy of our multiple temperature-controlled facilities ("MTCF") during the year under review.

Engineering

The Engineering division recorded a revenue of RM3.81 million for the FYE 2014, a decline of 45% compared to the preceding year's revenue of RM6.98 million. The reduction in revenue of the Engineering division was attributed to the decrease in project revenue following a drop in number of projects and contracts secured during the financial year under review.

Ice Manufacturing

The Ice Manufacturing division recorded a 34% decline in revenue to RM4.67 million for the FYE 2014 compared to the preceding year's revenue of RM7.11 million. The revenue performance was mainly impacted by the discontinuation of three (3) ice operations, i.e. two (2) in Johor and one (1) in Kuala Lumpur, by disposing the assets of the operations, which was in line with the Group's strategy to exit from the loss making operations and to shrink its balance sheet further.

OUTLOOK & PROSPECTS

The Malaysian economy is expected to sustain its positive growth trajectory in 2015, supported by improved global economic conditions and resilient domestic demand. Nonetheless, as a highly open economy amid an increasingly liberalised global environment, Malaysia remains vulnerable to external shocks.

The Malaysian economy is expected to sustain its growth momentum in 2015 driven by resilient domestic demand and an improving external sector. Given the better outlook of the global economy and underpinned by the 2015 Budget measures to further support growth and transformation programmes, GDP is expected to expand at a steady pace between 5% and 6% in 2015.

(Source: Economic Report 2014/2015, Ministry of Finance)

TCL

The outlook for the TCL industry in Malaysia remains positive as the industry is still at its growth stage, there is a lot of potential for further expansion. The temperature-controlled warehousing and logistics segment is projected to expand between 10% and 15% per annum in the coming years due to increasing health consciousness and higher demand for better quality products and foods.

With the increasing demand for quality in products and delivery services by both consumers and retailers, the TCL industry is expected to undergo tremendous transformation with the integration of innovation and technology, especially in the area of information and communications technology, warehousing management and logistics solutions, and other value-added services.

Being an industry pioneer since 1998, we have an established record and are known for "No Break in Cold Chain" expertise where our customers' goods are stored and handled at the right temperature throughout the logistics process in order to retain the quality of the goods and to reduce wastage due to spoilage. We are also the first cold chain logistics company

to obtain HALAL and Hazard Analysis and Critical Control Point (HACCP) certifications in Malaysia.

Furthermore, we always play a proactive role in providing excellent services that combine expertise with innovation and the latest cold chain technology infrastructure to meet our customers' changing needs. We always believe that technology is the leading role to the future. The incorporation of the latest technology such as warehousing management system, radio frequency identification (RFiD) and other IT solutions in the warehousing and logistics operations would provide greater benefits to the growth of the industry.

Moving forward, we are well-positioned to leverage on our proven track record to offer advisory and management services to those who are keen to develop their cold chain management operations and infrastructure.

As planned under the Regularisation Plan, we will also expand our cold storage capacity by 5,000 pallets through the conversion of an existing vacant warehouse at Port Klang into a new MTCF, utilising proceeds to be raised from the Rights Issue, in view of the limitation of our existing storage capacity to meet the increasing demand from our existing and new clients.

With the above mentioned outlook and plans, the Board anticipates that the expansion of our TCL division in the coming years would remain bright, and expects the TCL division to remain the largest contributor to the Group going forward as well as its key driver.

Engineering

The Board expects that, upon the completion of the Regularisation Plan, the Engineering division would grow better in the future by leveraging on its established track record which is recognised locally as well as internationally given the number of large contracts that have been successfully completed.

Equipped with a team of experienced personnel, the Engineering division would be more proactive in marketing its supply and installation of cold chain infrastructure and system solutions. There are opportunities in the country and overseas for our niche services as there is a shortage of experienced service providers who can design and construct state-of-the-art cold storage facilities that meet the technical and innovative needs of the cold chain industry as well as the international quality standards, such as HACCP and ISO standards in the food and beverage industry.

Furthermore, with the completion of the Rights Issue, the Group would commence the production and refurbishment of liquefied petroleum gas (LPG) and pressure vessel tanks via the joint venture with Kelgas Sdn Bhd for domestic and industrial uses for both local and export markets. This new business venture is expected to allow the Group to recognise an additional constant stream of revenue in future.

Ice Manufacturing

As part of the internal restructuring, the Group had disposed of its three (3) ice factories together with the lands located in Johor and Kuala Lumpur, respectively, between 2013 and 2014. The tube ice machine from the plant in Johor Bahru had been transferred to the ice factory in Port Klang, whereas the equipment of the factory in Kuala Lumpur remains operational by Haisan in collaboration with an appointed sales agent. This allows the Ice division to accommodate rising demand in Klang Valley and to recognise savings in terms of production and administration expenses, as well as achieve economies of scale.

Presently, the Ice division is focused on the production of tube ice and had outsourced the production of block ice to a third party, which is in line with the Group's strategy to achieve cost efficiencies.

CLOSING REMARKS

With the implementation of the Regularisation Plan and the business plans coupled with the long-term positive outlook of the Malaysian cold chain industry, we believe that the going concern status of the Group would be addressed and the financial condition of the Group is expected to be restored.

Moving forward, we will continue to focus on the expansion of the Group's principal business segments, particularly the TCL division in view of its huge potential and promising prospect. Furthermore, we are always confident in our expertise and experience in the TCL industry, and we have been able to secure new customers and renew contracts with existing customers, notwithstanding the PN17 status.

Nevertheless, we remain cautious about the Group's business outlook and continue to maintain strict control of costs as we expect to face further challenges domestically, especially with the implementation of the Goods and Services Tax (GST) on 1 April 2015. Based on the strength of our track record and long experience in the industry and, on the basis that the Regularisation Plan would be completed in time, we expect the overall performance of the Group will be much improved in the coming years.

Together we build the future, together we make it happen!

STATEMENT ON **CORPORATE SOCIAL RESPONSIBILITY**

At Haisan, we have always believed in and taken seriously the importance of Corporate Social Responsibility ("CSR"). We strive to be a more responsible corporate citizen in our ventures and desire to add value to the communities in which we operate by upholding high standard of conduct and integrity in what we do. We trust that this will bring sustainable and collective value to our shareholders, employees, customers and society.

ACTIVITIES

A Place Like Home

Haisan believes that our employees are the greatest asset and hence strive to strike a balance between work life and personal aspirations.

Developing passion in their work is one focus and strength, and we remain committed to helping our employees develop to their fullest potential. Operational staff are provided training for their scope of work and regularly monitored and assessed for quality, safety and hygiene.

We comply with good and common procedures such as wearing cold-room jacket, limited time inside cold room with rests. We are in the progress of adapting this procedures based on United States standard, and comply with Occupational Safety and Health Act (OSHA), Hazard Analysis Critical Control Point (HACCP) and HALAL standards. Changing rooms, wash room, staff rest room and designated smoking area are provided. Cigarette smoking is actively discouraged. Going forward Haisan is consultations with clients and customers to improve standards including Supplier Compliance (SEDEX).

We offer a competitive remuneration package with a range of benefits to attract and retain the good staff and encourage loyalty. At suitable locations a pantry facility is provided to office staff. In addition to the standard benefits such as annual leave and medical coverage, we also offer career development plans for both technical and non-technical staff. This includes employee recognition and mentoring programmes.

We also continually look for ways to engage with our employees to foster a strong sense of purpose and belonging. The Group employs an open door policy and every employee is empowered to provide suggestions or feedback on any subject matter; regardless of position or length of employment

We practice equal opportunity and treat all employees fairly regardless of race, religion, disability, gender, age and marital status. Where suitable, such in the reception and telephony, we employ physically challenged persons, who are visually impaired.

Our Community

Employees, who are part of our community, are encouraged to participate in the various social events and sports activities. To foster camaraderie amongst the employees, we always organise social gatherings such as festive and birthday celebrations although these activities were at a reduced level due to our constrained financial health.

Our employees are encouraged to participate in community works, an employee-run "Make It Happen" Club ("MIH Club") was established in July 2007 to facilitate communication amongst employees of all levels to improve employees' welfare and acts as a platform to promote employees' involvement in the CSR affairs.

Blood donation campaign has also been an annual event of Haisan since 2008. As in the previous years, the MIH Club had once again organised a blood donation campaign, in collaboration with Hospital Tengku Ampuan Rahimah Klang, in February 2015 at Haisan Headquarters. The campaign again received tremendous support from both our employees and our neighbouring business partners.

Caring For The Environment

Since the first recycling campaign organised by the MIH Club in 2007 with aims to create a "GREEN" working environment, the recycling has become our daily routine and recycle bins have been placed at various strategic locations within the office compound to continue promoting the recycling habit.

In the operations, standards are imposed to effectively control the usage of electricity while maintain cold room temperature requirements, and thus lower our carbon foot print and costs.

Further to this effort, a waste management contractor is also appointed to dispose the wastes in an environmentally sound and efficient manner.

Market Place

In dealings with our suppliers, customers, shareholders and other stakeholders, Haisan holds firm to corporate ethics which include doing business responsibly and in the interest of our stakeholders in the long term.

Haisan supports green initiatives in its services, and collaborates with its clients and customers to achieve good market standard, such as ISO 9000, HACCP, HALAL (MS 1500 and 2400) and SEDEX.

In conjunction with our commitment to good service, Key Performance Indicators (KPIs) and benchmarks are reviewed regularly with our clients and customers. In light of this we are proud to state our lead position in the Temperature-Controlled Logistics industry.

Moving forward, we shall continue to step up our efforts in the CSR affairs and are committed to continue our contribution to the society.

COMMITTEE MEMBER	DESIGNATION
Maj (R) Mahmood Kamsani Bin Mustapha *(Appointed as Chairman on 8 September 2014)*	Chairman/Independent Non-Executive Director
Azman Bin Che Onn	Member/Independent Non-Executive Director
Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Sultan Mahmud Al Muktafi Billah Shah	Member/Independent Non-Executive Director
Chua Boon Leong	Member/Non-Independent Non-Executive Director

TERMS OF REFERENCE

1. **Composition of Audit Committee**

   The Audit Committee shall be appointed by the Board of Directors of Haisan ("Board") from amongst the Directors of the Company (except alternate directors) and shall comprise of no fewer than three (3) members of whom the majority shall be Independent Non-Executive Directors. At least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants or he must have at least three (3) years' working experience and have passed the examinations specified in Part I of the First (1st) Schedule of the Accountants Act 1967 or he must be a member of one of the associations of accountants specified in Part II of the First (1st) Schedule of the Accountants Act, 1967, or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

   The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number.

   The Chairman, who shall be elected by the members of the Audit Committee, shall be an Independent Non-Executive Director.

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

2. **Objectives**

   The primary functions of the Audit Committee are:-

   (a) To assist the Board in fulfilling its fiduciary responsibilities relating to the Company and its Group of Companies' accounting and management control, financial reporting practices;
   (b) To provide greater emphasis on the audit functions by increasing the objectivity and independence of external and internal auditors; and
   (c) To reinforce the independence of the Company's external auditors, thereby help to ensure that they will have free rein in the audit process and to provide, by way of regular meetings, a line of communication between the Board, the external auditors and the internal auditors for the exchange of views and information.

3. **Duties and Responsibilities**

   The following are the main duties and responsibilities of the Audit Committee:-

   (a) To recommend the nomination and/or consider the appointment of suitable accounting firm to act as external auditors, the audit fee payable and any questions of resignation or dismissal, and whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;
   (b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, the audit plan and ensure co-ordination where more than one (1) audit firm is involved;
   (c) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss in the absence of management where necessary;
   (d) To review the external auditors' audit report;
   (e) To review the assistance given by the employees of the Company to the external auditors;
   (f) To review the quarterly and year-end financial statements of the Company, prior to the approval by the Board, focusing particularly on:-
      (i) changes in or implementation of major accounting policy changes;
      (ii) significant adjustments, issues and unusual events;
      (iii) going concern assumption; and
      (iv) compliance with accounting standards and other legal requirements.
   (g) To review with the management on a periodic basis, the Company's general policies, procedures and controls especially in relation to management accounting, financial reporting, risk management and business ethics;
   (h) To review the effectiveness of internal control systems and, in particular, review the external auditors' management letter and management's response;
   (i) To do the following with regards to internal audit function:-
      (i) review the internal audit charter, which defines the independent purposes, authority, scope and responsibility of the internal audit function in the Company and its Group;
      (ii) review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

(iii) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
(iv) review any appraisal or assessment of the performance of members of the internal audit function;
(v) approve any appointment or termination of outsourced internal auditors and/or the senior staff members of the internal audit function; and
(vi) take cognisance of resignations of internal audit staff members and provide the resigning staff an opportunity to submit his reasons for resigning.

(j) To consider and review any significant transactions which are not within the normal course of business, any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
(k) To consider the major findings of internal investigations and management's response;
(l) To consider any other topics and activities as defined by the Board; and
(m) To verify the allocation of options or shares pursuant to a Share Issuance Scheme at the end of each financial year.

4. **Authority**
The Audit Committee is authorized by the Board to investigate any matters within its terms of reference, and the resources which it needs to do so and have full and unrestricted access to any information pertaining to the Company and its group and personnel. The Audit Committee has direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity. The Audit Committee is also authorised by the Board to obtain independent professional or other advice as necessary. The Committee shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

5. **Meeting**
The Audit Committee shall hold a minimum of at least four (4) meetings in a financial year. At least twice a year the Audit Committee shall meet with the external auditors without the presence of executive board members. The Auditors, whether internal or external, may request a meeting if they consider necessary.

The meeting shall be chaired by the Chairman of the Committee or in the absence of the Chairman, another committee member who is an Independent Non-Executive Director nominated by the committee members. The quorum of the meeting shall consist of two (2) members, whom shall be Independent Directors. The Company Secretary shall be the Secretary of the Audit Committee. Minutes of each meeting shall be distributed to members of the Board.

MEETINGS

During the financial year under review, the Audit Committee convened five (5) meetings. The attendance record of each member is as follows:-

No	Committee Member	Number of Meeting Attended
1.	Maj (R) Mahmood Kamsani Bin Mustapha *(Appointed as Chairman on 8 September 2014)*	1/1
2.	Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Al Muktafi Billah Shah	2/5
3.	Azman Bin Che Onn	4/5
4.	Chua Boon Leong	5/5
5.	Prabir Kumar Mittra *(Resigned as Chairman on 28 August 2014)*	3/3

The Company Secretary was present by invitation in all the meetings.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company's ESOS had lapsed on 21 September 2013. There were no new options granted since.

SUMMARY OF ACTIVITIES

The main activities undertaken by the Audit Committee during the period were as follows:-
(a) Review of the quarterly financial results of the Company and making appropriate variations to the report before recommending for adoption by the Board and announcement to Bursa Securities;
(b) Reviewed the related party transactions that had arisen within the Company or the Group;
(c) Reviewed the draft audited accounts before recommending to the Board for approval;
(d) Considered the appointment of external auditors and their request for increase in audit fees;
(e) Reviewed the findings and recommendation on the internal audit report prepared by the internal auditors; and
(f) Reviewed the business operations and business plans with the divisional heads.

INTERNAL AUDIT FUNCTION

During the financial year under review, the Company has outsourced its internal audit function to an independent professional consulting firm, which is tasked with the responsibility of providing assurance to the Audit Committee and the Board on the adequacy and effectiveness of the internal control systems and risk management in the Company. Their duties involve providing the Audit Committee with an independent and objective report on the state of internal control of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures, to ensure the Company and the Group's system of internal controls remain effective, efficient and is being monitored adequately and enhanced as and when the need arises.

The total costs incurred for the internal audit function of the Group for the financial year ended 31 December 2014 was RM19,478.30. Further details of the internal audit functions are set out in the Statement on Risk Management and Internal Control of this Annual Report.

STATEMENT ON **CORPORATE GOVERNANCE**

The Board of Directors of Haisan ("Board") is committed towards upholding the highest standards of corporate governance throughout the Group, as stipulated in the Principles and Best Practises of the Malaysian Code of Corporate Governance 2012 ("Code") and Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirement ("MMLR") including the adoption of the recommendations in the Corporate Governance Guide issued by Bursa Securities as a key factor towards achieving an optimal governance framework and maximizing shareholders' values.

With this in mind, measures and efforts have and shall be taken to ensure that as far as possible the adoption and implementation of the Code's Best Practices and adherence to the MMLR of Bursa Securities in the Company's governance.

With the forthcoming exit of the Company from the PN17 status a number of initiatives are being introduced for the year 2014/2015 which includes the following:-

- A review of the terms of reference of the Board and Board Committees;
- Revamping of the Risk Management Framework;
- Review of the Internal Audit Framework; and
- Revamping of the composition of the Board and Management Committees.

1. DIRECTORS

Board of Directors

As at the date of this Annual Report, the Board consists of nine (9) members, comprising:-

Four (4) Executives
One (1) Non-Independent Non-Executive
Four (4) Independent Non-Executives

The Board is lead by an Independent Non-Executive Chairman assisted by an Executive Vice-Chairman and a Managing Director ("MD")/President/Chief Executive Officer ("CEO").

All board members come from diverse professional backgrounds with a wide range of experiences. They participate actively in key issues involving the Group and contribute positively by providing independent opinions and judgments when discussing the strategies proposed by the Management, taking into account the long-term interests of the various parties connected to the Group.

The four (4) Independent Non-Executive Directors are persons of high calibre and credibility, free of management obligations and relationships that could materially interfere with the exercise of their independent judgement. Their roles are to ensure that any major and material decisions of the Board are deliberated fully and objectively with regard to the long term interests of all stakeholders. Any material and important proposals that will significantly affect the policies, strategies, directors and assets of the Group will be subject to approval by the Board.

Roles and Responsibilities

The Board leads and provides stewardship to the Groups strategic direction and operations to maximise the shareholders' value. It regularly meets to perform its principle responsibilities, amongst others, as follows:-

- Reviewing and adopting the strategic plans of the Group;
- Overseeing the conduct of the Group's business;
- Identifying principal risk and ensuring implementation of appropriate systems to manage the risks; and
- Reviewing the adequacy and the integrity of the Group's internal controls, management information systems, including systems for compliance with applicable laws, regulations, rules and guidelines.

There is a clear division of responsibility between the Chairman and MD/President/CEO to ensure that there is a balance of power and authority.

The Chairman is responsible for the conduct of meetings of the Board and shareholders and ensuring that all Directors are properly briefed during Board discussions and shareholders are informed of the subject matter requiring their approval. The MD/President/CEO is responsible for the overall management of the Group, ensuring that strategies, policies and matters set by the Board are implemented.

Board Meeting

The Board meets at least four (4) times a year at quarterly intervals with additional meetings held whenever necessary. During the financial year under review, the Board met four (4) times and the details of the attendance of the Board members are set out as follows:-

No.	Name of Director	Designation as at 31 December 2014	Number of Meetings Attended
1.	Dato' Tengku Sarafudin Badlishah Bin Dato' Seri Diraja Tan Sri Tunku Sallehuddin	Independent Non-Executive Chairman *(Appointed on 29 January 2014)*	4/4
2.	Tengku Makram Bin Tengku Ariff	Executive Vice Chairman *(Redesignated from Executive Chairman to Executive Vice Chairman on 29 January 2014)*	4/4
3.	Ong Chin Yet	MD / President / CEO	4/4

No.	Name of Director	Designation as at 31 December 2014	Number of Meetings Attended
4.	Ong Chin Cheong	Executive Director	4/4
5.	Ir. Kamarudin Bin Md Derom	Executive Director *(Redesignated from Executive Vice Chairman to Executive Director on 29 January 2014)*	3/4
6.	Chua Boon Leong	Non-Independent Non-Executive Director *(Redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director on 6 March 2014)*	4/4
7.	Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Al Muktafi Billah Shah	Independent Non-Executive Director	2/4
8.	Maj (R) Mahmood Kamsani Bin Mustapha	Independent Non-Executive Director *(Appointed on 25 February 2014)*	4/4
9.	Azman Bin Che Onn	Independent Non-Executive Director	4/4

The following resignation took place during the financial year ended 31 December 2014:-

No.	Name of Director	Last Held Designation	Date of Resignation
1.	Prabir Kumar Mittra	Independent Non-Executive Director / Chairman of Audit Committee	28 August 2014
2.	Ong Rui Yuan	Executive Director	28 August 2014

Meetings of the Board for the financial year ended 2015 were scheduled before the end of the last financial year and at least four (4) meetings shall be held.

Supply of Information

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. As such, all directors have unrestricted access to any information pertaining to the Company.

Each director also has unhindered access to the advice and services of the Company Secretary, whose term of appointment permits her removal and appointment only by the Board as a whole.

There is also a formal procedure approved by the Board for all directors, whether as a full Board or in their individual capacities, to obtain independent professional advice when necessary, at the Group's expense.

Re-election

In accordance with the Company's Articles of Association ("Articles"), at least one-third of the directors shall retire by rotation at each Annual General Meeting ("AGM") and can offer them for re-election at the same meeting. The Articles also provide that all directors who are appointed by the Board to fill a casual vacancy are subject to re-election by shareholders after their first appointment. The directors including the MD shall retire at least once in three (3) years, but shall be eligible for re-election.

Independent Directors' Term of Office

The Board is cognisant of Recommendation 3.2 of the Code regarding the tenure of an independent director not exceeding a cumulative term of nine (9) years and is taking measured steps to ensure smooth transition and continuity of the board functions and has appointed additional independent directors and is reviewing the composition of the Board and the committees.

On 6 March 2014, Mr. Chua Boon Leong, who has served more than twelve (12) years, was re-designated as Non-Independent Non-Executive Director. The Board values his continued service on the Board and the Audit Committee, who has over time developed insight of the business of the Group and experience in financial and compliance matters.

En. Azman Bin Che Onn was appointed as the Independent Non-Executive Director on 30 October 2000 and has served cumulative term of more than nine (9) years on the Board as Independent Director. However, the Board is of the view that immediate compliance to the recommendation may cause the Company to lose continuity. He is an experienced independent director who over time has developed increased insight into the Company and the diversified business operations of the Group. His honesty, commitment, independence and knowledge in various areas warrant his retention.

En. Azman Bin Che Onn is also free from any business or related parties that could materially interfere his independent and objective judgment to the Board's decision. There are no conflicts of interests or undue influences from interested parties. Further, during his

tenure in office, he has not been offered or granted any options and other than directors' fees paid which have been an industry norm and within acceptable market rates, duly disclosed in the Annual Report, no other incentives or benefits of whatsoever nature been paid to him by the Company. The Board recommends retaining En. Azman Bin Che Onn as the Independent Non-Executive Director of the Company and seeks shareholders' approval in the forthcoming AGM.

Director's Training
All Directors included the newly appointed directors had attended and successfully completed the Mandatory Accreditation Programme ("MAP"), as required by the MMLR. The Company shall continue to sponsor the relevant Continuous Education Programme to further enhance their skills and knowledge and to keep abreast with the relevant changes and development in laws and regulations as well as the business environment.

The seminars and/or courses attended by the directors during the financial year ended 31 December 2014 are as follows:

No.	Name of Director	Seminar/Course
1.	Dato' Tengku Sarafudin Badlishah Bin Dato' Seri Diraja Tan Sri Tunku Sallehuddin	Interpreting Financial Statements - for Company Directors
2.	Tengku Makram Bin Tengku Ariff	
3.	Ong Chin Yet	Common Offences Committed by Directors Under CA 1965 - Pitfalls and Remedies
4.	Ong Chin Cheong	
5.	Ir. Kamarudin Bin Md Derom	Getting Ready for GST in Malaysia
6.	Chua Boon Leong	Annual Financial Reporting and Developments for Public Companies; Audit Committee Roundtable; and Annual Business Update
7.	Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Al Muktafi Billah Shah	Driving Business in a Complex Global Environment
8.	Maj (R) Mahmood Kamsani Bin Mustapha	Interpreting Financial Statements - for Company Directors
9.	Azman Bin Che Onn	

On 6 May 2014, the Company organised an induction programme for the newly appointed directors, which comprised the following:-

(i) Introduction to the heads of divisions/departments within the Group;
(ii) An overview of the history and operations of the Group; and
(iii) Visit to the operations site.

2. BOARD COMMITTEES

The following committees have been set up to assist the Board to discharge its responsibilities effectively.

(a) Audit Committee
The Audit Committee is headed by an Independent Non-Executive Director and consists of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The composition, terms of reference and the activities of the Audit Committee are set out in the Audit Committee Report in this Annual Report.

(b) Nomination Committee
The Nomination Committee has the responsibility of setting up a formal and transparent procedure for the appointment of any new directors to the Board. The appointment of new directors is the responsibility of the full Board after consideration of the recommendations by the Nomination Committee.

The Nomination Committee comprises the following directors:-

(i) Azman Bin Che Onn (Chairman)
(ii) Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Al Muktafi Billah Shah
(iii) Chua Boon Leong

The Nomination Committee shall recommend to the Board suitable candidates for appointment as directors to fill the seats on the Board. In addition, the Nomination Committee assesses the effectiveness of the Board and reviews annually its required mix of skills, expertise and experience from its Board members. It reviews annually the individual skills, expertise and experience of its board members.

During the period of review, the Nomination Committee had recommended to the Board the changes to the Audit Committee.

(c) Remuneration Committee
The Remuneration Committee charged with the responsibilities of recommending the remuneration framework to the directors' as well as the remuneration packages of Executive Directors of the Board. None of the Executive Directors participated in any way in determining their individual remuneration.

The Remuneration Committee comprises the following directors:-

(i) Chua Boon Leong (Chairman)
(ii) Azman Bin Che Onn
(iii) Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Al Muktafi Billah Shah

3. DIRECTORS' REMUNERATION

The Level and Make-up of Directors' Remuneration
The Company's policy on directors' remuneration is formulated to attract and retain the directors needed to run the Group successfully. The component parts of the remuneration for Executive Directors are structured so as to link rewards to corporate and individual performances. In the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

Disclosure
The aggregate remuneration of directors for the financial year ended 31 December 2014 is as follows:-

	Fee (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Current Directors			
Executive Directors	24,000	1,074,717	1,098,717
Non-Executive Directors	24,000	19,804	43,804
	48,000	1,094,521	1,142,521
Past Directors			
Executive Directors (included in Note 28 - Employee Benefits)	-	47,873	47,873
Non-Executive Directors	-	-	-
	48,000	1,142,394	1,190,394

The number of directors whose remuneration during the financial year ended 31 December 2014 fell within the following bands is as follows:-

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Current Directors		
50,000 and below	1	5
200,001 - 250,000	1	
250,001 - 300,000	1	
650,001 - 700,000	1	
Past Directors		
50,000 and below	1	1

The above disclosure is made in accordance with Appendix 9C, item 10 of MMLR of Bursa Securities, a deviation from the Code which suggests separate disclosure of each director's remuneration. The Board is of the opinion that separate disclosure will impinge upon the director's right of privacy.

4. SHAREHOLDERS

Dialogue between the Company and Investors
The Board recognizes the importance of informing all material business matters affecting the Company to the investors. Announcements and release of quarterly financial results as well as other material matters to the Bursa Securities provides the overview of the Group's financial and operational performances.

Annual General Meeting
The AGM is the principal forum in which the Board reports on its stewardship to shareholders and account for the performance of the Company and of the Group.

At each AGM, the directors welcome the interaction and opportunity to gather the views of minority shareholders, who represent the largest proportion of shareholders attending the AGM. The shareholders (and proxies) may enquire, among others, on the resolutions being proposed at the AGM, business operations of the Group, the Group's past performance, its results and intended future performance.

The Board encourages shareholders to participate in question-and-answer session to which members of the Board would be available to respond to. This ensures a high level of accountability, transparency and identification with the Group's business operations, strategies and goals.

Where extraordinary general meetings are held to obtain shareholders' approval on business or corporate proposals, comprehensive circulars are dispatched to shareholders within prescribed period in accordance with regulatory and statutory provisions.

5. ACCOUNTABILITY AND AUDIT

Financial Reporting
The Board aims to provide and present a clear, balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year.

With the assistance from the Audit Committee, the Board scrutinises the financial aspects of the audited financial statements and ensure that all annual and quarterly financial reports are prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

This is presented through the quarterly announcements of results, the Chairman's Statement and Review of Operations and also the Directors' Responsibilities Statement on the annual financial statements as shown in the Annual Report.

Internal Controls
The Board acknowledges their responsibilities for the Group's systems of internal control covering not only financial controls but also controls relating to operational, compliance and risk management. However, the Board recognizes that risks cannot be fully eliminated. As such, the internal control systems and procedures provide reasonable but not absolute assurance against any material misstatement, loss or fraud.

The internal audit was outsourced during the year to perform ongoing reviews to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The findings of the internal audit functions are reported to the Audit Committee.

Relationship with the Auditors
The Company has established transparent and appropriate relationships with the Company's auditors through the Audit Committee. The external auditors continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements.

From time to time, the auditors highlight to the Audit Committee and the Board on matters that require the Board's attention.

6. DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are required under Paragraph 15.26(a) of the MMLR of the Bursa Securities to issue a statement explaining their responsibility for preparing the annual financial statements. The directors are also required by the Companies Act, 1965, to prepare financial statements which are in accordance with applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year then ended.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and enable them to ensure the accounts comply with the Companies Act, 1965.

The directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2014, the Group has used the appropriate accounting policies and applied them consistently and prudently. The directors are of the opinion that all relevant approved accounting standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The directors have general responsibility for taking such steps to safeguard the assets of the Group and the Company and to detect and prevent fraud as well as other irregularities.

7. STATEMENT ON GOING CONCERN

The Board having reviewed the budgets and long-term business plans of the Company and of the Group, and has a reasonable expectation of the Company and the Group that it has adequate resources to continue in operation for the foreseeable future. Accordingly, the financial statements of the Company and of the Group have been prepared on a going concern basis.

8. ADDITIONAL COMPLIANCE INFORMATION

Share Buy-back
There was no share buy-back by the Company during the financial year under review.

Resale of Treasury Shares
There was no resale of treasury shares by the Company during the financial year under review.

Cancellation of Shares
There was no cancellation of shares by the Company during the financial year under review.

Treasury Shares
The treasury shares of 7,604,100 shares had been cancelled on 2 January 2014 pursuant to the Proposed Cancellation of Treasury Shares under the Company's Proposed Regularisation Plan.

Options and / or Convertible Securities
The Company did not issue any options and/or convertible securities during the financial year under review.

Depository Receipt
The Company did not sponsor any depository receipt programme during the financial year under review.

Non-Audit Fee
The non-audit fees payable to the Company's external auditors amounted to RM60,000 during the financial year under review.

Profit Guarantee
There was no profit guarantee given by the Company during the financial year under review.

Material Contracts
There was no material contract entered into by the Company or its subsidiaries involving the interest of directors and major shareholders, either still subsisting at the end of the financial year under review or entered into since the end of the previous financial year, other than disclosed in the financial statements.

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**

INTRODUCTION

Pursuant to paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("Board") is pleased to provide a statement on the state of risk management and internal controls of the Group, which has been prepared in accordance with the "Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies" where it outlines the key elements of the risk management and internal control systems within the Group for current financial year.

BOARD OF DIRECTOR'S RESPONSIBILITY

The Board acknowledges its responsibility for the Group's systems of risk management and internal control and the need to review its adequacy and integrity regularly. The Group has established an ongoing process in identifying, evaluating and managing significant risks facing by the Group. However, such a system is designed to manage rather than eliminate the risk of failure to achieve the Group's objectives and the system by its nature can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

The systems of risk management and internal control are maintained to achieve the following objectives:-

1. Safeguard shareholders' interest and assets of the Group;
2. Ensure the achievement of operational objectives;
3. Ensure compliance with regulatory requirements; and
4. Identify and manage risks affecting the Group

RISK MANAGEMENT FRAMEWORK

The Board, throughout the current financial year, identified and assessed key risks areas of the Group with the help of the Audit Committee and Management. This is achieved through monitoring of the Group's operational efficiency and profitability at its Board Meetings. The Board continually updated and identified the various risk factors that could have a potentially significant impact on the Group's short to midterm business objectives within the determined tolerance level of the Group.

In addition, senior management personnel of the Group are responsible for the identification and management of significant operational risks and internal controls affecting their respective business units. They are also involved in the formulation and implementation of appropriate risk management and control measures. This is done through internal resources and engagement of external professional firms on needs basis.

INTERNAL AUDIT

The Group outsourced its internal audit function to CGRM Infocomm Sdn Bhd ("CGRM"). CGRM is an independent professional firm, who supports the Audit Committee, and by extension, the Board, by providing an independent assurance on the effectiveness of the Group's systems of internal control.

During the year under review, CGRM assessed the adequacy and effectiveness of the Group's overall governance, risk assessment and system of internal control and compliance thereto. CGRM reports to the Audit Committee who in turn reports to the Board on its activities, significant audit results or findings and the necessary recommendations or actions needed to be taken by the management to rectify highlighted issues.

CGRM refers to the Guidelines on the Internal Audit Function issued by The Institute of Internal Auditors Malaysia, the Standards for the Professional Practice of Internal Auditing (SPPIA) and the Code of Ethics issued by the Institute of Internal Auditors Inc.

KEY ELEMENTS OF INTERNAL CONTROL

In order to achieve a sound control environment, the key elements in the framework of the Group's internal control systems are as follows:-

1. The Group has a clear vision, mission, corporate philosophy and strategic direction that serves as the road map of the Group's direction and the way forward which have been established and communicated to employees at all levels;
2. The Group has a well-defined organisational structure with clear lines of responsibility, reporting and accountability and is aligned to business and operations requirements;
3. Senior management adopted a "hands-on" approach in the daily operational activities of the Group;
4. Clearly documented internal policies and procedures and ISO Manual served as a guide towards achieving the Group vision, mission and quality policy. These policies and procedures are subject to regular review and improvement to meet changing business, operational and statutory reports needs;
5. Financial results were reviewed quarterly by the Board and the Audit Committee;
6. Exceptional and comparative reports were prepared for and reviewed by the Board as part of on-going monitoring of the Group's operations;
7. The Audit Committee and head of divisions/departments met half yearly to discuss operational, corporate, financial and key management issues;
8. An effective reporting system was maintained to ensure timely generation of financial information for management review;

9. Regular audits (internal and ISO) boosted operations efficiencies and ensured consistency of services, products' quality and work standards; and
10. Management constantly monitors the gaps and highlighted issues through the conduct of follow-up audits and had given its commitment to improve on current processes and internal controls.

During the financial year 2014, the following activities were carried out by the Internal Auditors in specific subsidiaries:-

a) Review of information technology general controls;
b) Review of warehouse management system and accounting system application controls;
c) Review of billing, collections and banking-in controls; and
d) Follow-up review of occupational safety, health & environment

CONCLUSION

A number of internal control weaknesses were identified during the financial year ended 31 December 2014. The control weaknesses identified have been, or are being, addressed to ensure the integrity of internal controls. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require mention in this Annual Report.

The Board has received verbal assurance from the Managing Director/President/Chief Executive Officer and the Deputy Presidents that the Group's risk management and internal control system is operating effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board and management of the Group view the development of the systems of risk management and internal control as an ongoing process. The Board and management maintain an ongoing commitment to strengthen the Group's risk management and internal control environment and processes.

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report for the year ended 31 December 2014 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal controls.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 28 April 2015.

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

to the members of Haisan Resources Berhad

Report on the Financial Statements

We have audited the financial statements of Haisan Resources Berhad, which comprise the statements of financial positions as at 31 December 2014 of the Group and of the Company, and statement 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 notes, as set out on pages 38 to 103.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable 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 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 judgment, 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal 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.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

Emphasis of Matter

We draw attention to Note 5.1 to the financial statements which discloses the premise upon which the Group and the Company have prepared their financial statements by applying the going concern basis in preparation of the financial statements, notwithstanding that the financial year ended 31 December 2014, the Group's and the Company's current liabilities exceeded their current assets RM104,503,601 and RM45,168,772 respectively. In addition, as stated in Note 20 to the financial statements, the Group is required to make full repayment of the Collateralised Loan Obligation ("CLO") of RM40 million. These conditions indicate the existence of a material uncertainty which may cast significant doubts about the Group's and the Company's ability to continue as going concerns.

However, as part of its corporate initiatives, the Group and the Company had submitted its application of a Proposed Regularisation Plan ("PRP") as disclosed in Note 36(a) to the financial statement and is actively seeking interested parties to realise its identified property, plant and equipment to increase its capital base and to generate cash flow to the Group. As at the date of this report the PRP is being reviewed by the relevant authorities and their approvals are pending.

The ability of the Group and the Company to operate as going concerns is dependent on successful outcome and implementation of the proposed restructuring plan, future profitable operations of the Group and of the Company to generate sufficient cash in the future to fulfill their obligations as and when they fall due and financial support from lenders and shareholders.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965, 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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in 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 financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act except for the audit reports on the financial statements of certain subsidiaries as stated in Note 9 to the financial statements.

Other Matters

The supplementary information on Note 38 on page 103 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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.

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

WONG WENG FOO & CO.
AF: 0829
CHARTERED ACCOUNTANTS

ABD HALIM BIN HUSIN
2095/12/16 (J)
CHARTERED ACCOUNTANT

Kuala Lumpur,
Dated this: 28 April 2015

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year	(4,609,222)	(3,259,134)
Attributable to:		
Equity holders of the Company	(4,594,870)	(3,259,134)
Non-controlling interest	(14,352)	-
	(4,609,222)	(3,259,134)

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.The Directors do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

Other than as disclosed in the financial statements, there were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year;

i) on 2 January 2014, the authorised share capital of the Company of RM250,000,000 consisting of 500,000,000 ordinary shares of RM0.50 each was converted to 5,000,000,000 ordinary shares of RM0.05 each.

ii) on 15 January 2014, the issued and paid-up share capital of the Company was reduced from RM40,270,450 comprising of 80,540,900 ordinary shares of RM0.50 each to RM4,027,045 comprising of 80,540,900 ordinary shares of RM0.05 each by the cancellation of RM0.45 of the par value of each existing ordinary share of the Company in issue pursuant to Section 64 of the Companies Act, 1965 and that the credit arising there from was applied towards off-setting the accumulated losses of the Company. The par value of each existing ordinary share in the Company has been reduced from RM0.50 to RM0.05 each.

iii) on 14 March 2014 the issued and paid-up share capital of the Company was increased by of 40,000,000 new ordinary shares of RM0.05 each at an issue price of RM0.05 to 120,540,900 ordinary share of RM0.05 each way of RM2,000,000 private placement.

There were no issue of debentures by the Company during the financial year.

TREASURY SHARES

During the financial year on 2 January 2014, the treasury shares of 7,604,100 were cancelled and consequently, the issued and paid-up share capital of our Company was reduced from RM44,072,500 comprising of 88,145,000 ordinary shares of RM0.50 each to RM40,270,450 comprising of 80,540,900 ordinary shares of RM0.50 each following the approval granted by the shareholders of the Company on the Proposed Regularisation Plan of the Company on the same date.

OPTIONS GRANTED OVER UNISSUED SHARES

No share options were granted by the Company during the financial year.

DIRECTORS

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

Dato' Tengku Sarafudin Badlishah Bin Dato' Seri DiRaja Tan Sri Tunku Sallehuddin
Tengku Makram Bin Tengku Ariff
Ong Chin Yet
Kamarudin Bin Md Derom
Ong Chin Cheong
Ong Rui Yuan
(Resigned on 28.8.2014)
Chua Boon Leong
Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Al-Muktafi Billah Shah
Azman Bin Che Onn
Maj (R) Mahmood Kamsani Bin Mustapha
Prabir Kumar Mittra
(Resigned on 28.8.2014)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2014 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	← Number Of Ordinary Shares →			
Shares in the Company	**Of RM0.50 each Balance as at 1.1.2014**	**Bought**	**Sold**	**Of RM0.05 each* Balance as at 31.12.2014**
Direct interests:				
Tengku Makram Bin Tengku Ariff	-	10,000,000	-	10,000,000
Kamarudin Bin Md Derom	5,524,968	-	-	5,524,968
Ong Chin Yet	84,596	-	-	84,596
Ong Chin Cheong	92,338	-	-	92,338
Indirect interests:				
Ong Chin Yet	36,779,200	-	-	36,779,200
Ong Chin Cheong	36,779,200	-	-	36,779,200

By virtue of their interests in the ordinary shares of the Company, Kamarudin Bin Md. Derom, Ong Chin Yet and Ong Chin Cheong are deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest.

* On 15 January 2014, the par value of each existing ordinary shares of the Company has been reduced from RM0.50 to RM0.05 each.

DIRECTORS' INTERESTS (cont'd)

The interest and deemed interest in the ordinary shares of its related corporations (other than wholly-owned subsidiaries) held by Ong Chin Yet and Ong Chin Cheong at year end were as follows:

Shares in a related corporation	← Number Of Ordinary Shares Of RM1.00 each →			
Able Capital Ventures Sdn. Bhd.	Balance as at 1.1.2014	Bought	Sold	Balance as at 31.12.2014
Direct interests:				
Ong Chin Yet	2,750,000	-	-	2,750,000
Ong Chin Cheong	2,250,000	-	-	2,250,000

None of the other Directors holding office at the end of the financial year held any beneficial interests in the ordinary shares and options over ordinary shares 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 director 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 Directors as shown in Note 28 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 32 to the financial statement.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statement of profit or loss and other comprehensive income and statement 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 impairment of receivables and have satisfied themselves that all known bad debts had been written off and that adequate impairment of receivables has been made; 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 impairment of receivables in the financial statements of the Group and of the Company inadequate to any material extent; or

(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.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (cont'd)

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

(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 will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(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 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.

AUDITORS

The Auditors, Wong Weng Foo & Co., retire at the forthcoming annual general meeting of the Company and do not wish to seek re-election as auditors of the Company.

Signed on behalf of the Board in accordance with a resolution of the Directors, dated 28 April 2015

ONG CHIN YET
Director

TENGKU MAKRAM BIN TENGKU ARIFF
Director

Kuala Lumpur

STATEMENTS OF **FINANCIAL POSITION**

as at 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	7.1	46,125,445	48,291,107	18,138	25,439
Intangible assets	8	-	61,520	-	-
Investments in subsidiaries	9.1	-	-	29,392,479	29,392,479
Investment in associated companies	10	26,943	46,997	1,200	1,200
Other investments	11	-	12,000	-	-
Amount owing by a subsidiary	12	-	-	-	-
		46,152,388	48,411,624	29,411,817	29,419,118
Current Assets					
Assets held for sales	7.2	9,272,453	13,872,662	-	-
Inventories	13	493,523	462,287	-	-
Trade and other receivables	14	21,923,449	15,217,561	52,965,038	47,214,053
Current tax assets		660	17,112	-	-
Cash and cash equivalents	16	532,087	1,199,460	8,580	5,774
		32,222,172	30,769,082	52,973,618	47,219,827
Total Assets		78,374,560	79,180,706	82,385,435	76,638,945
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	17	6,027,045	44,072,500	6,027,045	44,072,500
Reserves	18	(76,088,782)	(111,292,435)	(21,784,000)	(58,570,321)
		(70,061,737)	(67,219,935)	(15,756,955)	(14,497,821)
Non-controlling interest		(29,185)	(14,833)	-	-
Total Equity		(70,090,922)	(67,234,768)	(15,756,955)	(14,497,821)
LIABILITIES					
Non-Current Liabilities					
Borrowings	19	291,187	88,015	-	-
Deferred tax liabilities	24	3,300,329	3,738,357	-	-
Other payables	25	8,148,193	7,760,417	-	-
		11,739,709	11,586,789	-	-
Current Liabilities					
Trade and other payables	25	24,441,292	21,162,419	40,683,294	34,228,064
Borrowings	19	111,197,552	112,708,598	57,216,977	56,719,158
Current tax payable		1,086,929	957,668	242,119	189,544
		136,725,773	134,828,685	98,142,390	91,136,766
Total Liabilities		148,465,482	146,415,474	98,142,390	91,136,766
Total Equity and Liabilities		78,374,560	79,180,706	82,385,435	76,638,945

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

STATEMENTS OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the year ended 31 December 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Revenue	26	36,540,236	39,637,854	1,390,000	1,490,000
Cost of sales		(22,087,294)	(24,141,331)	-	-
Gross profit		14,452,942	15,496,523	1,390,000	1,490,000
Other income		5,062,608	10,984,179	3,537,010	8,455,283
Administrative expenses		(14,694,431)	(14,518,172)	(3,556,187)	(4,480,733)
Finance costs	27	(9,103,373)	(10,981,704)	(4,489,366)	(4,505,315)
Share of (loss)/ profit of associated companies		(20,054)	26,256	-	-
(Loss)/ Profit before income tax	27	(4,302,308)	1,007,082	(3,118,543)	959,235
Income tax	29	(306,914)	(968,356)	(140,591)	(120,250)
(Loss)/ Profit from continuing operations		(4,609,222)	38,726	(3,259,134)	838,985
Profit from discontinued operations	30	-	1,104,294	-	-
(Loss)/ Profit for the financial year		(4,609,222)	1,143,020	(3,259,134)	838,985
Other comprehensive income					
- currency translation difference					
- continuing operations		(947,477)	(1,013,612)	-	-
- discontinuing operations		-	(1,091,563)	-	-
- assets held for sale		508,854	644,548	-	-
- revaluation reserve					
- realisation of deferred tax liability		26,612	9,343	-	-
Total comprehensive (loss)/ income		(5,021,233)	(308,264)	(3,259,134)	838,985
(Loss)/ Profit for the financial year attributable to:					
Equity holders of the Company		(4,594,870)	1,172,798	(3,259,134)	838,985
Non-controlling interest		(14,352)	(29,778)	-	-
		(4,609,222)	1,143,020	(3,259,134)	838,985
Total comprehensive (loss)/ income attributable to:					
Equity holders of the Company		(5,006,881)	(278,486)	(3,259,134)	838,985
Non-controlling interest		(14,352)	(29,778)	-	-
		(5,021,233)	(308,264)	(3,259,134)	838,985
Basic (loss)/ earnings per ordinary share attributable to equity holders of the Company (sen):	31				
- continuing operations		(4.08)	0.09		
- discontinued operations		-	1.37		

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

STATEMENTS OF **CHANGES IN EQUITY**

for the year ended 31 December 2014

Group	Note	Share capital RM	Share premium RM	Exchange translation reserve RM
Balance at 1 January 2014		44,072,500	2,594,793	1,495,548
Capital reduction		(40,045,455)	(2,594,793)	-
Private placement		2,000,000	-	-
		6,027,045	-	1,495,548
Currency translation differences		-	-	(438,623)
Realisation of deferred tax liability		-	-	-
Other comprehensive (loss)/ income		-	-	(438,623)
Loss for the financial year		-	-	-
Total comprehensive (loss)/ income		-	-	(438,623)
Crystallisation of revaluation reserve		-	-	-
Realisation of revaluation reserve on disposal		-	-	-
Balance at 31 December 2014		6,027,045	-	1,056,925
Balance at 1 January 2013		44,072,500	2,594,793	2,956,175
Currency translation differences		-	-	(1,460,627)
Realisation of deferred tax liability	24	-	-	-
Other comprehensive (loss)/ income		-	-	(1,460,627)
Profit /(Loss) for the financial year		-	-	-
Total comprehensive (loss)/ income		-	-	(1,460,627)
Crystallisation of revaluation reserve		-	-	-
Realisation of revaluation reserve on disposal		-	-	-
Balance at 31 December 2013		44,072,500	2,594,793	1,495,548

Company	Share capital RM	Share premium RM	Non-Distributable Treasury shares RM
Balance at 1 January 2014	44,072,500	2,594,793	(6,984,461)
Capital Reduction	(40,045,455)	(2,594,793)	6,984,461
	4,027,045	-	-
Private placement	2,000,000	-	-
Total comprehensive loss for the financial year	-	-	-
Balance at 31 December 2014	6,027,045	-	-
Balance at 1 January 2013	44,072,500	2,594,793	(6,984,461)
Total comprehensive profit for the financial year	-	-	-
Balance at 31 December 2013	44,072,500	2,594,793	(6,984,461)

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

Attributable to equity holders of the Company →					
Non-Distributable →					
Revaluation reserve RM	Treasury shares RM	Accumulated losses RM	Total RM	Non-controlling interest RM	Total equity RM
3,051,361	(6,984,461)	(111,449,676)	(67,219,935)	(14,833)	(67,234,768)
-	6,984,461	35,655,787	-	-	-
-	-	-	2,000,000	-	2,000,000
3,051,361	-	(75,793,889)	(65,219,935)	(14,833)	(65,234,768)
-	-	-	(438,623)	-	(438,623)
26,612	-	-	26,612	-	26,612
26,612	-	-	(412,011)	-	(412,011)
-	-	(4,594,870)	(4,594,870)	(14,352)	(4,609,222)
26,612	-	(4,594,870)	(5,006,881)	(14,352)	(5,021,233)
-	-	165,079	165,079	-	165,079
(3,077,973)	-	3,077,973	-	-	-
-	-	(77,145,707)	(70,061,737)	(29,185)	(70,090,922)
3,786,323	(6,984,461)	(113,366,779)	(66,941,449)	14,945	(66,926,504)
-	-	-	(1,460,627)	-	(1,460,627)
9,343	-	-	9,343	-	9,343
9,343	-	-	(1,451,284)	-	(1,451,284)
-	-	1,172,798	1,172,798	(29,778)	1,143,020
9,343	-	1,172,798	(278,486)	(29,778)	(308,264)
(474,033)	-	474,033	-	-	-
(270,272)	-	270,272	-	-	-
3,051,361	(6,984,461)	(111,449,676)	(67,219,935)	(14,833)	(67,234,768)

→	
Accumulated losses RM	Total equity RM
(54,180,653)	(14,497,821)
35,655,787	-
(18,524,866)	(14,497,821)
-	2,000,000
(3,259,134)	(3,259,134)
(21,784,000)	(15,756,955)
(55,019,638)	(15,336,806)
838,985	838,985
(54,180,653)	(14,497,821)

STATEMENTS OF **CASH FLOWS**

for the year ended 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cash Flows From Operating Activities					
(Loss)/ Profit before income tax					
- continuing operations		(4,302,308)	1,007,082	(3,118,543)	959,235
- discontinued operations		-	1,104,294	-	-
		(4,302,308)	2,111,376	(3,118,543)	959,235
Adjustments for:					
Bad debts written off		-	28,000	-	1,026,543
Impairment of receivables		265,442	-	-	-
Impairment of receivables no longer required		-	(30,116)	-	(5,001,056)
Reversal of inventories written off		-	(199,136)	-	-
Depreciation of property, plant and equipment					
- continuing operations	7.1	3,559,984	3,864,320	7,770	7,614
- discontinued operations	30	-	592,441	-	-
Gross dividend income received from unquoted subsidiaries		-	-	-	(490,000)
(Gain)/ Loss on disposal of property, plant and equipment					
- continuing operations		(27,183)	90,202	-	-
- discontinued operations		-	90,132	-	-
Other investments					
- Unquoted investment written-off		12,000	-	-	-
Impairment of goodwill		61,520	-	-	-
Interest income		(13,911)	(71,091)	(3,531,073)	(3,377,079)
Interest expense (net of discontinued operations)		9,103,373	10,981,704	4,489,366	4,505,315
Inventories written downs		-	26,941	-	-
Property, plant and equipment written-off		-	72,550	-	-
Interest waived		-	(2,853,346)	-	-
Gain on disposal of subsidiary companies		-	(1,564,685)	-	-
Reversal of impairment in property, plant and equipment		(1,256,044)	(1,761,621)	-	-
Share of loss/(profit) of associated companies		20,054	(26,256)	-	-
Unrealised gain on foreign exchange		-	-	-	(72,348)
Operating profit/ (loss) before working capital changes		7,422,927	11,351,415	(2,152,480)	(2,441,776)
(Decrease)/ Increase in inventories		(31,237)	177,494	-	-
(Increase)/ Decrease in trade and other receivables		(7,326,772)	(3,548,827)	(277,618)	(1,561)
Increase/ (Decrease) in trade and other payables		3,646,563	(7,289,285)	2,945,761	2,190,361
Cash generated from/ (absorbed by) operations		3,711,481	690,797	515,663	(252,976)
Tax paid		(526,894)	(501,319)	(132,897)	(67,544)
Tax refunded		105	49,445	-	-
Net cash generated from/ (used in) operating activities		3,184,692	238,923	382,766	(320,520)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cash Flow From Investing Activities					
+Net cash flows from disposal of a subsidiary company		-	15,092,368	-	-
Investment in subsidiary company		-	-	-	(1)
Investment in associated company		-	(1,200)	-	(1,200)
Repayment from subsidiaries		-	-	(1,919,016)	3,792,112
Interest received		13,911	71,091	3,531,073	3,377,079
Purchase of property, plant and equipment					
- continuing operations	7.1(c)	(349,811)	(193,721)	(469)	(3,450)
Proceeds from disposals of property, plant and equipment (Net of direct cost)					
- continuing operations		7,226,012	1,229,147	-	-
- discontinued operations		-	31,942	-	-
Net cash generated from investing activities		6,890,112	16,229,627	1,611,588	7,164,540
Cash Flow From Financing Activities					
Interest paid		(9,103,373)	(10,981,704)	(4,489,366)	(4,505,315)
Withdrawal of deposit pledged		(4,816)	27,265	-	-
Proceeds from issue of shares		2,000,000	-	2,000,000	-
Repayments of hire purchase and lease creditors		(91,005)	(50,224)	-	-
Net repayment of term loan		(4,727,421)	(3,696,267)	-	(2,912,846)
Net changes of revolving credits		338,036	(5,014,765)	236,955	(63,512)
Net cash used in financing activities		(11,588,579)	(19,715,695)	(2,252,411)	(7,481,673)
Net decrease in cash and cash equivalents		(1,513,775)	(3,247,145)	(258,057)	(637,653)
Effects of exchange rate changes		(1,990,932)	(1,882,492)	-	-
Cash and cash equivalents at beginning of financial year		(48,790,714)	(43,661,077)	(15,021,185)	(14,383,532)
Cash and cash equivalents at end of financial year	16	(52,295,421)	(48,790,714)	(15,279,242)	(15,021,185)

+Net cash flows from disposal of a subsidiary company

Net assets disposed	-	15,392,442
Add : Gain on disposal in subsidiary	-	1,564,685
	-	16,957,127
Exchange translation	-	(1,091,563)
Proceed received	-	15,865,564
Less : Cash and cash equivalents	-	(773,196)
	-	15,092,368

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

1. CORPORATE INFORMATION

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

The registered office and the principal place of business of the Company are located at Lot 506, Jalan Pelabuhan Utara, Bandar Sultan Suleiman, 42000 Pelabuhan Klang, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia (‘RM’), which is also the Company’s functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors 28 April 2015.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of the activities during the financial year.

3. BASIS OF PREPARATION

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

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

As at the date of authorisation of these financial statements, the following Standards, Amendments and Issues Committee ("IC") Interpretations have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company:

Effective for financial periods beginning on or after 1 January 2016

Amendments to MFRS 5	*Non-Current Assets Held for Sale and Discontinued Operations (Annual Improvements To MFRSs 2012-2014 Cycle)*
Amendments to MFRS 7	*Financial Instruments (Annual Improvements to MFRSs 2012-2014 Cycle)*
Amendments to MFRS 10 and MFRS 128	*Sale or Contribution of Assets between an Investor And its Associate or Joint Venture*
Amendments to MFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to MFRS 14	*Regulatory Deferral Accounts*
Amendments to MFRS 116 and MFRS 138	*Clarification of Acceptable Methods on Depreciation and Amortisation*
Amendments to MFRS 116 and MFRS 141	*Agriculture : Bearer Plants*
Amendments to MFRS 119	*Employee Benefits (Annual Improvements to MFRSs 2012-2014 Cycle)*
Amendments to MFRS 127	*Equity in Separate Financial Statements*
Amendments to MFRS 128	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)*
Amendments to MFRS 134	*Interim Financial Reporting Annual (Annual Improvements to MFRSs 2012-2014 cycle)*
Amendments to MFRS 138	*Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116 and MFRS 138)*

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 15	*Revenue from Contracts with Customers*

Effective for financial periods beginning on or after 1 January 2018

Amendments to MFRS 9	*Financial Instruments*

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

The Group and the Company will adopt the above relevant pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 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 and also on the basis of accounting principles applicable to a going concern.

The financial year ended 31 December 2014, the Group's and the Company's current liabilities exceeded their current assets by RM104,503,601 and RM45,168,772 respectively. In addition, as stated in Note 20 to the financial statements, the Group is required to make full repayment of the Collateralised Loan Obligation ("CLO") of RM40,000,000 which was due on 20 September 2010.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

As part of its corporate initiatives, the Group had submitted its application of a Proposed Regularisation Plan ("PRP") as disclosed in Note 36(a) to the financial statement and is actively seeking interested parties to realised its identified property, plant and equipment to increase its capital base and to generate cash flow to the Group. The going concern basis for the preparation of the financial statements of the Group and of the Company is therefore dependent upon the any new corporate initiatives to be proposed by the Directors, future profitable operations of the Group and the Company to generate sufficient cash in the future to fulfill their obligations as and when they fall due and financial support from the lenders and shareholders.

The Directors are of the opinion that the Group and the Company will be able to operate profitably in the foreseeable future, they will be able to obtain continuing financial support from the lenders and shareholders and be able to come up with a new corporate initiatives that are acceptable to Shareholders and therefore continue as going concerns and accordingly, realise their assets and discharge their liabilities in the normal course of business.

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to amounts and classification of liabilities that may be necessary should the going concern basis for the preparation of the financial statements of the Group and of the Company be not appropriate.

The preparation of financial statements 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 judgment in the process of applying the accounting policies. The areas involving such judgments, 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.

5.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, the cost of a business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of a business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 5.7.1 to the financial

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.2 Basis of Consolidation (cont'd)

statements on goodwill). If the cost of the business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and

(b) recognise immediately in the statements of comprehensive income any excess remaining after that reassessment.

Subsidiaries are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently convertible or exercisable are taken into consideration.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated statement of comprehensive income.

Non-controlling interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the non-controlling interest's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the non-controlling interest's share of changes in the subsidiaries' equity since that date.

Where losses applicable to the non-controlling interest in a subsidiary exceed the non-controlling interest's in the equity of that subsidiary, the excess and any further losses applicable to the non-controlling are allocated against the Group's interest except to the extent that the non-controlling interest has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the non-controlling interest's share of losses previously absorbed by the Group has been recovered.

Non-controlling interest is presented in the consolidated statement of financial position within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Non-controlling interest in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the total profit or loss for the financial year between non-controlling interest and equity holders of the Company.

Transactions with non-controlling interest are treated as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in profit or loss. Purchases from non-controlling interest result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.3 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 the future economic benefits associated with the cost will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive incomes 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 different useful life, is depreciated separately.

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

Freehold land and buildings are revalued at regular intervals of at least once in every five (5) years by the Directors using the 'open market value on existing use' basis with additional valuation in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from the market value.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset 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 leasehold properties are amortised over the lease term ranging from 20 to 96 years on a straight line basis.

The principal depreciation rates of other property, plant and equipment are as follows:

Buildings, factory, godowns, warehouses, cold rooms, jetty and workshops	2% - 10%
Motor vehicles and forklifts	8% - 20%
Office equipment, furniture and fittings and equipment	5% - 20%
Plant and machinery	6% - 50%

Freehold land is not depreciated as it has an infinite life. Construction-in-progress represents building under construction, cold rooms and water filtration system and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

At each statements of financial position date, 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 5.8 to the financial statements on impairment of assets).

The residual values, useful lives and depreciation method are reviewed at each financial year end 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 Group anticipates that the residual values of its property, plant and equipment will not be significant.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.3 Property, Plant and Equipment and Depreciation (cont'd)

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 the statements of comprehensive income and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

5.4 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 the 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 Group's incremental borrowing rate 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 the statements of comprehensive income 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.

5.5 Construction Contracts

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract.

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

5.6 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company have power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in the statements of comprehensive income.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.6 Investments (cont'd)

(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 venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the Company's separate financial statements, an investment in associate is stated at cost less impairment losses, if any.

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 statements of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investment.

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

The Group's share of the profit or loss of the associate 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 may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associates equity that have not been recognised in the associate's statements of profit or loss and other comprehensive income. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes 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 Group's interest in the associate; unrealised losses are also eliminated unless the transaction provides evidence on the impairment of the asset transferred.

When the Group's share of losses 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. Where the reporting dates of the financial statements are not coterminous, the share of results is arrived at using the latest financial statements for which the difference in reporting dates 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.

Upon disposal of an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in the statements of profit or loss and other comprehensive income.

(c) Other investments

Non-current investments other than investments in subsidiaries and associate are stated at cost and an impairment in value is made where, in the opinion of the Directors, there is a decline in the value of such investments.

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

Upon disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the statements of profit or loss and other comprehensive income.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.7 Intangible Assets

5.7.1 Goodwill

Goodwill acquired in a business combination is recognised as an asset at the acquisition date and is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. 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 may be impaired. 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 the cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets, liabilities and contingent liabilities at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised.

5.7.2 Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree if the fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination.

Intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in the statements of comprehensive income and is included within the other operating expenses line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors; there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed each period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment for indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors.*

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in the statements of comprehensive income when the asset is derecognised.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.7 Intangible Assets (cont'd)

5.7.2 Other intangible assets (cont'd)

(a) Customer portfolios

Acquired customer portfolios are carried at cost less accumulated amortisation and any impairment losses. Acquired customer portfolios are amortised on the straight line basis to write off the cost to their residual values over an estimated useful life of five (5) years and are assessed for any indication that the asset may be impaired.

(b) Computer software

Computer software is carried at cost less accumulated amortisation and any impairment losses.

Computer software in development is capitalised when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete, its intention to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development project and the ability to measure reliably the expenditure during the development.

The expenditure capitalised includes the costs of the software licence or source code acquired, direct labour costs and an appropriate portion of relevant overheads. The capitalised expenditure is amortised on a straight line basis over an estimated useful life of five (5) years and is assessed for any indication that the asset may be impaired.

(c) Trademark

Trademark acquired has finite useful life and is shown at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of trademark over its estimated useful life of ten (10) years.

5.8 Impairment of Assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries and associate), inventories, assets arising from construction contracts and non-current assets (or disposal groups) held for sale are reviewed at each statements of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset 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 Group's CGU or groups of CGU 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 emphasis are assigned to those units or groups of units.

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 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.

An impairment loss is recognised in the statements of comprehensive income when the carrying amount of the asset or the CGU, including the allocated goodwill or intangible asset, 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.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.8 Impairment of Assets (cont'd)

The impairment loss is recognised in the statements of comprehensive income 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 the statements of comprehensive income.

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 the statements of comprehensive income 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 the statements of comprehensive income, a reversal of that impairment loss is also recognised in the statements of comprehensive income.

5.9 Inventories

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

Cost is determined using the first-in, first-out or weighted average basis. The cost of raw materials and consumables comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition.

The cost of work-in-progress and finished goods includes the costs of raw materials, direct labour and an appropriate proportion of production overheads.

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

5.10 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.

5.10.1 Financial instruments recognised on the statements of financial position

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividend and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in the statements of comprehensive income. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.10 Financial Instruments (cont'd)

5.10.1 Financial instruments recognised on the statements of financial position (cont'd)

(a) Receivables

Trade receivables and other receivables, including amounts owing by an associate and related parties, are classified as loans and receivables under MFRS 132 *Financial Instruments: Disclosure and Presentation.*

Receivables are carried at anticipated realisable value. Known bad debts are written off and impairment of receivables is considered to be doubtful of collection.

Receivables are not held for trading purposes.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net bank overdrafts and pledged deposits.

(c) Payables

Liabilities for trade and other amounts payable, including amounts owing to an associate and related parties, are recognised at the fair value of the consideration to be paid in the future for goods and services received.

(d) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost with any difference between cost and redemption value being recognised in the statements of comprehensive income over the period of the loans and borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the statements of financial position date.

All borrowing costs are recognised in the statements of comprehensive income in the period in which they are incurred.

(e) 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 the statements of comprehensive income.

Dividends to shareholders are recognised in equity in the period in which they are declared.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in the statements of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.10 Financial Instruments (cont'd)

5.10.1 Financial instruments recognised on the statements of financial position (cont'd)

(f) Financial guarantee contracts

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

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as provision.

5.11 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 and an associate on distributions to the Group and the Company, and real property gains taxes payable on disposal of properties.

Taxes in the statements of comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the statements of financial position date.

(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 taxable profit will 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 each statements of financial position date. If it is no longer probable that sufficient taxable profit will 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 will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

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

Deferred tax will be recognised as income or expense and included in the statements of comprehensive income 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 will be charged or credited directly to equity.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.11 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statements of financial position date.

5.12 Provisions

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

Where the effect of the time value of money is material, the amount of a provision will 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.

Provisions are reviewed at each statements of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

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.

5.13 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will 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 will 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 this contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will 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 a contingent asset but discloses its existence where the 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, irrespective of the extent of any non-controlling interest.

5.14 Employee Benefits

5.14.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have 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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.14 Employee Benefits (cont'd)

5.14.2 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 contributions already paid and as an expense in the period in which the employees render their services.

5.14.3 Share-based payments

The Group operates an equity-settled share-based compensation plan, allowing the employees of the Group to acquire ordinary shares of the Company at predetermined prices. The total fair value of share options granted to employees is recognised as an expense with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on the vesting date.

At each statements of financial position date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the statements of comprehensive income, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share options reserve until the options are exercised, upon which it will be transferred to share premium, or until the options expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

For options granted prior to 31 December 2004, no compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received. This is in accordance with the transitional provision of MFRS 2 *Share-based Payment*. The Company has neither options granted after 31 December 2004 which were yet to be vested as at 1 January 2006, nor options granted after 1 January 2006. MFRS 2 will apply to the Company's new grants of options in the future.

5.15 Foreign Currencies

5.15.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities 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 Company's functional and presentation currency.

5.15.2 Foreign currency translations and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rate ruling at the date when the fair values was determined.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.15 Foreign Currencies (cont'd)

5.15.2 Foreign currency translations and balances (cont'd)

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in the profit or loss, any corresponding exchange gain or loss is recognised in the profit or loss.

5.15.3 Foreign operations

Financial statements of foreign operations are translated at financial year end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statements of comprehensive income. All resulting translation differences are recognised as a separate component of equity.

Foreign currency differences are recognised in exchange reserve. On disposal, the accumulated exchange reserve is recognised in the consolidated statements of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the statements of financial position date.

5.15.4 Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's statements of profit or loss and other comprehensive income.

5.16 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 will 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 Group's activities as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains no continuing managerial involvement over the goods, which coincides with delivery of goods and services and acceptance by customers.

(b) Services

Revenue in respect of the rendering of services is recognised upon performance of services.

(c) Construction contracts

Profits from contract works are recognised on a percentage of completion method. Percentage of completion is determined on the proportion of contract costs incurred to date against total estimated costs where the outcome of the project can be estimated reliably.

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

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.16 Revenue Recognition (cont'd)

(d) Dividend income

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

(e) Interest income

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

(f) Rental income

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

5.17 Earnings per Share

The Group presents basic and dilutive earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

5.18 Non-Current Assets (or Disposal Groups) Held for Sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets (or disposal groups) from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets (or disposal groups).

Immediately before the initial classification as held for sale, the carrying amounts of the non-current assets (or all the assets and liabilities in a disposal group) are measured in accordance with applicable MFRSs. On initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets and financial assets carried at fair value) are measured at the lower of carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in the statements of comprehensive income as impairment loss.

Non-current assets (or disposal groups) held for sale are classified as current assets (and current liabilities, in the case of non-current liabilities included within disposal groups) on the face of the statements of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset (or disposal group) classified as held for sale is presented separately.

If the Group has classified an asset (or disposal group) as held for sale but subsequently the criteria for classification is no longer met, the Group ceases to classify the asset (or disposal group) as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

(a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale;

(b) its recoverable amount at the date of the subsequent decision not to sell.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.19 Segment Reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single element.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the financial statements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

6.1 Critical judgments made in applying accounting policies

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

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal an experts to the Group for matters in the ordinary course of business.

6.2 Key Sources of Estimation Uncertainty

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

(a) Impairment of goodwill on consolidation

The Group tests goodwill for impairment annually in accordance with its accounting policy. See accounting policy Note 5.8 to the financial statements on impairment of goodwill.

For the purposes of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Significant judgment is required in the estimation of the present value of future cash flows generated by the cash-generating units, which involve uncertainties and are significantly affected by assumptions used and judgment made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of goodwill.

(b) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. The estimated useful lives applied by the Group as disclosed in Note 5.3 to the financial statements reflect the Directors' estimate of the period that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment. These are common life expectancies applied in the various business segments of the Group. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (cont'd)

6.2 Key Sources of Estimation Uncertainty (cont'd)

(c) Impairment of receivables

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

(d) Income taxes

The Group is subject to income taxes of different jurisdictions. Significant judgment is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

(e) Deferred tax assets

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

(f) 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. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

(g) Write-down for obsolete or slow moving inventories

The Group writes down its obsolete inventories based on an assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgment to evaluate the adequacy of the write-down for obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(h) Construction contracts

The Group recognises contract profits based on the stage of completion method. The stage of completion of a construction contract is determined based on the proportion that the contract costs incurred to-date bear to the estimated total costs for contract. When it is probable that the estimated total contract costs of a contract will exceed the total contract revenue of the contract, the expected loss on the contract is recognised as an expense immediately. Significant judgement is required in the estimation of total contract costs. Where the actual total contact costs is different from the estimated total contract costs, such differences will impact the contract profits or losses recognised.

(i) Impairment of assets

The Group determines whether an asset is impaired by evaluating the extent to which the recoverable amount of an asset is less than its carrying amount.This evaluation is subject to changes such as market performance, economic and political situation of the country.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (cont'd)

6.2 Key Sources of Estimation Uncertainty (cont'd)

(i) Impairment of assets (cont'd)

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value in use. The value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect its income and cash flows. Judgment has been used to determine the discount rate for the cash flows and the future growth of the business.

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Non-Current Property, Plant and Equipment

Carrying amount	Freehold land RM	Leasehold land RM	Buildings, factory godowns, warehouse, coldrooms, jetty and workshop RM	Construction work-in-progress RM	Motor vehicles and forklifts RM	Office equipment, furniture and fitting and equipment RM	Plant and machinery RM	Total RM
2014								
Balances as at 1.1.2014	-	11,341,564	22,751,707	460,921	2,552,418	1,754,025	9,430,472	48,291,107
Additions	-	-	4,350	114,180	454,246	47,035	70,000	689,811
Disposals	-	(458,605)	(16,028)	-	(43,452)	(31,535)	(2,337)	(551,957)
Depreciation charges for the financial year	-	(511,587)	(1,183,660)	-	(404,279)	(241,135)	(1,219,323)	(3,559,984)
Translation adjustments	-	-	-	-	-	-	424	424
Reversal of impairment loss	-	(2,452)	1,075,714	-	-	13,240	169,542	1,256,044
Balances as at 31.12.2014	-	10,368,920	22,632,083	575,101	2,558,933	1,541,630	8,448,778	46,125,445
At 31.12.2014								
At cost	-	-	-	580,643	7,317,791	11,671,196	31,109,387	50,679,017
At valuation	-	29,835,509	49,334,138	-	-	-	-	79,169,647
Accumulated depreciation	-	(5,507,182)	(10,561,836)	-	(4,715,038)	(10,085,300)	(19,893,302)	(50,762,658)
Accumulated impairment loss	-	(13,959,407)	(16,140,219)	(5,542)	(43,820)	(44,266)	(2,767,307)	(32,960,561)
Carrying amount	-	10,368,920	22,632,083	575,101	2,558,933	1,541,630	8,448,778	46,125,445
2013								
Balances as at 1.1.2013	600,000	15,603,712	24,203,745	460,921	3,198,354	2,020,352	10,612,745	56,699,829
Additions	-	-	-	-	3,600	113,303	76,818	193,721
Disposals	(600,000)	-	(454,809)	-	(239,438)	(6,401)	(18,701)	(1,319,349)
Written off	-	-	-	-	-	(62,196)	(10,354)	(72,550)
Depreciation charges for the financial year	-	(591,457)	(1,199,036)	-	(410,098)	(343,439)	(1,320,290)	(3,864,320)

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

7.1 Non-Current Property, Plant and Equipment (cont'd)

Carrying amount	Freehold land RM	Leasehold land RM	Buildings, factory godowns, warehouse, coldrooms, jetty and workshop RM	Construction work-in-progress RM	Motor vehicles and forklifts RM	Office equipment, furniture and fitting and equipment RM	Plant and machinery RM	Total RM
2013 (cont'd)								
Translation adjustments	-	-	-	-	-	1,217	-	1,217
Reversal of impairment loss	-	498,774	1,141,401	-	-	31,192	90,255	1,761,622
Reclassified to assets held for sales	-	(4,169,465)	(939,594)	-	-	(3)	(1)	(5,109,063)
Balances as at 31.12.2013	-	11,341,564	22,751,707	460,921	2,552,418	1,754,025	9,430,472	48,291,107
At 31.12.2013								
At cost	-	-	-	466,463	7,195,242	11,795,161	31,089,937	50,546,803
At valuation	-	30,443,713	50,186,988	-	-	-	-	80,630,701
Accumulated depreciation	-	(5,134,766)	(9,506,525)	-	(4,599,004)	(9,977,567)	(18,882,274)	(48,100,136)
Accumulated impairment loss	-	(13,967,383)	(17,928,756)	(5,542)	(43,820)	(63,569)	(2,777,191)	(34,786,261)
Carrying amount	-	11,341,564	22,751,707	460,921	2,552,418	1,754,025	9,430,472	48,291,107

Group

Leasehold properties	**2014 RM**	**2013 RM**
Analysed as:		
Short term (unexpired period less than 50 years)	8,028,824	8,962,192
Long term (unexpired period more than 50 years)	2,340,096	2,379,372
	10,368,920	11,341,564

Company

2014 **Carrying amount**	**Computer RM**	**Office Equipments RM**	**Total RM**
Balance as at 1.1.2014	25,045	394	25,439
Additions	469	-	469
Depreciation charge for the financial year	(7,715)	(55)	(7,770)
Balance as at 31.12.2014	17,799	339	18,138
At 31.12.2014			
At cost	38,849	550	39,399
Accumulated depreciation	(21,050)	(211)	(21,261)
Carrying amount	17,799	339	18,138

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

7.1 Non-Current Property, Plant and Equipment (cont'd)

2013 Carrying amount	Computer RM	Office Equipments RM	Total RM
Balance as at 1.1.2013	29,154	449	29,603
Additions	3,450	-	3,450
Depreciation charge for the financial year	(7,559)	(55)	(7,614)
Balance as at 31.12.2013	25,045	394	25,439
At 31.12.2013			
At cost	38,380	550	38,930
Accumulated depreciation	(13,335)	(156)	(13,491)
Carrying amount	25,045	394	25,439

(a) The Group properties are revalued once every five (5) years by external independent valuers. The Group properties were last revalued in 2010 by independent qualified valuers using the open market value method to reflect fair values.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been RM15,349,526 (2013 – RM17,563,400).

(b) The leasehold properties (including assets classified as Assets held for sale) with carrying value of RM19,641,573 (2013 – RM20,105,163) are pledged as securities for banking facilities as disclosed in Notes 20, 21 and 23 to the financial statements.

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

Group	2014 RM	2013 RM
Purchase of property, plant and equipment	689,811	193,721
Financed by hire purchase and lease arrangements	(340,000)	-
Cash payments on purchase of property, plant and equipment	349,811	193,721

(d) The net carrying amounts of the Group's property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

Group	2014 RM	2013 RM
Motor vehicles and forklifts	580,668	254,133

Details on the minimum lease payments for hire purchase and finance lease liabilities of the Group are disclosed in Note 22 to the financial statements.

(e) As at 31 December 2014, leasehold land, warehouse buildings, machinery and equipment with a total carrying amount of RM35,105,930 (2013 – RM35,105,930) are charged to financial institutions for credit facilities granted to the Group and the Company as disclosed in Notes 20, 21 and 23 to the financial statements.

(f) Included in the property, plant and equipment are motor vehicles with net carrying amount of RM378,223 (2013– RM1) registered in the name of a Director and a third party.

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

7.2 Assets Held For Sales

Group	2014 RM	2013 RM
Balance as at 1 January	13,872,662	8,119,051
Disposal	(5,109,063)	-
Exchange translation	508,854	644,548
Reclassified from property, plant and equipment (Note 7.1)	-	5,109,063
	9,272,453	13,872,662

(a) The land title of leasehold land of a subsidiary with a carrying amount of RM5,151,363 (2013 - RM4,868,666) has yet to be issued by the relevant authorities.

(b) On 24 June 2013, a subsidiary company had entered into a sales and purchase agreement for the disposal of a property with a carrying value of RM5,109,063 for a cash consideration of RM5,700,000. The disposal was completed on 19 March 2014.

8. INTANGIBLE ASSETS

Group Carrying amount	Balance as at 1.1.2014 RM	Additions RM	Impairment loss for the financial year RM	Amortisation charge for the financial year RM	Balance as at 31.12.2014 RM
Goodwill on consolidation	61,520	-	(61,520)	-	-

	At 31.12.2014		
	Cost RM	Accumulated amortisation and impairment RM	Carrying amount RM
Goodwill on consolidation	7,977,696	(7,977,696)	-
Computer software	2,934,349	(2,934,349)	-
Customer portfolios	668,622	(668,622)	-
Trademark	24,553	(24,553)	-
	11,605,220	(11,605,220)	-

Group Carrying amount	Balance as at 1.1.2013 RM	Additions RM	Impairment loss for the financial year RM	Amortisation charge for the financial year RM	Balance as at 31.12.2013 RM
Goodwill on consolidation	61,520	-	-	-	61,520

8. INTANGIBLE ASSETS (cont'd)

	At 31.12.2013		
	Cost RM	Accumulated amortisation and impairment RM	Carrying amount RM
Goodwill on consolidation	7,977,696	(7,916,176)	61,520
Computer software	2,934,349	(2,934,349)	-
Customer portfolios	668,622	(668,622)	-
Trademark	24,553	(24,553)	-
	11,605,220	(11,543,700)	61,520

9. INVESTMENTS IN SUBSIDIARIES AND INVESTMENT HELD FOR SALES

9.1 Investments In Subsidiaries

Company	2014 RM	2013 RM
Unquoted equity shares, at cost	33,873,177	33,873,177
Unquoted redeemable preference shares, at cost	12,000,000	12,000,000
	45,873,177	45,873,17
Less: Accumulated impairment losses	(16,480,698)	(16,480,698)
	29,392,479	29,392,479

The details of the subsidiaries as at 31 December 2014 are as follows:

Name of company	Country of incorporation	Interest equity held by Company 2014 %	Company 2013 %	Subsidiaries 2014 %	Subsidiaries 2013 %	Principal activities
Haisan Engineering Sdn. Bhd. ^	Malaysia	100	100	-	-	Refrigerating, civil, mechanical, electrical, general engineering works and construction
Hai San & Sons Sdn. Bhd.* ∞	Malaysia	100	100	-	-	Lease of properties and cold rooms
Freeville (M) Sdn. Bhd.*	Malaysia	100	100	-	-	Renting of ice factory
Hai San Ice Industries Sdn. Bhd. ^ ∞	Malaysia	100	100	-	-	Trading and manufacturing of ice
ABW Value Services Sdn. Bhd.* ∞	Malaysia	100	100	-	-	Providing packing, picking, loading and unloading, maintenance services and related services
Cahaya Nurani (M) Sdn. Bhd.*	Malaysia	100	100	-	-	Warehousing
Hai San Holdings Sdn. Bhd.* ∞	Malaysia	100	100	-	-	Leasing of cold rooms
Xtreme Software Sdn. Bhd.^ ∞	Malaysia	100	100	-	-	Provision of information technology maintenance and support services
IGLO (M) Sdn. Bhd. ^ ∞	Malaysia	100	100	-	-	Temperature-controlled logistics services
IGLO International Limited^ ∞	Cayman Islands	100	100	-	-	Investment holding

9. INVESTMENTS IN SUBSIDIARIES AND INVESTMENT HELD FOR SALES (cont'd)

9.1 Investments In Subsidiaries (cont'd)

Name of company	Country of incorporation	Interest equity held by Company 2014 %	Company 2013 %	Subsidiaries 2014 %	Subsidiaries 2013 %	Principal activities
IGLO Cold Chain Logistics Sdn. Bhd.* ∞	Malaysia	100	100	-	-	Dormant
Asia Mewah Resources Sdn. Bhd.* ∞	Malaysia	100	100	-	-	Trading and manufacturing of ice
Subsidiary of Hai San Ice Industries Sdn. Berhad						
Pontian Ice Factory Sdn. Bhd.* ∞	Malaysia	-	-	95.98	95.98	Trading and manufacturing of ice
Subsidiaries of IGLO International Limited						
IGLO (Shanghai) Co., Ltd.*	People's Republic of China	-	-	100	100	Temperature-controlled logistics services
IGLO (Shanghai) Logistics Co., Ltd. *	People's Republic of China	-	-	100	100	Refrigerated transportation services
IGLO (Saigon) Incorporated *	Vietnam	-	-	100	100	Temperature-controlled logistics services
Subsidiaries of IGLO Cold Chain Logistics Sdn. Bhd.						
IGC Logistics Sdn. Bhd.*	Malaysia	-	-	100	100	Refrigerated transportation and distribution services

^ Subsidiaries audited by Wong Weng Foo & Co

* Not audited by Wong Weng Foo & Co

∞ Subsidiary with auditors' reports that emphasized on the appropriateness of going concern assumptions in the preparation of financial statements, which are dependent on the continuous financial support from the Company and on the subsidiary achieving future profitable operations and cash inflows to sustain its operations.

9.2 Investment Held For Sales

As announced to Bursa Securities on 11 October 2012, the Company's wholly-owned subsidiary, IGLO International Limited, had on 10 October 2012 entered into a conditional share sale agreement with Asia Logistic Ltd.("AsiaLog") ("SSA") for the proposed disposal of its 100% equity interest in IGLO (Guangzhou) Co., Ltd. for a cash consideration of Renminbi 30.00 million or equivalent to approximately RM14.66 million. The disposal was completed on 29 July 2013.

10. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Unquoted shares, at cost	226,200	226,200	1,200	1,200
Share of post acquisition losses	(192,645)	(172,591)	-	-
	33,555	53,609	1,200	1,200
Less: Accumulated impairment losses	(6,612)	(6,612)	-	-
	26,943	46,997	1,200	1,200

The associate company, incorporated in Malaysia, is as follows:-

Name of company	Interest in equity held by a subsidiary		
Associate of Haisan Engineering Sdn. Bhd.	2014 %	2013 %	Principal activities
Edgetech Energy Sdn. Bhd.*	30	30	Refrigerating, civil, mechanical, electrical, general engineering works, construction and labour supply

Name of company	Interest in equity held by company		
Associate of the company	2014 %	2013 %	Principal activities
Kelgas Haisan Industries Sdn. Bhd.*	40	40	Storing, bottling, transportation of bulk liquefied petroleum gas (“LPG”) and the fabrication and maintenance of new and used LPG cylinders and all other activities incidental thereto

* Not audited by Messrs Wong Weng Foo & Co.

The summarised financial information of the associated companies are as follows:

Group	2014 RM	2013 RM
Assets and liabilities		
Current assets	90,869	95,083
Non-current assets	1,989	2,800
Total assets	92,858	97,883
Current liabilities	(80,002)	(12,381)
Net liabilities	12,856	85,502
Results		
Revenue	135,954	136,557
(Loss)/ Profit for the financial year	(72,646)	87,515

11. OTHER INVESTMENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Unquoted shares in Malaysia	12,000	12,000	-	-
Less: Impairment loss	(12,000)	-	-	-
	-	12,000	-	-
Unquoted bonds in Malaysia	4,000,000	4,000,000	4,000,000	4,000,000
Less: Impairment loss	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000
	-	-	-	-
	-	12,000	-	-

Pursuant to the Facility Agreement for the unsecured fixed term loan facility under the Primary Collateralised Loan Obligation Programme as detailed in Note 20 to the financial statements, the Company invested in the unquoted bonds issued by CapOne Berhad up to ten percent (10%) of the loan principal amount. The unquoted bonds were redeemable at the end of the fifth (5th) year which was due on 20 September 2010.

The unquoted bonds are rated "highly likely to default" C by the Malaysian Rating Corporation Berhad ("MARC") based on the rating in December 2009 and therefore the cost of the investment of RM4,000,000 had been impaired in full in prior years.

12. AMOUNTS OWING BY/ (TO) SUBSIDIARIES

Company	2014 RM	2013 RM
Non-current assets		
Amount owing by a subsidiary	19,793,668	19,793,668
Less: Impairment	(19,793,668)	(19,793,668)
	-	-
Current assets (Note 14)		
Amount owing by subsidiaries	56,045,108	50,571,741
Less: Impairment	(3,460,658)	(3,460,658)
	52,584,450	47,111,083
Current liabilities (Note 25)		
Amount owing to subsidiaries	25,422,735	21,868,385

The amounts owing by/ (to) subsidiaries are unsecured, interest-free and repayable upon demand in cash and cash equivalents, except for an amount of approximately RM39,801,516 (2013 – RM39,801,516) owing by subsidiaries which bear interests at 8.40% (2013 - 8.40%) per annum.

13. INVENTORIES

Group	2014 RM	2013 RM
At cost		
Raw materials	9,969	11,082
Finished goods	12,194	5,669
	22,163	16,751
At net realisable value		
Equipment, components, spare parts and consumables	471,360	445,536
	493,523	462,287

13. INVENTORIES (cont'd)

During the financial year, the Group has written down inventories of RM Nil (2013 – RM26,941) to their recoverable amounts.

The Group reversed RM Nil (2013 - RM199,136) in respect of inventories written down in the previous financial years that was subsequently not required as the Group was able to sell those inventories above their carrying amounts.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade receivables				
Third parties	16,860,866	13,428,458	-	-
	16,860,866	13,428,458	-	-
Less: Impairment of receivables - third parties	(3,279,154)	(2,988,205)	-	-
	13,581,712	10,440,253	-	-
Other receivables, deposits and prepayments				
Amounts owing by subsidiaries (Note 12)	-	-	56,045,108	50,571,741
Amount owing by an associates	38	2,255	-	-
Other receivables	9,877,669	7,226,650	850,638	574,452
Deposits	2,606,370	1,675,267	1,760	1,760
Prepayments	308,930	349,897	28,190	26,758
	12,793,007	9,254,069	56,925,696	51,174,711
Less: Impairment				
- third parties	(4,451,270)	(4,476,761)	(500,000)	(500,000)
- subsidiaries	-	-	(3,460,658)	(3,460,658)
	8,341,737	4,777,308	52,965,038	47,214,053
	21,923,449	15,217,561	52,965,038	47,214,053

a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from cash term to 120 days (2013 - 120 days) from date of invoice and other credit terms are assessed and approved on a case by case basis.

(b) The amount owing by an associate in other receivable is unsecured, interest-free and payable on demand in cash and cash equivalents.

(c) During the financial year, the Group has written off bad debts of RM Nil (2013 – RM28,000) to the statements of comprehensive income.

The ageing analysis of the Company trade receivables is as follows:-	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Neither past due not impaired	2,487,935	3,577,827	-	-
Past due but not impaired:-				
- Past due less than 2 months	2,225,516	1,504,384	-	-
- Past due 2 months to 7 months	2,588,411	4,272,568	-	-
- Past due more than 7 months	6,279,850	1,085,474	-	-
	11,093,777	6,862,426	-	-
Impaired	3,279,154	2,988,205	-	-
	16,860,866	13,428,458	-	-

14. TRADE AND OTHER RECEIVABLES (cont'd)

(d) The currency exposure profile of receivables are as follows:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Ringgit Malaysia	20,383,728	13,297,730	44,563,015	38,953,135
Vietnamese Dong	5,606	1,163	8,402,023	8,260,917
US Dollar	68,860	64,980	-	-
Chinese Renmimbi	1,465,255	1,853,688	-	-
	21,923,449	15,217,561	52,965,038	47,214,052

15. AMOUNTS DUE TO CUSTOMERS FOR CONTRACT WORKS

	2014 RM	**2013 RM**
Aggregate costs incurred to-date	(96,792)	728,209
Add: Attributable profits	45,500	208,000
	(51,292)	936,209
Less: Progress billings	-	(1,099,480)
Amounts due to customers for contract works (Note 25)	(51,292)	(163,271)

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Deposits with licensed banks	157,686	152,871	-	-
Cash and bank balances	374,401	1,046,589	8,580	5,774
As reported in the statement of financial position	532,087	1,199,460	8,580	5,774
Less: Bank overdrafts (Note 23)	(52,669,822)	(49,837,303)	(15,287,822)	(15,026,959)
Deposits pledged with licensed banks	(157,686)	(152,871)	-	-
As reported in statement of cash flows	(52,295,421)	(48,790,714)	(15,279,242)	(15,021,185)

(a) Deposits of the Group have an average maturity period 9 to 365 days (2013 - 9 to 365 days). Bank balances are deposits held at call with banks.

(b) Deposits of the Group amounting to RM157,686 (2013 - RM152,871) are registered in the name of certain Directors of the Company and its subsidiaries.

(c) Deposits of the Group amounting to RM157,686 (2013 - RM152,871) are pledged to banks for banking facilities granted to the Group as disclosed in Note 23 to the financial statements.

16. CASH AND CASH EQUIVALENTS (cont'd)

(d) The currency exposure profile of cash and cash equivalents are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Ringgit Malaysia	420,410	1,155,320	8,580	5,774
Vietnamese Dong	3,678	3,260	-	-
Singapore Dollar	211	211	-	-
US Dollar	1,243	2,516	-	-
Chinese Renmimbi	106,545	38,153	-	-
	532,087	1,199,460	8,580	5,774

(e) The weighted average interest rate per annum of deposits that was effective as at statements of financial position date is as follows:

	2014 %	2013 %	2014 %	2013 %
Deposits with licensed banks	3.15	3.15	-	-

Information on financial risks of deposits is disclosed in Note 35 to the financial statements.

17. SHARE CAPITAL

Group and Company

2014	Ordinary share each at	Number of shares	RM
Authorised			
At 1 January	RM0.50	500,000,000	250,000,000
Conversion of par value	(RM0.45)	4,500,000,000	-
At 31 December	RM0.05	5,000,000,000	250,000,000
Issued and fully paid			
At 1 January	RM0.50	88,145,000	44,072,500
Cancellation of treasury shares	RM0.50	(7,604,100)	-
Capital reduction in par value	(RM0.45)	-	(40,045,455)
Private placement	RM0.05	40,000,000	2,000,000
At 31 December	RM0.05	120,540,900	6,027,045

2013	Ordinary share each at	Number of shares	RM
Authorised	RM0.50	500,000,000	250,000,000
Issued and fully paid	RM0.50	88,145,000	44,072,500

17. SHARE CAPITAL (cont'd)

The details of the options over ordinary shares of the Company are as follows:

2014

NIL

	Number of options over ordinary shares of RM0.50 each					
	Outstanding as at	Movements during the financial year			Outstanding as at	Exercisable as at
2013	**1.1.2013**	**Granted**	**Exercised**	**Lapsed**	**31.12.2013**	**31.12.2013**
2003 options	3,785,000	-	-	(3,785,000)	-	-
Average exercise prices (RM)	0.85	-	-	-	-	-
Remaining Contractual life (months)	9					-

The details of share options outstanding at the end of the financial year are as follows:

	Weighted average exercise price RM	Exercise period
2014		
2003 options	-	-
2013		
2003 options	0.85	22.9.2003 - 21.9.2013

18. RESERVES

	Group		Company	
	2014	**2013**	**2014**	**2013**
Non-distributable:	**RM**	**RM**	**RM**	**RM**
Exchange translation reserve	1,056,925	1,495,548	-	-
Share premium	-	2,594,793	-	2,594,793
Revaluation reserve	-	3,051,361	-	-
Treasury shares, at cost	-	(6,984,461)	-	(6,984,461)
Accumulated losses	(77,145,707)	(111,449,676)	(21,784,000)	(54,180,653)
	(76,088,782)	(111,292,435)	(21,784,000)	(58,570,321)

(a) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Revaluation reserve

The revaluation reserve is used to record the increase and decrease in the fair value of freehold lands and buildings.

18. RESERVES (cont'd)

(c) Treasury shares

The number of Treasury Shares held as at 31 December 2013 was 7,604,100 ordinary shares of RM0.50 each recorded at a value of RM 6,984,461.

The Treasury Shares were cancelled on 2 January 2014 following the approval granted by the shareholders of the Company on the PRP of the Company.

(d) Retained earnings

Effective 1 January 2008, the Company is given the option to make an irrecoverable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

19. BORROWINGS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Secured				
Term loans	14,590,573	19,317,995	-	-
Revolving credits	1,909,500	1,808,360	-	-
Hire purchase and lease creditors	98,563	52,741	-	-
Bank overdrafts	31,779,640	37,147,284	9,917,982	10,178,883
	48,378,276	58,326,380	9,917,982	10,178,883
Unsecured				
Term loans	37,087,154	37,087,154	37,087,154	37,087,154
Revolving credits	4,841,940	4,605,045	4,841,940	4,605,045
Bank overdrafts	20,890,182	12,690,019	5,369,901	4,848,076
	62,819,276	54,382,218	47,298,995	46,540,275
Total Current Portion	111,197,552	112,708,598	57,216,977	56,719,158
Non-Current				
Secured				
Hire purchase and lease creditors	291,187	88,015	-	-
Total Non-Current Portion	291,187	88,015	-	-
Total Borrowings	111,488,739	112,796,613	57,216,977	56,719,158
Secured				
Term loans	14,590,573	19,317,995	-	-
Revolving credits	1,909,500	1,808,360	-	-
Hire purchase and lease creditors	389,750	140,756	-	-
Bank overdrafts	31,779,640	37,147,284	9,917,982	10,178,883
	48,669,463	58,414,395	9,917,982	10,178,883
Unsecured				
Term loans	37,087,154	37,087,154	37,087,154	37,087,154
Revolving credits	4,841,940	4,605,045	4,841,940	4,605,045
Bank overdrafts	20,890,182	12,690,019	5,369,901	4,848,076
	62,819,276	54,382,218	47,298,995	46,540,275
Total Borrowings	111,488,739	112,796,613	57,216,977	56,719,158

19. BORROWINGS (cont'd)

The currency exposure profiles of borrowings are as follows:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Ringgit Malaysia	110,171,714	111,553,800	57,216,977	56,719,158
US Dollar	1,317,025	1,242,813	-	-
	111,488,739	112,796,613	57,216,977	56,719,158

20. TERM LOANS

Secured

The term loans of the Group are secured by way of:

(i) Facilities agreement;

(ii) Legal charge on certain property, plant and equipment for land of the Group as disclosed in Note 7 to the financial statements;

(iii) Deed of assignment over certain subsidiaries' properties and rental proceeds;

(iv) Legal mortgage over the machinery and equipment of certain subsidiaries;

(v) Corporate guarantee by the Company for facilities granted to subsidiaries as discharged disclosed in Note 33 to the financial statements; and

(vi) Joint and several guarantees by certain Directors and third parties.

The term loans bear interest ranging from 6.90% to 16.50% (2013– 6.90% to 16.50%) per annum.

Unsecured

The Company had on 9 September 2005 entered into a Facility Agreement with EON Bank Berhad (the borrower) and CapOne Berhad (the issuer) for an unsecured fixed term loan facility under the Primary Collateralised Loan Obligation Programme up to maximum principal amount of RM40,000,000. Pursuant to the said Facility Agreement, the Company is required to invest in the unquoted bonds issued by CapOne Berhad up to ten percent (10%) of the loan principal amount as detailed in Note 11 to the financial statements.

The unsecured fixed term loan bears interest at the rate of 7.13% (2013 - 7.13%) per annum, which is payable semi-annually. The loan principal is repayable in full at the end of the fifth (5th) year on 20 September 2010.

Repayment terms

Term loans of the Group are repayable as follows:

	Group		Company	
Repayable as follows:	**2014 RM**	**2013 RM**	**2014 RM**	**2013 RM**
Less than 1 year	51,677,727	56,405,149	37,087,154	37,087,154

20. TERM LOANS (cont'd)

Significant covenants for the secured term loans of certain subsidiaries are as follows:

(i) The subsidiaries shall not declare or pay any dividend or bonus issue or make any distribution if there are any monies owing under the credit facilities without the bank's prior written consent;

(ii) Gearing ratio of the Group shall not exceed to 3.0 times; and

(iii) Cross default on any indebtedness which is not discharged at maturity or when called or goes into default under, or commits a breach of, any instrument or agreement relating to such indebtedness.

As at previous and current financial year, the following covenants were breached by certain subsidiaries:

(i) Gearing ratio of the Group exceeded 3.0 times; and

(ii) Subsidiary declared dividend during the financial year without the prior written consent of the lenders.

As such, the lenders could declare the full sum outstanding of the term loans to be immediately due and payable.

In view of the cross default covenants in the term loans of the Group which render the term loans of the Group to be immediately due and payable, the entire term loans of the Group had been reclassified as current liabilities since 2009.

Information on repricing analysis of term loans is disclosed in Note 35 to the financial statements.

21. REVOLVING CREDITS

The revolving credits of the Group are secured by:

(i) Legal charge on certain property, plant and equipment of certain subsidiaries as disclosed in Note 7 to the financial statements; and

(ii) Corporate guarantee by the Company and an indirect subsidiary for facilities granted to subsidiaries.

The revolving credits of the Group bear interest ranging from 6.85% to 7.00% (2013- 6.85% to 7.00%) per annum.

Significant covenants for the revolving credits of the Group are as follows:

(i) The subsidiaries shall not declare or pay any dividend or bonus issue or make any distribution if there are any monies owing under the credit facilities without the bank's prior written consent; and

(ii) Gearing ratio of the Group shall not exceed 3.0 times

As at previous and current financial year, the following covenants were breached by certain subsidiaries:

(i) The subsidiaries declared dividend during the financial year without the prior written consent of the lenders; and

(ii) Gearing ratio of the Group exceeded 3.0 times

Information on repricing analysis of revolving credits is disclosed in Note 35 to the financial statements.

22. HIRE PURCHASE AND LEASE CREDITORS

The minimum lease payments for hire-purchase and lease liabilities of the Group at statements of financial position date are as follows:

Group	2014 RM	2013 RM
Minimum hire purchase and lease payments:		
- not later than one (1) year	113,777	58,149
- later than one (1) year and not later than five (5) years	321,830	91,736
Total minimum hire purchase and lease payments	435,607	149,885
Less: Future interest charges	(45,857)	(9,129)
Present value of hire purchase and lease creditors	389,750	140,756
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	98,563	52,741
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	291,187	88,015
	389,750	140,756

The hire purchase and lease liabilities bear fixed interest rates ranging from 2.38% to 2.73% (2013 - 2.38% to 2.73%) per annum.

Information on repricing analysis of hire purchase and lease creditors is disclosed in Note 35 to the financial statements.

23. BANK OVERDRAFTS

The bank overdrafts of the Group and of the Company are secured by:

(i) Facility agreement;

(ii) Legal charge on certain property, plant and equipment and leasehold properties of certain subsidiaries as disclosed in Note 7 to the financial statements;

(iii) Fixed and floating charge by way of specific debenture over the equipment machinery financed;

(iv) Cash deposit agreement from a subsidiary;

(v) Negative pledge over assets of the subsidiaries;

(vi) Corporate guarantee by the Company for facilities granted to subsidiaries;

(vii) Corporate guarantee by a subsidiary for facilities granted to its subsidiary and the Company;

(viii) Third party time deposit pledged under lien as disclosed in Note 16 to the financial statements; and

(ix) Joint and several guarantees by certain Directors and third parties.

The bank overdrafts of the Group and the Company bear interest ranging from 7.60% to 9.96% (2013– 7.60% to 9.96%) per annum.

Significant covenant of the bank overdrafts of a subsidiary is not to declare any dividend if any monies owing under the facilities are overdue or unpaid without the bank's prior written consent.

Information on repricing analysis of bank overdrafts is disclosed in Note 35 to the financial statements.

24. DEFERRED TAX

Recognised deferred tax assets and liabilities

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 taxes relate to the same taxation authority.

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position.

Group	2014 RM	2013 RM
Deferred tax assets	2,967,615	2,712,987
Deferred tax liabilities	(6,267,944)	(6,451,344)

(a) Movement in deferred tax liabilities during the financial year are as follows:

Group	2014 RM	2013 RM
Balance as at 1 January	3,738,357	3,782,728
Recognised directly in equity		
- Transfer from revaluation reserve	(26,612)	(9,343)
	(26,612)	(9,343)
(Charged)/ Credited to statements of comprehensive income: (Note 29)		
- crystallisation of deferred tax on revaluation surplus arise from property, plant equipment	(187,142)	(3,038)
- excess of capital allowances over corresponding depreciation	(102,335)	15,687
- unabsorbed capital allowances and tax losses	-	75,128
- other deductible temporary differences	(121,939)	(122,805)
	(411,416)	(35,028)
Balances as at 31 December	3,300,329	3,738,357

(b) The components of the deferred tax assets and liabilities at the end of the financial year comprise tax effects of:

Group	2014 RM	2013 RM
Deferred tax assets (before offsetting)		
Unabsorbed capital allowances	1,207,785	1,143,517
Other deductible temporary differences	1,611,830	1,421,383
	2,819,615	2,564,900
Offsetting	(2,819,615)	(2,564,900)
Deferred tax assets (after offsetting)	-	-
Deferred tax liabilities (before offsetting)		
Excess of capital allowances over corresponding depreciation	(4,004,629)	(4,367,832)
Revaluation surplus	(2,115,315)	(1,935,425)
	(6,119,944)	(6,303,257)
Offsetting	2,819,615	2,564,900
Deferred tax liabilities (after offsetting)	(3,300,329)	(3,738,357)

24. DEFERRED TAX (cont'd)

c) Unrecognised deferred tax assets:

Group	2014 RM	2013 RM
Unabsorbed tax losses	3,662,953	4,502,562
Unabsorbed capital allowances	3,442,907	2,847,499
Others	1,056,073	686,930
	8,161,933	8,036,991

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The deductible temporary differences do not expire under the current tax legislation.

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Trade payables				
Third parties	3,730,710	3,870,608	-	-
Amounts due to customers for contract works (Note 15)	51,292	163,271	-	-
	3,782,002	4,033,879	-	-
Other payables				
Amounts owing to subsidiaries (Note 12)	-	-	25,422,735	21,868,385
Other payables	1,257,280	1,704,079	251,768	714,311
Deposits received	1,131,997	1,566,045	-	-
Accruals	18,270,013	13,858,416	15,008,791	11,645,368
	20,659,290	17,128,540	40,683,294	34,228,064
Total Current Portion	24,441,292	21,162,419	40,683,294	34,228,064
Non-Current				
Other payables	6,948,193	6,560,417	-	-
Accruals	1,200,000	1,200,000	-	-
Total Non-Current Portion	8,148,193	7,760,417	-	-
Total Liabilities	32,589,485	28,922,836	40,683,294	34,228,064

Trade payables are non-interest bearing and the credit terms granted to the Group range from cash terms to 180 days (2013 – 180 days) from date of invoice.

(a) The amount owing to an associate in other payables was unsecured, interest-free and repayable on demand in cash and cash equivalents.

25. TRADE AND OTHER PAYABLES (cont'd)

(c) The amount owing to subsidiaries in other payables was unsecured, interest-free and repayable on demand in cash and cash equivalents.

(d) The amount owing to a shareholder in other payables was unsecured, interest-free and repayable on demand in cash and cash equivalents.

(e) Included in accruals are as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Interest accrued of an unsecured term loan	12,651,704	10,246,550	12,651,704	10,246,550
Non-Current				
Provision for utility claim	1,200,000	1,200,000	-	-

(f) The currency exposure profile of payables are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Ringgit Malaysia	24,803,106	21,625,431	40,683,294	34,228,064
Vietnamese Dong	2,654,785	2,407,831	-	-
Euro	33,220	13,777	-	-
US Dollar	4,708,250	4,502,877	-	-
Chinese Renmimbi	390,124	372,920	-	-
	32,589,485	28,922,836	40,683,294	34,228,064

(g) Information on financial risks of trade and other payables are disclosed in Note 35 to the financial statements.

26. REVENUE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Rental of properties	2,399,543	2,214,647	-	-
Contract revenue	3,812,439	6,978,101	-	-
Temperature-controlled logistics services	24,380,019	25,693,380	-	-
Sale of ice	4,537,160	7,105,842	-	-
Warehousing	229,561	13,022	-	-
Dividend income	-	-	490,000	490,000
Management fees from subsidiaries	-	-	900,000	1,000,000
Others	1,181,514	155,341	-	-
Less: Discontinued operations	-	(2,522,479)	-	-
	36,540,236	39,637,854	1,390,000	1,490,000

27. (LOSS)/ PROFIT BEFORE INCOME TAX

(Loss)/ Profit before income tax is arrived at after charging:	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Impairment of receivables		265,442	-	-	-
Auditors' remuneration		147,600	147,561	48,000	48,000
Bad debts written off	14	-	28,000	-	1,026,543
Depreciation of property, plant and equipment					
- continuing operations	7.1	3,559,984	3,864,320	7,770	7,614
- discontinued operations	30	-	592,441	-	-
Directors' remuneration					
- fees		48,000	121,000	48,000	121,000
- other emoluments		975,200	1,042,900	247,200	302,200
Hire of lorry, reach truck, forklift, machinery and equipment		1,128,419	1,125,519	1,560	1,560
Inventories written downs	13	-	26,941	-	-
Impairment losses of investment in subsidiaries		-	-	-	210,695
Loss on foreign exchange					
- realised		1,741	14,793	-	-
Property, plant and equipment written off		-	72,550	-	-
(Gain)/Loss on disposal of property, plant and equipment					
- continuing operations		(27,183)	90,202	-	-
- discontinued operations	30	-	90,132	-	-
Unquoted investment written off		12,000	-	-	-
Impairment of goodwill		61,520	-	-	-
Rental of railway access, warehouse, premises, cold room, water tank, cisco router, lintasanrata, machine, vacant land, pallets and factory hostel		556,683	484,267	-	-
Finance costs					
- bank overdrafts interest		4,668,816	4,349,774	1,570,793	1,448,519
- hire purchase and lease interest		16,710	7,924	-	-
- revolving credits interest		348,851	496,960	274,259	280,791
- term loans interest		4,068,996	6,127,046	2,644,314	2,776,005
		9,103,373	10,981,704	4,489,366	4,505,315
And crediting :					
Impairment of receivables no longer required		-	30,116	-	5,001,056
Reversal of provision for utility claim		-	3,598,978	-	-
Gross dividend income received from:					
- unquoted subsidiaries		-	-	490,000	490,000
Gain on foreign exchange					
- realised		1,385	8,804	-	-
- unrealised		-	569,667	-	72,348
Interest income					
- continuing operations		13,911	27,328	3,531,073	3,377,079
- discontinued operations		-	43,763	-	-
Rental income		304,293	536,140	-	-
Reversal of inventories written down		-	199,136	-	-
Reversal of impairment loss on property, plant and equipment		1,256,044	1,761,621	-	-
Share of (loss)/ profit of associated companies		(20,054)	26,256	-	-
Interest waived		-	2,853,346	-	-
Deposit forfeited		-	1,318,051	-	-

28. EMPLOYEE BENEFITS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Wages, salaries and bonuses	6,671,546	8,943,970	1,945,083	2,060,859
Contributions to defined contribution plan	758,518	845,378	269,166	276,102
Social security contributions	57,305	66,649	8,794	8,739
Other benefits	22,151	20,392	18,318	1,744
	7,509,520	9,876,389	2,241,361	2,347,444

Included in employee benefits of the Group and of the Company are directors' other emoluments amounting to RM975,200 (2013 – RM1,078,900) and RM247,200 (2013 - RM302,200) respectively as disclosed in Note 32(c) to the financial statements.

29. INCOME TAX

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current tax expense based on profit for the financial year				
- Malaysian income tax	800,226	770,118	144,090	122,000
(Over)/ Under-provision in prior year				
- Malaysian income tax	(246,974)	233,266	(3,499)	(1,750)
	553,252	1,003,384	140,591	120,250
Deferred tax Relating to origination and reversal of temporary differences	(59,196)	(31,990)	-	-
Crystallisation of revaluation reserves	(187,142)	(3,038)	-	-
	(246,338)	(35,028)	-	-
Total tax expense	306,914	968,356	140,591	120,250

Malaysian income tax is calculated at the statutory tax rate of 25% (2013 - 25%) of the estimated taxable profit for the fiscal year.

Tax expense for other income tax authorities are calculated at the rates prevailing in those respective jurisdictions.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
(Loss)/ Profit before income tax	(4,302,308)	2,571,767	(3,118,543)	959,235
At Malaysian tax rate of 25%	(1,075,577)	642,942	(779,635)	239,809
Expenses not deductible for tax purposes	1,988,189	3,033,269	2,272,103	1,150,667
Income not subject to tax	(124,154)	(2,615,202)	(1,348,261)	(1,268,351)
Net of current year capital allowance unutilised	-	510	-	-
Balancing charges	7,000	2,052	-	-
Increase in unused tax losses	-	7,530	-	-

29. INCOME TAX (cont'd)

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Net of current year capital allowance utilised	(51,118)	(48,116)	(117)	-
Current year tax losses not utilised	-	7,530	-	-
Utilisation of unabsorbed capital allowances and unutilised tax losses	(94,843)	(404,627)	-	(863)
Crystallisation of revaluation reserve	(700)	-	-	-
Others	61,183	678	-	738
Current year deferred tax assets not recognised	90,246	143,552	-	-
	800,226	770,118	144,090	122,000
(Over)/ Under-provision in prior year				
- current tax	(246,974)	233,266	-	(1,750)
- deferred tax	(246,338)	(35,028)	(3,499)	-
	306,914	968,356	140,591	120,250

30. DISCONTINUED OPERATIONS

	Group	
	2014 RM	**2013 RM**
The result of the discontinued operations are as follows:		
Revenue (Note 26)	-	2,522,479
Cost of sales	-	(2,100,234)
Gross profits	-	422,245
Expenses	-	(927,205)
Other income	-	44,569
Loss before income tax	-	(460,391)
Income tax expense	-	-
	-	(460,391)
Gain on sale of discontinued operations	-	1,564,685
Gain/ (Loss) from discontinued operations	-	1,104,294
Profit before income tax from discontinued operations is arrived at after charging/ (crediting):-		
Depreciation of property, plant and equipment	-	592,441
Loss on disposal of property, plant and equipment	-	90,132
Interest income	-	(43,763)
Cash flows from discontinued operations		
Net cash used in operating activities	-	222,182
Net cash from investing activities	-	15,124,310
Effect on cash flows	-	15,346,492

31. (LOSS)/ EARNINGS PER ORDINARY SHARE

Basic (loss)/ earnings per ordinary share of the Group for the financial year is calculated by dividing the profit/ (loss) for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company (Note 18).

	Group	
	2014	**2013**
	RM	**RM**
(Loss)/ Profit attributable to equity holders of the Company (RM)		
- Continuing operations	(4,594,870)	68,504
- Discontinued operations	-	1,104,294
	(4,594,870)	1,172,798
Weighted average number of ordinary shares in issue	112,650,489	80,540,900
Basic (loss)/ earnings per ordinary share (sen)		
- Continuing operations	(4.08)	0.09
- Discontinued operations	-	1.37
	(4.08)	1.46

32. RELATED PARTY DISCLOSURES

(a) Identity of related parties

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

Related parties of the Group include:

(i) direct and indirect subsidiaries as disclosed in Note 9 to the financial statements;

(ii) associate companies as disclosed in Note 10 to the financial statements; and

(iii) Key management personnel which comprises persons (including Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly. The key management personnel include all the Directors of the Group.

32. RELATED PARTY DISCLOSURES (cont'd)

(b) In addition to transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Company	
	2014 RM	**2013 RM**
Dividend income received from:		
- Hai San Holdings Sdn. Bhd.	(490,000)	(490,000)
Interest income received from:		
- Haisan Engineering Sdn. Bhd.	(326,841)	(567,832)
- Hai San Ice Industries Sdn. Bhd.	(1,279,414)	(1,098,116)
- ABW Value Services Sdn. Bhd.	(20,865)	(19,189)
- Asia Mewah Resources Sdn. Bhd.	(160,207)	(149,706)
- Hai San & Sons Sdn. Bhd.	(777,774)	(686,106)
- Hai San Holdings Sdn. Bhd.	(311,651)	(237,369)
- Freeville (M) Sdn. Bhd.	(109,356)	(105,668)
- Cahaya Nurani (M) Sdn. Bhd.	(282,432)	(271,613)
- IGLO Cold Chain Logistics Sdn. Bhd.	(192,838)	(177,281)
- IGC Logistics Sdn. Bhd.	(63,595)	(57,234)
- Pontian Ice Factory Sdn. Bhd.	(6,102)	(1,971)
Management fee received from:		
- Asia Mewah Resources Sdn. Bhd.	-	(45,000)
- Freeville (M) Sdn. Bhd.	(24,000)	(24,000)
- Hai San & Sons Sdn. Bhd.	(192,000)	(192,000)
- Hai San Holdings Sdn. Bhd.	(60,000)	(60,000)
- Hai San Ice Industries Sdn. Bhd.	(192,000)	(192,000)
- Haisan Engineering Sdn. Bhd.	(192,000)	(192,000)
- IGLO (M) Sdn. Bhd.	(240,000)	(240,000)
- Pontian Ice Factory Sdn. Bhd.	-	(55,000)
Secondment of salary (received from)/payable to:		
- IGLO (M) Sdn. Bhd.	(2,000)	(4,800)
Support and maintenance payable:		
- Xtreme Software Sdn. Bhd.	1,015	325

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with respective related parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2014 is disclosed in Note 12 to the financial statements.

32. RELATED PARTY DISCLOSURES (cont'd)

(c) The remuneration of key management personnel during the financial year is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors :				
- fees	48,000	121,000	48,000	121,000
- remuneration other than fees	975,200	1,078,900	247,200	302,200
- other short term employee benefits (including estimated monetary value of benefits-in-kind)	16,962	22,125	-	22,125
Total short term employee benefits	1,040,162	1,222,025	295,200	445,325
- defined contribution plan	102,359	111,270	29,775	36,336
	1,142,521	1,333,295	324,975	481,661

The estimated monetary values of benefits-in-kind received by the Directors are as follows:

	Group	
	2014 RM	2013 RM
Company's Directors	16,962	22,125

33. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2014 RM	2013 RM
Corporate guarantees for bank facilities granted to subsidiaries	52,675,115	54,844,884
Corporate guarantee to Directors for their personal guarantee for bank facilities granted to the Group	19,800,000	19,800,000
Corporate guarantees for bank facilities granted to subsidiaries disposed	24,680,000	24,680,000
Litigation suit	5,742,703	5,688,152

34. SEGMENTAL INFORMATION

(i) Reporting format

Segment information is presented in respect of the Group's business and geographical segments. The primary segment reporting format is determined to be business segments as the Group's risks and returns are affected predominantly by differences in the products and services it produces.

34. SEGMENTAL INFORMATION (cont'd)

(ii) Business segments

The Group is organised into three (3) main business segments:

Engineering	:	Refrigeration, civil, mechanical, electrical, general engineering works and construction, trading of refrigerating equipment and spare parts
Temperature controlled logistics/ warehousing	:	Temperature-controlled logistics services, handling, value added processing, refrigerated transportation and distribution services, leasing of cold rooms, bonded and general warehousing services
Ice manufacturing	:	Manufacturing and marketing of tube ice
Others	:	Businesses involved in investment holding, provision of information technology maintenance and support services

(iii) Geographical segments

The Group operates mainly in Malaysia and Peoples' Republic of China. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers. Segment assets are based on the geographical location of assets. The composition of each geographical segment is as follows:

(a)	Malaysia	:	Engineering of industrial refrigeration, ice manufacturing, temperature controlled logistics, bonded and general warehousing, investment holding and provision of information technology maintenance and support services
(b)	Peoples' Republic of China	:	Temperature controlled logistics
(c)	Vietnam	:	Temperature controlled logistics

(iv) Allocation basis and inter segment pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, corporate assets, liabilities and expenses. Inter-segment prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expense and results include transfer between business segments. These segments are eliminated on consolidation.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

34. SEGMENTAL INFORMATION (cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

At 31 December 2014	Engineering RM	Ice manu-facturing RM	Temperature controlled logistics/ Ware-housing RM	Others RM	Total continuing operations RM	Total dis-continued operating RM	Adjustment/ Elimination RM	Total operations RM
Revenue								
External	3,812,439	4,672,160	26,874,123	1,181,514	36,540,236	-	-	36,540,236
Inter-segment	287,164	36,000	6,829,454	1,695,276	8,847,894	-	(8,847,894)	-
Total revenue	4,099,603	4,708,160	33,703,577	2,876,790	45,388,130	-	(8,847,894)	36,540,236
Results								
Segment results	68,603	426,107	5,103,128	2,908,686	8,506,524	-	388,193	8,894,717
Interest income								13,911
Unallocated corporate expenses								(4,087,509)
Finance costs								(9,103,373)
Share of loss of associated companies								(20,054)
Loss before income tax								(4,302,308)
Tax expense								(306,914)
Loss for the financial year								(4,609,222)
Assets								
Segment assets	43,586,491	22,671,297	95,198,498	84,247,016	245,703,302	-	(167,356,345)	78,346,957
Interest in associated companies								26,943
Unallocated assets								660
Total assets								78,374,560
Liabilities								
Segment liabilities	67,397,010	32,597,407	77,402,286	61,298,187	238,694,890	-	(153,435,583)	85,259,307
Unallocated assets:								
- Borrowings								58,818,917
- Current tax liabilities								4,387,258
Total liabilities								148,465,482
Other information								
Capital expenditure	34,000	99,768	555,574	469	-	-	-	689,811
Depreciation of property, plant and equipment	1,302,032	624,011	1,623,011	10,930	-	-	-	3,559,984
Impairment and written downs	-	-	12,000	61,520	-	-	-	73,520
Non-cash income	1,256,468	-	-	-	-	-	-	1,256,468

34. SEGMENTAL INFORMATION (cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

At 31 December 2013	Engineering RM	Ice manu-facturing RM	Temperature controlled logistics/ Ware-housing RM	Others RM	Total continuing operations RM	Total dis-continued operating RM	Adjustment/ Elimination RM	Total operations RM
Revenue								
External	6,978,103	7,105,841	25,417,529	136,381	39,637,854	2,522,479	-	42,160,333
Inter-segment	60,241	355,910	8,215,280	1,795,020	10,426,451	-	(10,426,451)	-
Total revenue	7,038,344	7,461,751	33,632,809	1,931,401	50,064,305	2,522,479	(10,426,451)	42,160,333
Results								
Segment results	2,049,268	3,377,183	468,215	6,531,671	12,426,337	9,165,019	(5,120,118)	16,471,238
Interest income								71,091
Unallocated corporate expenses								(3,475,505)
Finance costs								(10,981,704)
Share of profit of an associate								26,256
Profit before income tax								2,111,376
Tax expense								(968,356)
Profit for the financial year								1,143,020
Assets								
Segment assets	23,564,306	21,045,065	106,562,434	77,422,917	228,594,722	16,265,299	(165,743,424)	79,116,597
Interest in an associate								46,997
Unallocated assets								17,112
Total assets								79,180,706
Liabilities								
Segment liabilities	34,992,837	29,545,465	95,770,483	51,948,157	212,256,942	872,857	(134,369,660)	78,760,139
Unallocated assets:								
- Borrowings								62,959,310
- Current tax liabilities								4,696,025
Total liabilities								146,415,474
Other information								
Capital expenditure	17,601	91,718	79,244	5,158	-	-	-	193,721
Depreciation of property, plant and equipment	92,892	946,771	2,813,863	10,794	-	-	-	3,864,320
Impairment and written downs	26,941	-	-	-	-	-	-	26,941
Non-cash income	200,112	3,626,198	863,339	5,001,056	-	-	(4,100,855)	5,589,850

34. SEGMENTAL INFORMATION (cont'd)

The following table provides an analysis of the Group's revenue, segments assets and capital expenditure by geographical segments:

	Revenue from external customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
2014			
Malaysia	36,540,236	69,015,036	689,811
Peoples' Republic of China	-	7,582	-
Cayman Island	-	70,203	-
Vietnam	-	9,281,739	-
	36,540,236	78,374,560	689,811
2013			
Malaysia	39,637,854	68,443,135	193,721
Peoples' Republic of China	2,522,479	1,902,053	-
Cayman Island	-	67,496	-
Vietnam	-	8,768,022	-
	42,160,333	79,180,706	193,721

35. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse affects on financial performance arising from fluctuations in foreign currency exchange, interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to foreign currency exchange risk, liquidity and cash flow risk, interest rate risk and credit risk. Information on the management of the related exposures is detailed below:

(i) Foreign currency risk

Subsidiaries operating in Vietnam, Cayman Islands and People's Republic of China have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group monitors the movement in foreign currency exchange rates closely to ensure their exposures are minimised.

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management objectives and policies (cont'd)

(i) Foreign currency risk (cont'd)

The net unhedged financial assets and liabilities of the Group and of the Company that are not denominated in their functional currencies are as follows:

Functional currency **Group**	**Ringgit Malaysia RM**	**US Dollar RM**	**Chinese Renmimbi RM**	**Vietnamese Dong RM**	**Total RM**
At 31 December 2014					
Financial assets and liabilities not held in functional currency					
Cash and bank balances					
US Dollar	-	-	160,545	3,678	164,223
Singapore Dollar	211	-	-	-	211
	211	-	160,545	3,678	164,434
Trade payables					
Euro	33,220	-	-	-	33,220
US Dollar	24,340	-	-	25,276	49,616
	57,560	-	-	25,276	82,836
At 31 December 2013					
Financial assets and liabilities not held in functional currency					
Cash and bank balances					
US Dollar	-	-	-	3,015	3,015
Singapore Dollar	211	-	-	-	211
	211	-	-	3,015	3,226
Trade payables					
Euro	13,777	-	-	-	13,777
US Dollar	265,128	-	-	-	265,128
	278,905	-	-	-	278,905

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management objectives and policies (cont'd)

(ii) Interest rate risk

Interest rate risks mainly arise from the Group's debt obligations. The Group reviews its debt portfolio, taking into account the nature and requirements of its business as well as the current business and economic environment.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings is managed through the use of fixed and floating rate borrowings. The Group's deposits are placed at fixed rates and management endeavors to obtain the best rate available in the market.

Sensitivity analysis for interest rate risk:-

As at 31 December 2014, if interest rates at the date had been 100 basis points lower with all other variables held constant, profit before income for the year would have been RM1,128,709 (2013 : RM1,372,713) higher and vice versa.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the statements of financial position date and the periods in which they reprice or mature, whichever is earlier.

Group	Note	Weighted average effective interest rate (per annum)	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
2014									
Fixed rate instruments									
Deposits with licensed banks	16	3.15	157,686	-	-	-	-	-	157,686
Hire purchase and lease creditors	22	2.48	(98,564)	(73,423)	(53,865)	(50,635)	(52,883)	(60,380)	(389,750)
Term loans	20	7.13	(37,087,154)	-	-	-	-	-	(37,087,154)
Floating rate instruments									
Revolving credits	21	6.15	(6,751,440)	-	-	-	-	-	(6,751,440)
Bank overdrafts	23	8.83	(52,669,822)	-	-	-	-	-	(52,669,822)
Term loans	20	9.05	(14,590,573)	-	-	-	-	-	(14,590,573)
2013									
Fixed rate instruments									
Deposits with licensed banks	16	2.68	152,871	-	-	-	-	-	152,871
Hire purchase and lease creditors	22	2.48	(52,741)	(55,256)	(27,283)	(5,476)	-	-	(140,756)
Term loans	20	7.13	(37,087,154)	-	-	-	-	-	(37,087,154)
Floating rate instruments									
Revolving credits	21	6.38	(6,413,405)	-	-	-	-	-	(6,413,405)
Bank overdrafts	23	8.34	(49,837,303)	-	-	-	-	-	(49,837,303)
Term loans	20	8.92	(19,317,995)	-	-	-	-	-	(19,317,995)

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management objectives and policies (cont'd)

(ii) Interest rate risk (cont'd)

Company	Note	Weighted average effective interest rate (per annum)	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
2014									
Fixed rate instruments									
Amount owing by subsidiaries	12	8.40	(39,801,516)	-	-	-	-	-	(39,801,516)
Term loans	20	7.13	(37,087,154)	-	-	-	-	-	(37,087,154)
Floating rate instruments									
Revolving credits	21	6.85	(4,841,940)	-	-	-	-	-	(4,841,940)
Bank overdrafts	23	9.96	(15,287,883)	-	-	-	-	-	(15,287,883)
2013									
Fixed rate instruments									
Amount owing by subsidiaries	12	8.40	(39,801,516)	-	-	-	-	-	(39,801,516)
Term loans	20	7.13	(37,087,154)	-	-	-	-	-	(37,087,154)
Floating rate instruments									
Revolving credits	21	5.24	(4,605,045)	-	-	-	-	-	(4,605,045)
Bank overdrafts	23	8.10	(15,026,959)	-	-	-	-	-	(15,026,959)

(iii) Credit risk

Cash deposits and receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are the Group's customers and financial institutions in which it places funds. It is the Group's policy to monitor continuously the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

As at statements of financial position date, other than the amounts owing from subsidiaries 99.8% (2013 – 99.6%) of the total receivables of the Group and the Company, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and for the Company is represented by the carrying amount at each financial asset in the statements of financial position.

In respect of the deposits, cash and bank balances placed with major financial institutions in Malaysia, Vietnam, Singapore, Philippines and Hong Kong, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

(iv) Liquidity and cash flow risk

The Group seeks to achieve a balance between certainty of funding even in difficult times for the markets or the Group and a flexible, cost effective borrowing structure. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and refinance.

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair values

The carrying amounts of the financial instruments of the Group and of the Company as at 31 December 2014 approximate their fair values except as set out below:

	Group		Company	
	Carrying amount RM	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
As at 31 December 2014				
Recognised				
Hire purchase and lease payables	389,750	343,077	-	-
Unrecognised				
Contingent liabilities	-	-	-	@
As at 31 December 2013				
Recognised				
Other investments				
- unquoted shares	12,000	*	-	-
Hire purchase and lease payables	140,756	126,152	-	-
Unrecognised				
Contingent liabilities	-	-	-	@

* It was not practical to estimate the fair value of the Group's and Company's investments in unquoted shares due to the lack of comparable quoted market prices and inability to estimate fair value without incurring excessive costs.

@ It was not practical to estimate the fair value of the Group's and Company's contingent liabilities due to the lack of comparable market information and inability to estimate fair value without incurring excessive costs.

The methods and assumptions used by management to determine the fair values of other financial instruments are as follows:

(i) In respect of cash and cash equivalents, receivables, deposits and prepayments, payables, accruals and short term borrowings, the carrying amounts approximates fair value due to relatively short term nature of these financial instruments.

(ii) The fair value of the borrowings which is accounted for as long term financial liabilities is estimated by discounting future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

35. FINANCIAL INSTRUMENTS (cont'd)

(c) Classification of Financial Instruments

(i) Classification of financial instruments is as follows:

Group	2014 RM	2013 RM
FINANCIAL ASSETS		
Fair value through profit or loss		
Other investment	-	12,000
Loans and receivables financial assets		
Trade and other receivables	21,923,449	15,217,561
Cash and cash equivalents	532,087	1,199,460
	22,455,536	16,417,021
FINANCIAL LIABILITIES		
Other financial liabilities		
Trade and other payables	32,589,485	28,922,836
Borrowings	111,488,730	112,796,613
	144,078,215	141,719,449

(ii) Net gains and losses arising from financial instruments

Group	2014 RM	2013 RM
Net gains/ (losses) arising from:		
Loans and receivables	71,091	56,255
Other financial liabilities	(10,981,704)	(11,731,765)
	(10,910,613)	(11,675,510)

(d) Capital Management

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

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

35. FINANCIAL INSTRUMENTS (cont'd)

(d) Capital Management (cont'd)

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

Group	2014 RM	2013 RM
Total loans and borrowings	144,078,224	141,719,449
Equity attributable to owners of the Company	(70,090,922)	(67,234,768)
Debt-to-equity ratio	(2.06)	(2.11)

The Group's approach to capital management is inter-alia dependent on the PRP, the details of which are set out in Note 36(a) to the financial statements.

36. STATUS OF CORPORATE PROPOSALS

(a) The Company is a Practice Note 17 ("PN 17") Company as it has triggered the following Prescribe Criteria under PN 17 pursuant to paragraph 8.04 (2) of PN 17 of the Main Market Listing Requirement ("MMLR") of Bursa Securities:-

i) Paragraph 2.1(e) of PN 17 whereby "the auditors have expressed a modified opinion with emphasis on the listed issuer's going concern in the listed issuer's latest audited financial statements and the shareholders' equity of the listed issuer on a consolidated basis is fifty percent (50%) or less of the issued and paid-up capital (excluding treasury shares) of the listed issuer" pursuant to our announcements dated 9 and 10 June 2010; and

ii) Paragraph 2.1(f) of PN 17 whereby "a default in payment by a listed issuer, its major subsidiary or major associated company, as the case may be, as announced by a listed issuer pursuant to Practice Note 1 and the listed issuer is unable to provide a solvency declaration to Bursa Securities" pursuant to our announcement dated 1 July 2010.

On 7 September 2010, the Company announced that the regularisation plan to regularise the Company's PN 17 status ("Regularisation Plan") will not result in a significant change in the business direction or policy presently adopted by the Company. Further on 8 October 2010, the Company announced that the Corporate Debt Restructuring Committee ("CDRC") had on even date accepted the Company's application to mediate between the Company and its subsidiaries and its financial creditors. On 3 January 2011, the Company also announced that with the assistance of its Scheme Adviser, UHY Diong Advisory (KL) Sdn.Bhd. it had submitted the draft Proposed Debt Restructuring Scheme ("PDRS") to CDRC for review and approval. On 13 May 2011, the Company had submitted the final PDRS to CDRC.

On 3 June 2011, the Company announced that it had on 2 June 2011 submitted an application to Bursa Securities for an extension of time to submit its Regularisation Plan to Bursa Securities ("Application").

On 9 June 2011, Bursa Securities informed the Company that the suspension on the trading of the Company's securities and the delisting of the Company in accordance with Paragraph 8.04 of the MMLR shall be deferred pending the decision of Bursa Securities on the Company's application for the extension of time to submit the Company's Regularisation Plan to the relevant authorities pursuant to the provision of PN17 of the MMLR.

On 29 June 2011, Bursa Securities informed the Company that after due consideration of all facts and circumstances of the matter, Bursa Securities has decided to reject the Company's Application.

On 30 June 2011, the Company announced that Bursa Securities had vide its letter dated 29 June 2011 informed that the Company had failed to submit its regularisation plan to the Securities Commission or Bursa Securities for approval within twelve (12) months from the Company's First Announcement in accordance with paragraph 8.04(3)(a)(i) of the MMLR i.e. on or before 8 June 2011 and further, the Company's Application was rejected, as communicated by Bursa Securities to the Company on 29 June 2011.

36. STATUS OF CORPORATE PROPOSALS (cont'd)

In the circumstances and pursuant to paragraph 8.04(5) of the MMLR:-

i) the trading in the securities of the Company will be suspended with effect from 7 July 2011; and

ii) the securities of the Company will be de-listed on 11 July 2011 unless an appeal is submitted to Bursa Securities on or before 6 July 2011 ("the Appeal Timeframe"). Any appeal submitted after the Appeal Timeframe will not be considered by Bursa Securities.

In the event the Company submits an appeal to Bursa Securities within the Appeal Timeframe, the removal of the securities of the Company from the Official List of Bursa Securities on 11 July 2011 shall be deferred pending the decision on the Company's appeal.

The Company had on 6 July 2011, submitted an appeal to Bursa Securities against the decision of Bursa Securities to reject the Company's Application. On 11 August 2011, the Company had a meeting with the Listing Committee of Bursa Securities to review the Application on the extension for the submission of the Regularisation Plan.

On 11 August 2011, the Company announced that it had obtained more than 75% approval from both its secured and unsecured financial creditors for its PDRS, as informed by CDRC.

Further on 23 August 2011, the Company had announced that Bursa Securities had decided to grant the Company an extension of time of four (4) months i.e. until 22 December 2011 to submit the regularisation plan to the relevant authorities for approval ("the Extended Timeframe") provided that:-

(i) The Company to appoint a Principal Adviser and announce the appointment of the Principal Adviser within two (2) weeks from the date of the letter i.e. on or before 6 September 2011; and

(ii) The Debt Restructuring Agreement ("DRA") would be executed with the Company's lenders and announced within thirty (30) days from the date of the Corporate Debt Restructuring Committee's letter dated 10 August 2011 i.e. on or before 9 September 2011.

On 6 September 2011, the Company announced that it had appointed Public Investment Bank Berhad ("PIVB") as its Principal Adviser to the Company for the Regularisation Plan.

On 12 September 2011, the Company announced that Bursa Securities had decided to grant the Company an extension of time until 23 September 2011 to execute the DRA with the Company's lenders and to announce the execution of the same. On the same day, PIVB had announced on behalf of the Company that the Company had on even date entered into the DRA with certain of the secured lenders and unsecured lenders of the Group ("the Company's Financiers").

On 23 November 2011, the Company and PIVB had presented a revision to the Proposed Debt Restructuring ("Proposed Revision") to the Company's Financiers and CDRC, with the objective to enhance the Company'sPRP by increasing its capital base and cashflows in order to make the PRP more robust. The Company had obtained approval from the Company's Financiers on the Proposed Revision on 19 December 2011.

On 22 December 2011, PIVB had on behalf of the Company, submitted the application for the PRP to Bursa Securities for approval. Further on 9 January 2012 and 16 January 2012, PIVB had also submitted the application for the PRP to Bank Negara Malaysia ("BNM") and Ministry of International Trade and Industry ("MITI") respectively, for approval. MITI had vide its letter dated 10 February 2012 given its approval to the Company to undertake the Proposed Capital Reduction, Proposed Memorandum & Articles Amendments, Proposed Rights Issue, Proposed Debt Restructuring and Proposed Private Placement. Whilst BNM had also vide its letter dated 30 January 2012 given its approval to the Company to issue Warrants to its non-resident shareholders pursuant to the Proposed Rights Issue. On 16 April 2012, the Company had entered into a supplemental agreement to the DRA with the Company's Financiers with regard to the Proposed Revision.

On 3 September 2012, the Company with the assistance of its scheme advisor, UHY Advisory (KL) Sdn Bhd, submitted a revision to the PDRS to CDRC subsequent to the Company's announcement dated 2 August 2012 in respect of the proposed disposal of IGLO GZ for a cash consideration of RMB30.00 million, and the proposed disposal of seven (7) parcels of leasehold industrial land together with the buildings if erected thereon for a total cash consideration of RM35.0 million. On 11 September 2012, PIVB had on behalf of the Company, announced that the Company and the Lenders had mutually agreed to allow the DRA to lapse in view of the contemplated proposed disposals.

36. STATUS OF CORPORATE PROPOSALS (cont'd)

Following that, the Company submitted a revised debt restructuring scheme to CDRC in relation to the cash settlement for the secured lenders and unsecured lenders on 25 September 2012 and 15 October 2012 respectively. On 27 November 2012, the Company had a meeting with the unsecured lenders with assistance of CDRC to discuss the suggestions of the unsecured lenders on the revised debt restructuring scheme, and further on 28 November 2012, the Company submitted a fresh improved debt restructuring scheme to the unsecured lenders for their consideration. The Company had received 100% approval from the secured lenders and 93% approval from the unsecured lenders respectively for its debt restructuring scheme, as informed by CDRC via its letter dated 21 December 2012.

On 6 February 2013, PIVB had announced on behalf of the Company that the Company had on 5 February 2013 entered into a new debt restructuring agreement ("DRA II") with several secured lenders ("Secured Lenders") and unsecured lenders ("Unsecured Lenders") of the Group. The DRA II is to formalise the revised terms and conditions of the restructuring and settlement of the debts owing by the Group to the Secured Lenders and Unsecured Lenders.

On 6 March 2013, PIVB had announced on behalf of the Company that the Company proposes to undertake a revised PRP to regularise the financial condition of the Company/Group. The application for the PRP has been submitted to Bursa Securities for approval on 8 March 2013.

On 8 May 2013, PIVB had announced on behalf of the Company that MITI hadvide its letter dated 8 May 2013, given its approval to Haisan to undertake the PRP. The approval by MITI is subject to the approval of the Securities Commission Malaysia for the proposed exemption. In addition, Haisan is required to notify MITI upon the completion of the PRP.

On 6 August 2013, PIVB had announced on behalf of the Company that Bursa Securities had vide its letter dated 5 August 2013 (which was received on 6 August 2013), decided to reject the Company's PRP.

On 4 September 2013, PIVB had announced on behalf of the Company that an application had been submitted to Bursa Securities on the same date to appeal against its decision to reject the PRP.

On 25 October 2013, PIVB had announced on behalf of the Company that Bursa Securities had vide its letter dated 25 October 2013 granted its approval for the PRP.

On 13 November 2013, PIVB had announced on behalf of the Company that Tengku Makram bin Tengku Ariff no longer intends to seek an exemption pursuant to Paragraph 16 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010, from having to extend a mandatory general offer to acquire the remaining ordinary shares and convertible securities in Haisan not already owned by him, should his shareholdings after the Proposed Rights Issue exceed 33% of the issued and paid-up share capital of Haisan. Pursuant thereto, the proposed exemption will not form part of the PRP;

On 21 November 2013, PIVB had announced on behalf of the Company that Haisan had entered into a profit guarantee agreement with its guarantors.

On 5 December 2013, PIVB had, on behalf of the Company announced that Bursa Securitieshad, vide its letter dated 5 December 2013, approved the following:

(a) listing of 40,000,000 Placement Shares to be issued pursuant to the Proposed Private Placement; and

(b) listing of 361,622,700 Rights Shares to be issued pursuant to the Proposed Rights Issue, on the Main Market of Bursa Securities.

On 2 January 2014, the Company announced that all the resolutions in respect of the PRP which tabled at the EGM held on even date were unanimously passed, and the Company also announced the notice of cancellation of the treasury shares.

On 15 January 2014, PIVB had announced on behalf of the Company that the High Court of Malaya at Shah Alam had, on 10 January 2014, confirmed and sanctioned the Company's Petition for an Order for the reduction of the Company's share capital pursuant to Section 64 of the Companies Act, 1965.An office copy of the Order has been lodged with the Companies Commission of Malaysia on 15 January 2014 and by the Order so lodged, the reduction of the share capital of Haisan has taken effect.

On 14 March 2014, the placement shares of 40,000,000 ordinary shares were issued to the respective placees.

36. STATUS OF CORPORATE PROPOSALS (cont'd)

On 10 October 2014, PIVB had announced on behalf of the Company that the Company had submitted an application to Bursa Securities seeking its approval for an extension period of four (4) months up to 24 February 2015 for the Company to complete the implementation of its Regularisation Plan and the listing of the new Haisan Shares pursuant to the Private Placement and Rights Issue. On 17 October 2014, Bursa Securities had vide its letter dated 16 October 2014 granted the Company an extension of time up to 24 February 2015 for the Company to implement its PRP.

On 10 February 2015, PIVB had announced on behalf of the Company that the Company had submitted an application to Bursa Securities seeking its approval for an extension period of four (4) months up to 24 June 2015 for the Company to complete the implementation of its Regularisation Plan and the listing of the new Haisan Shares pursuant to the Private Placement and Rights Issue. On 11 February 2015, Bursa Securities had granted the Company an extension of time up to 24 June 2015 for the Company to implement its PRP.

(b) On 15 October 2012, the Company announced that the Company's wholly-owned subsidiaries had entered into the following agreements:

(i) a conditional sale and purchase agreement between Hai San & Sons Sdn Bhd ("HSS") and Hai San Holdings Sdn Bhd ("HSH") and EBIT Fund Limited ("EBIT") for the proposed disposal of seven (7) parcels of leasehold industrial land together with the buildings, if erected thereon, all located at Jalan Pelabuhan Utara, Bandar Sultan Suleiman, 42000 Pelabuhan Klang, Selangor ("Port Klang Properties") for a total cash consideration of RM28.05 million ("Proposed Disposal I") dated 12 October 2012 ("SPA I");

(ii) a conditional sale and purchase agreement between HSS, HSH, Hai San Ice Industries Sdn Bhd and IGLO (M) Sdn Bhd ("IGLO-M") and EBIT for the proposed disposal of the equipment attached to the buildings of the Port Klang Properties ("Equipment") for a cash consideration of RM6.95 million ("Proposed Disposal II") dated 12 October 2012 ("SPA II"); and

(iii) a conditional lease agreement between IGLO-M and EBIT for the proposed lease of the Port Klang Properties and the Equipment for an initial term of fifteen (15) years subsequent to the completion of the Proposed Disposal I and the Proposed Disposal II which is held in escrow and to be dated upon the completion of the SPA I and the SPA II ("Proposed Lease").

The Proposed Disposal I, Proposed Disposal II and Proposed Lease are hereinafter collectively referred to as the "Proposals".

The Company had obtained its shareholders' approval for the above-mentioned Proposals in the Extraordinary General Meeting ("EGM") held on 28 December 2012.

Subsequent on 18 July 2013, the Company announced that the Company's wholly-owned subsidiaries had entered into the following agreements:

(i) HSS and HSH had acknowledged that EBIT had entered into a deed of assignment to assign its rights, title, interests, benefits and obligations vested upon EBIT by and/or under the SPA I to Crystal Beacon Sdn Bhd ("CBSB") ("Deed of Assignment I");

(ii) HSS, HSH, HSII and IGLO-M had acknowledged that EBIT had entered into a deed of assignment to assign its rights, title, interests, benefits and obligations vested upon EBIT by and/or under the SPA II to CBSB ("Deed of Assignment II");

(iii) HSS and HSH had entered into deeds of indemnity with EBIT respectively whereby EBIT undertakes to perform all the obligations or responsibilities under the SPA I in the event that CBSB refuses, neglects and/or fails to perform all the obligations or responsibilities under the SPA I as and when they fall due ("Deed of Indemnity I"); and

(iv) HSS, HSH, HSII and IGLO-M had entered into deeds of indemnity with EBIT respectively whereby EBIT undertakes to perform all the obligations or responsibilities under the SPA II in the event that CBSB refuses, neglects and/or fails to perform all the obligations or responsibilities under the SPA II as and when they fall due ("Deed of Indemnity II"),

(collectively the Deed of Assignment I, and Deed of Assignment II shall be known as the "Assignment Agreements")

(collectively the Deed of Indemnity I, and Deed of Indemnity II shall be known as the "Deeds of Indemnities")

36. STATUS OF CORPORATE PROPOSALS (cont'd)

Pursuant to the Assignment Agreements, EBIT's obligations under the conditional lease agreement between EBIT and IGLO-M for the lease of the Port Klang Properties and Equipment for an initial term of fifteen (15) years subsequent to the completion of the Disposal I and Disposal II shall be assigned to CBSB. Upon the completion of the SPA I and SPA II ("SPAs"), IGLO-M will enter into a new lease agreement with CBSB for the lease of the Port Klang Properties and Equipment under the same terms and conditions.

On 22 March 2014, PIVB had announced on behalf of the Company that pursuant to the correspondence from the solicitors of Haisan all the conditions precedents as set out in the SPA I and SPA II had been fulfilled. As such, the SPA I and SPA II had become unconditional.

On 9 February 2015, PIVB had announced on behalf of the Company that CBSB, HSS, HSH, HSII and IGLO-M had mutually agreed to extend the date of the completion of the Disposal I and Disposal II to 30 April 2015.

Save for the above, there are no further changes to the Proposals.

(c) On 24 June 2013, the Company announced that the Company's wholly-owned subsidiary, Hai San Ice Industries Sdn. Bhd, had entered into a conditional sale and purchase agreement with Westfield Ventures Sdn. Bhd. for the disposal of a parcel of leasehold industrial land held under Pajakan Negeri (WP) 42255 Lot 14 Seksyen 92A, Jalan 2/89B, Chan Sow Lin Industrial Area, 55200, Town and District of Kuala Lumpur State of Wilayah Persekutuan, together with one (1) single storey warehouse and one (1) 2-storey office erected thereon for a total cash consideration of RM5.70 million ("the Disposal of CSL Properties"). The Disposal of CSL Properties had been completed on 19 March 2014.

37. MATERIAL LITIGATION

(a) A third party has initiated a legal proceeding against a subsidiary of the Company and the Company, by serving a Writ of Summons together with the Statement of Claim dated 1 September 2010, for a sum of RM4,760,064.25, being the outstanding repayment due to the third party as at 11 July 2010, plus the interest accrued therein until the date of full settlement. The subsidiary and the Company have filed their Notice of Appearance on 21 September 2010 and the first Case Management of the matter was on 9 December 2010. However, the third party had agreed to hold its action in abeyance following a letter dated 8 October 2010 issued by CDRC to the third party. The Court gave directions to parties with regards to Summary Judgment application during the further Case Management on 17 December 2010 and fixed the hearing of the Summary Judgment application on 15 April 2011. This was to accommodate the six (6) months timeframe granted by CDRC which expires on 8 April 2011. During another case management on 16 February 2011, the Court directed that the Summary Judgment to be heard as per the date fixed earlier i.e. 15 April 2011. On 15 April 2011, the Learned High Court Judge adjourned the hearing to 18 May 2011. On 18 May 2011, the third party withdrew the suit with liberty to file afresh. The matter is now subject to the outcome of the PRP mentioned in Note 36(a) to the financial statements.

(b) A third party has initiated a legal proceeding against two (2) subsidiaries of the Company, by serving a Writ of Summons together with the Statement of Claim dated 1 September 2010, for a sum of RM872,061.73, being the outstanding repayment due to the third party as at 11 July 2010, plus the interest accrued therein until the date of full settlement. The subsidiaries have filed their Notice of Appearance on 21 September 2010. However, the third party had agreed to hold its action in abeyance following a letter dated 8 October 2010 issued by CDRC to the third party. During the first Case Management before High Court Judge on 6 December 2010, the Court directed Summary Judgment application to be filed and all affidavits be exchanged before the next Case Management on 16 February 2011 and also fixed 15 April 2011 as the hearing date of the Summary Judgment application. This was to accommodate the six (6) months time frame granted by CDRC which expires on 8 April 2011. On 16 February 2011, the Court directed that the Summary Judgment to be heard as per the date fixed earlier i.e. 15 April 2011. On 15 April 2011, the Learned High Court Judge adjourned the hearing to 18 May 2011. On 18 May 2011, the third party withdrew the suit with liberty to file afresh. The matter is now subject to the outcome of the PRP mentioned in Note 36(a) to the financial statements.

37. MATERIAL LITIGATION (cont'd)

(c) A third party has initiated a legal proceeding against the Company, by serving a Writ of Summons together with the Statement of Claim dated 1 September 2010, for a sum of RM3,753,009.44, being the outstanding repayment due to the third party as at 11 July 2010, plus the interest accrued therein until the date of full settlement. The Company has filed its Notice of Appearance on 21 September 2010 and the matter was fixed for Case Management on 18 November 2010. However, the third party had agreed to hold its action in abeyance following a letter dated 8 October 2010 issued by CDRC to the third party.

During a Case Management before High Court Judge on 30 November 2010, the Court directed Summary Judgment application to be filed and all affidavits be exchanged before the next Case Management on 13 April 2011 and also fixed the hearing of the Summary Judgment application on 13 April 2011. On 13 April 2011, the Learned High Court Judge adjourned the hearing to 18 May 2011. On 18 May 2011, the hearing was further adjourned to 18 July 2011. On 18 July 2011, the third party withdrew the suit with liberty to file afresh. The matter is now subject to the outcome of the PRP mentioned in Note 36(a) to the financial statements.

(d) A third party has initiated a legal proceeding against a subsidiary of the Company and the Company, by serving a Writ of Summons together with the Statement of Claim dated 23 September 2010, for a sum of RM929,507.70, being the outstanding repayment due to the third party as at 11 July 2010, plus the interest accrued therein until the date of full settlement . The third party also issued a Form 16D Notice pursuant to Section 254 of the National Land Code, 1965 - Notice of Default with respect to a charge dated 23 September 2010 on the subsidiary. The subsidiary and the Company have filed their Notice of Appearance on 14 October 2010. However, the third party has agreed to hold its action in abeyance following a letter dated 8 October 2010 issued by CDRC to the third party. During a Mention on 13 April 2011, the Learned High Court Judge adjourned the hearing to 18 May 2011. On 18 May 2011, the hearing is further adjourned to 18 July 2011. On 18 July 2011, the third party withdrew the suit with liberty to file afresh. The matter is now subject to the outcome of the PRP mentioned in Note 36(a) to the financial statements.

(e) A third party has initiated a legal proceeding against a subsidiary of the Company and the Company, by serving a Writ of Summons together with the Statement of Claim dated 27 September 2010, for a sum of RM3,153,326.93 being the outstanding repayment due to the third party as at 30 June 2010, plus the interest accrued therein until the date of full settlement. The subsidiary and the Company have filed their Notice of Appearance on 26 October 2010. However, the third party has agreed to hold its action in abeyance following a letter dated 8 October 2010 issued by CDRC to the third party. There is no Court date fixed in respect of this matter and the matter is now subject to the outcome of the PRP mentioned in Note 36(a) to the financial statements.

(f) A third party has initiated a legal proceeding against a subsidiary of the Company and the Company, by serving a Writ of Summons together with the Statement of Claim dated 27 September 2010, for a sum of RM22,025,765.28 being the outstanding repayment due to the third party as at 27 September 2010, plus the interest accrued therein until the date of full settlement. The third party also issued a Form 16D Notice pursuant to Section 254 of the National Land Code, 1965 - Notice of Default with respect to a charge dated 29 September 2010 on the subsidiary. On 25 November 2010, the subsidiary and the Company have filed their Memorandum of Appearance dated 24 November 2010. However, the third party has agreed to hold its action in abeyance following a letter dated 8 October 2010 issued by CDRC to the third party. There is no hearing date fixed in respect of this matter and the matter is now subject to the outcome of the PRP mentioned in Note 36(a) to the financial statements.

(g) A third party issued a Form 16D Notice pursuant to Section 254 of the National Land Code, 1965 - Notice of Default with respect to a charge dated 28 October 2010 to a subsidiary of the Company for a sum of RM929,404.69, being the outstanding repayment due to the third party as at 17 June 2010, plus the interest accrued therein until the date of full settlement. However, the third party has agreed to hold its action in abeyance following a letter dated 8 October 2010 issued by CDRC to the third party. There is no hearing date fixed in respect of this matter and the matter is now subject to the outcome of the PRP mentioned in Note 36(a) to the financial statements.

(h) On 30 September 2011, two (2) subsidiaries of the Company, First Plaintiff and Second Plaintiff, had filed an action against a third party ("Defendant") for the following sums:-

On 29 July 2013, the First Plaintiff and Second Plaintiff were informed that the court had allowed the claims made by the First Plaintiff and Second Plaintiff against the Defendant via a written judgment dated 25 July 2013 ("the Judgment"). The claims which are allowed under the Judgment are as follows:-

37. MATERIAL LITIGATION (cont'd)

(i) Within ten (10) days from the effective date of the judgment, the Defendant shall pay to the First Plaintiff an amount of RMB568,473.13, being the storage charges for the month of March, April and May of 2011, and the loss of interest calculating from 1 August 2011 until the effective date of the judgment (based on the amount of RMB568,473.13 at the lending rate of the People's Bank of China);

(ii) Within ten (10) days from the effective date of the judgment, the Defendant shall pay to the Second Plaintiff an amount of RMB889,916.38, being the distribution charges for the month of March, April and May of 2011, and the loss of interest calculating from 17 July 2011 until the effective date of the judgment (based on the amount of RMB889,916.38 at the lending rate of the People's Bank of China);

(iii) Within ten (10) days from the effective date of the judgment, the Defendant shall pay to the First Plaintiff an amount of RMB341.09, being the repayment of the local education surcharges for the month of January and February of 2011; and

(iv) Within ten (10) days from the effective date of the judgment, the Defendant shall pay to the Second Plaintiff an amount of RMB226.88, being the repayment of the local education surcharges for the month of January and February of 2011.

The Defendant had on 6 August 2013 filed an appeal to Shanghai No. 1 Intermediate People's Court ("the Court") against the above Judgment ("the Appeal") and the matter had been tried on 4 September 2013. The Plaintiffs had on 26 June 2014 received a notice dated 23 June 2014 from the Court informing the Plaintiffs that the Appeal filed by the Defendants has been rejected by the Court and the Judgment dated 25 July 2013 is upheld.

(i) On 30 September 2011, a third party filed an action against two (2) subsidiaries of the Company ("the Subsidiaries") for the following:-

(i) Confirmation of the termination of the Direct Warehouse Management and Direct Marketing Distribution Service Contract and its supplemental agreement;

(ii) The loss of expired goods valuing at RMB3,381,576.00 which resulted from the delay of returning the said expired goods; and

(iii) A sum of RMB176,794.28 being the loss of inventory.

The hearing of the suit had been held on 23 April 2012 after few adjournments. The Court had rejected the claims made by the third party against the Subsidiaries. However, on 21 May 2012, the Subsidiaries received a notice of appeal dated 8 May 2012 ("Appeal") filed by Wall's (China) Co., Ltd to the Shanghai No. 1 Intermediate People's Court against the Judgment dated 23 April 2012. The hearing for the Appeal had been conducted on 30 May 2012.On 14 November 2012, the Subsidiaries were informed by the Appeal Court via a written judgment dated 12 November 2012 that the Appeal Court had revoked the judgment made by the People's Court on 23 April 2012, and the suit remanded to the People's Court of Changning District, Shanghai ("the ChangningCourt")for a new trial.The suit is currently set for retrial. The hearing for the new trial was held on 25 December 2013.

The Subsidiaries had on 7 February 2014, received a written judgment dated 29 January 2014 against this civil suit ("the Judgment) issued by the ChangningCourt, where the ChangningCourt had ruled, that:

(i) The Direct Warehouse Management and Direct Marketing Distribution Service Contract and its supplemental agreement which were entered into between the third party and the Subsidiaries were terminated on 7 August 2012;

(ii) The Subsidiaries to compensate the third party for the loss with regard to the expired goods of RMB1,076,249.44, within ten (10) days from the effective date of the Judgment;

(iii) The Subsidiaries to compensate the third party for the disposal costs with regard to the expired goods of RMB27,595.99, within ten (10) days from the effective date of the Judgment; and

(iv) The other petitions filed by the third party against the Subsidiaries were dismissed.

37. MATERIAL LITIGATION (cont'd)

The Subsidiaries on 22 February 2014, filed an appeal to the Shanghai No. 1 Intermediate People's Court ("the Court"), against the judgment dated 29 January 2014 issued by the Changning Court. The hearing on the appeals was fixed on 8 April 2014 at the Court. The Subsidiaries had on 26 June 2014 received a notice dated 10 June 2014 from the Court informing the Subsidiaries that the appeals filed by both the Subsidiaries and the third party had been rejected by the Court and the Judgment dated 29 January 2014 is upheld.

(j) The Company was named seventh (7th) Defendant in a suit which involved the disposal of the Company's 750,000 ordinary shares of RM1.00 each in Malaysian Mega Galvaniser Sdn Bhd ("MMG"), representing fifty percent (50%) of the entire issued and paid-up share capital of MMG, to Acepoint Venture Sdn Bhd ("1st Defendant") at RM12.0 million ("Disposal of MMG's Shares").

The Disposal of MMG's Shares was approved by the Company's shareholders at an Extraordinary General Meeting on 12 March 2011. Goh Cheng Kum ("1st Plaintiff"), who owned 40% shares in MMG, also sold his shares in MMG to the 1st Defendant.

After the 7th Defendant's and the 1st Plaintiff's shares in MMG have been transferred to the 1st Defendant, the 1st Plaintiff alleges that the 1st Defendant has breached the agreement entered into with the 1st Plaintiff and sort the court to declare that the 1st Defendant is holding the shares on trust and seek an order that the agreement entered into between the 1st Defendant and the 1st Plaintiff is terminated.

At the same time, the Plaintiffs also allege that the Disposal of MMG's Shares by the 7th Defendant to the 1st Defendant should also be terminated due to illegality, and the Plaintiffs, for the said reason, have filed for declaration that the agreement entered into between the 1st Defendant and the 7th Defendant is terminated in the same action.

The suit came up for Case Management on 5March 2012 and it was informed by the Plaintiffs that the service of the writ was not perfected on some of the defendants in the suit and request another date to perfect the same. The court has directed that the Plaintiffs to perfect the service of the writ on all parties with one (1) week from 5 March 2012 and thereafter allowed two (2) weeks for all parties to file their defence and fixed the suit for further Case Management on 26 March 2012. On 26 March 2012, the Court has granted an extension of three (3) weeks to the Company to file its defence.

The case management of the suit had been held on 7 May 2012, 22 May 2012, 6 June 2012 and 20 June 2012 respectively. On 20 June 2012, the Court fixed 17 October 2012, 18 October 2012, 28 November 2012 and 29 November 2012 for full trial of the suit. The Court given direction for the Plaintiffs to file their bundle of pleadings, common bundle of documents, agreed facts and issues to be tried before 27 July 2012 and fixed 27 July 2012 for further case management. On 27 July 2012, the Court had again fixed 17 August 2012 for further case management pending filing of bundle of documents by the Plaintiffs.

The case management of the suit had also been held on 13 September 2012, 21 September 2012, 5 October 2012 and 9 October 2012 respectively. At the case management on 9 October 2012, the Court had vacated the hearing that had been set for 17 October 2012 and 18 October 2012 but retained the hearing date on 28 November 2012 and 29 November 2012. The Court had later fixed 7 January 2013 and 8 January 2013 for the hearing and 19 October 2012 for further case management.

On 19 October 2012, the Court has directed the Company's solicitors to file the Affidavit in Reply for the Plaintiff's application to amend the Statement of Claim by 31 October 2012 and the Plaintiff shall reply by 5 November 2012. The said application is fixed for hearing on 6 November 2012 and further case management is also fixed on the same day. On 6 November 2012, the Court had fixed the said application for a decision on 7 November 2012 and the Court had adjourned the hearing that had been set for 28 November 2012 and 29 November 2012 but retained the hearing on 7 January 2013 and 8 January 2013. At the hearing on 7 November 2012 with regard to the Plaintiffs' application to amend the Statement of Claim, the Court had disallowed the amendments to paragraph 26(a) and part of paragraph 85(c), but the rest of the amendments had been allowed.

The Court had also fixed 28 November 2012 for further case management and all parties are required to amend and file their respective amended defense on the even date and further fixed 11 March 2013 and 13 March 2013 for further hearing of the suit. On 28 November 2012, the Court has directed the Plaintiff's solicitor to file the necessary amended Bundle of Pleadings and all other relevant documents by 12 December 2012. The Plaintiffs' solicitors have served the Company an application to re-amend their Statement of Claim which is fixed for Mention on 19 December 2012.

37. MATERIAL LITIGATION (cont'd)

The hearing for the application to amend the Statement of Claim was adjourned to 23 January 2013 from 11 January 2013. At the hearing for the application to re-amend the Statement of Claim which held on 5 February 2013, the Court had allowed the Plaintiff's application to amend the statement of claims. The Court has given further direction to the Plaintiff to file the amended statement of claim, defence and reply. The Court has fixed the above matter for further case management on 8 March 2013. The Court further vacated the hearing dates on 7 January 2013 and 8 January 2013 and fixed new dates for hearing on 12 April 2013, 23 April 2013, 24 April 2013, 25 April 2013, 26 April 2013, 10 May 2013, 17 May 2013 and 21 May 2013. Further to that, the Court once again vacated the hearing dates on 23 April 2013 to 26 April 2013 and fixed new dates for hearing on 8 April 2013, 9 April 2013, 30 April 2013 and 9 May 2013. During the hearing on 17 May 2013, the Court has fixed the suit for hearing on 11 June 2013, 1 August 2013, 2 August 2013, 5 August 2013, 6 August 2013, 26 September 2013, 27 September 2013 and 30 September 2013.During the case management on 10 July 2013, the Court had fixed additional dates for the hearing of the suit on 2 October 2013, 3 October 2013, 4 October 2013 and 6 November 2013. Subsequently, the Court had fixed additional dates for the trial of the suit on 7 November 2013, 8 November 2013, 13 January 2014, 15 January 2014, 14 February 2014, 7 March 2014, 21 March 2014, 31 March 2014, 11 April 2014 and 23 April 2014.During the case management on 20 August 2014, all parties have been directed by the Court to file their Written Submission in Reply by 30 September 2014. The Oral Submission was held on 3 November 2014 and 19 November 2014, respectively. During the Oral Submission on 19 November 2014, the Court has set 12 December 2014 for decision and subsequently the Court deferred the decision to 5 February 2015. The Court had dismissed the Plaintiffs' claim against Haisan on 5 February 2015.

k) A third party had on 22 October 2013 filed a claim against a subsidiary of the Company claiming for the sum of RM4,798,977.54 and interest thereon (at the rate of 8% per annum from the date of judgement until the full payment is made) as amount owing for back-dated billing. The solicitors of subsidiary of the Company had on 6 November 2013 file the memorandum of appearance and the next case management for the matter has been fixed on 13 December 2013. The suit was fixed for case management on 14 February 2014, 28 March 2014, 23 April 2014 and further fixed for case management on 26 May 2014 and 3 September 2014 and the full trial dates are fixed for 22 to 26 September 2014.On 5 September 2014, the Company announced that the hearing dates fixed on 22 to 26 September 2014 have been vacated. Subsequently, the suit is further fixed for case management on 26 January 2015 and the suit is fixed for full hearing on 30 March 2015, 31 March 2015 and 1 April 2015. During the case management held on 26 January 2015, the hearing dates set earlier are vacated as a new Judge would be hearing on the suit. The Deputy Registrar has set the matter for case management on 16 March 2015. The court has fixed the trial date from 5 October 2015 until 8 October 2015.

38. SUPPLEMENTARY INFORMATION – BREAKDOWN OF ACCUMULATED LOSSES INTO REALISED AND UNREALISED

The breakdown of the accumulated losses of the Group and of the Company as at 31 December 2014 into realised and unrealised loss is presented in accordance with the directive issued by Bursa Securities dated 25 March 2010 and 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 Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group 2014 RM	Company 2014 RM
Total accumulated loss of the Company and its subsidiaries		
- Realised	(25,222,418)	(21,784,000)
- Unrealised	3,300,329	-
	(21,922,089)	(21,784,000)
Total share of accumulated loss of associates		
- Realised	(192,645)	-
	(22,114,734)	(21,784,000)
Less: Consolidation adjustments	(55,030,973)	-
Accumulated loss as per financial statements	(77,145,707)	(21,784,000)

STATEMENT BY **DIRECTORS**

In the opinion of the Directors, the financial statements set out on pages 38 to 103 have been drawn up in accordance with the 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 state of affairs of the Group and of the Company as at 31 December 2014 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

The supplementary information on Note 38 on page 103 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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.

On behalf of the Board,

ONG CHIN YET
Director

TENGKU MAKRAM BIN TENGKU ARIFF
Director

Kuala Lumpur
28 April 2015

STATUTORY **DECLARATION**

I, Ong Chin Yet, being the Director primarily responsible for the financial management of Haisan Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 103 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 abovenamed at)
Kuala Lumpur this 28 April 2015)
)

Before me:

K.L.NARAYANAN
Commissioner for Oaths
No. W667
Kuala Lumpur

LIST OF **PROPERTIES**

as at 31 December 2014

No	Location of Property	Description/ Existing Use	Tenure	Approx. age of building (year)	Land area (square meters)	Date of Last Revaluation or Acquisition^	Net book value (RM)
1	Lot 506, Jalan Pelabuhan Utara, Bandar Sultan Suleiman, 42000 Port Klang, Selangor	A 2½ storey office building, a 1½ storey detached factory, a single storey detached ice factory and a single storey detached factory with an integral double storey office	Leasehold (60 years lease expiring on 18/6/2034)	36	16,592.085	21/9/2012	6,798,488
2.	Lot 507, Jalan Pelabuhan Utara, Bandar Sultan Suleiman, 42000 Port Klang, Selangor	A temperature-controlled logistics complex, a single storey detached ice factory, a single storey detached warehouse and a TNB substation	Leasehold (60 years lease expiring on 18/6/2034)	36	18,210.825	21/9/2012	6,546,165
3.	Lot 15728, Jalan Pelabuhan Utara, Bandar Sultan Suleiman, 42000 Port Klang, Selangor	A temperature-controlled logistics complex	Leasehold (60 years lease expiring on 1/5/2029)	25	25,114.8647	21/9/2012	19,305,347
4.	PT 73156, Jalan Pelabuhan Klang, Mukim Klang, Selangor	Vacant land	Leasehold (99 years lease expiring on 11/10/2099)	-	2,578	21/9/2012	890,000
5.	PT 73157, Jalan Pelabuhan Klang, Mukim Klang, Selangor	Vacant land	Leasehold (99 years lease expiring on 11/10/2099)	-	493	21/9/2012	390,000
6.	PT 73158, Jalan Pelabuhan Klang, Mukim Klang, Selangor	Vacant land	Leasehold (99 years lease expiring on 11/10/2099)	-	955	21/9/2012	330,000
7.	PT 9998, Jalan Pelabuhan Klang, Mukim Klang, Selangor	A single storey warehouse and a single storey office building	Leasehold (99 years lease expiring on 7/9/2082)	-	2,287.6625	21/9/2012	740,000
8.	No 5, Jalan Medan Satu, Taman Medan, 46000 Petaling Jaya, Selangor	A double storey semi-detached ice factory	Leasehold (99 years lease expiring on 7/9/2097)	20	464.515	1/12/2010	786,009
9.	Duc Lap Ha Commune, Duc Hoa District, Long An Province, Ho Chi Minh City, Vietnam	Vacant land with piling works completed on 40,000 square metres of land	Leasehold (50 years lease expiring on 28/9/2056)	-	90,000	15/6/2007^	9,272,453
							45,058,462

Remarks:
No. 1 to 7 - Assets associated with sale and leaseback arrangement
No. 9 - Asset held for sale

ANALYSIS OF **SHAREHOLDINGS**

as at 15 May 2015

Authorised share capital : RM250,000,000 comprising 5,000,000,000 ordinary shares of RM0.05 each
Issued and paid-up capital : RM6,027,045 comprising 120,540,900 ordinary shares of RM0.05 each
Class of share : Ordinary shares of RM0.05 each
Voting rights : One (1) vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	5	0.41	187	0.00
100 - 1,000	476	38.95	112,677	0.09
1,001 - 10,000	443	36.25	1,812,784	1.50
10,001 - 100,000	236	19.31	8,231,670	6.83
100,001 - less than 5% of issued shares	60	4.91	82,627,582	68.55
5% and above of issued shares	2	0.17	27,756,000	23.03
TOTAL	**1,222**	**100.00**	**120,540,900**	**100.00**

THIRTY LARGEST SHAREHOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	No. of Shares	% of Shares
1.	CIMB Group Nominees (Tempatan) Sdn Bhd - Able Capital Ventures Sdn Bhd	17,756,000	14.73
2.	Tengku Makram Bin Tengku Ariff	10,000,000	8.30
3.	S.S. Subramaniam	5,000,000	4.15
4.	Tan Hee Keat	5,000,000	4.15
5.	CIMB Group Nominees (Tempatan) Sdn Bhd - Able Capital Ventures Sdn Bhd	5,000,000	4.15
6.	Benny Soh Seow Leng	5,000,000	4.15
7.	Maybank Nominees (Tempatan) Sdn Bhd - Wan Zulkifle Bin Wan Yusoff	5,000,000	4.15
8.	Accurate Consult Sdn Bhd	5,000,000	4.15
9.	Khoo Geok Leng	5,000,000	4.15
10.	Mohamed Shahrom Bin Abdul Ghani	5,000,000	4.15
11.	ABB Nominee (Tempatan) Sdn Bhd - Able Capital Ventures Sdn Bhd	4,964,000	4.12
12.	ABB Nominee (Tempatan) Sdn Bhd - Able Capital Ventures Sdn Bhd	4,925,200	4.09
13.	CIMB Group Nominees (Tempatan) Sdn Bhd - Kamarudin Bin Md Derom	4,146,000	3.44
14.	CIMB Group Nominees (Tempatan) Sdn Bhd - Able Capital Ventures Sdn Bhd	4,134,000	3.43
15.	Chang Kok Fai	3,820,600	3.17
16.	Lee Swee Huat	2,338,000	1.94

No.	Name	No. of Shares	% of Shares
17.	Mohd Noor Bin Setapa	1,660,000	1.38
18.	Kamarudin Bin Md Derom	1,378,968	1.14
19.	HLIB Nominees (Tempatan) Sdn Bhd - Yong Chee Cheong	1,200,000	1.00
20.	Legasari Sdn Bhd	896,000	0.74
21.	Alan Tan Swee Eang	701,200	0.58
22.	Chow Wai	700,000	0.58
23.	CIMSEC Nominees (Tempatan) Sdn Bhd - Heng Hooi Keow	700,000	0.58
24.	Tan Cheong Lun	655,600	0.54
25.	CIMSEC Nominees (Tempatan) Sdn Bhd - Tan Cheong Lun	600,000	0.50
26.	HLIB Nominees (Tempatan) Sdn Bhd - Pong Yoong Onn	599,000	0.50
27.	Heng Hooi Seong	570,014	0.47
28.	CIMSEC Nominees (Tempatan) Sdn Bhd - Ismail Bin Ayub	520,000	0.43
29.	Hor Suit Kiew	501,800	0.42
30.	Goh Chye Hin	499,000	0.41
	TOTAL	**103,265,382**	**85.69**

SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Able Capital Ventures Sdn Bhd ("ACVSB")	36,779,200	30.51	-	-
2.	Ong Chin Yet ("OCY")	84,596	0.07	36,871,538(1)	30.59
3.	Ong Chin Cheong ("OCC")	92,338	0.08	36,863,796(2)	30.58
4.	Ong Rui Yuan	-	-	36,863,796(3)	30.58
5.	Prima Commerce Sdn Bhd ("PCSB")	-	-	36,779,200(4)	30.51
6.	Chan Hock Chai	-	-	36,779,200(5)	30.51
7.	Choo Chin Seong	-	-	36,779,200(5)	30.51
8.	Tengku Makram Bin Tengku Ariff	10,000,000	8.30	-	-
9.	Khoo Geok Leng	5,000,000	4.15	5,000,000(6)	4.15

Notes:

(1) Deemed interested by virtue of his shareholdings in ACVSB and his brother, OCC's direct shareholdings in Haisan.
(2) Deemed interested by virtue of his shareholdings in ACVSB and his brother, OCY's direct shareholdings in Haisan.
(3) Deemed interested by virtue of his father, OCY's direct and indirect shareholdings in Haisan.
(4) Deemed interested by virtue of its shareholdings in ACVSB.
(5) Deemed interested by virtue of his shareholdings in PCSB.
(6) Deemed interested by virtue of her shareholdings in Accurate Consult Sdn Bhd.

NOTICE OF **NOMINATION OF AUDITORS**

ABLE CAPITAL VENTURES SDN BHD (290345-U)
Lot 506, Jalan Pelabuhan Utara,
Bandar Sultan Suleiman,
42000 Pelabuhan Klang,
Selangor Darul Ehsan, Malaysia.
tel (603) 3168 9626
fax (603) 3165 3672
3168 1418

Date : 20 May 2015

The Board of Directors
HAISAN RESOURCES BERHAD
Lot 506, Jalan Pelabuhan Utara,
Bandar Sultan Suleiman,
42000 Pelabuhan Klang,
Selangor Darul Ehsan.

Dear Sirs,

NOTICE OF NOMINATION OF MESSRS. ADAM & CO. AS AUDITORS

We, being a member of Haisan Resources Berhad ("the Company"), holding 30.51% of the total voting shares of the Company, hereby give notice pursuant to Section 172(11) of the Companies Act, 1965, of our nomination of Messrs. Adam & Co., Chartered Accountants, as the Auditors of the Company in place of the retiring Auditors, Messrs. Wong Weng Foo & Co., Chartered Accountants, and of our intention to propose the following resolution as an Ordinary Resolution at the 15th Annual General Meeting of the Company :-

> "THAT Messrs. Adam & Co., Chartered Accountants, be and are hereby appointed as auditors of the Company in place of the retiring auditors, Messrs. Wong Weng Foo & Co., Chartered Accountants, to hold office until the conclusion of the next annual general meeting at a remuneration to be agreed by the Directors."

Thank you.

Yours faithfully,

ONG CHIN YET
Director

FORM OF PROXY

Fifteenth (15th) Annual General Meeting

No. of Shares Held

HAISAN RESOURCES BERHAD
(502213-D) (Incorporated in Malaysia)

Registered Office
Lot 506, Jalan Pelabuhan Utara,
Bandar Sultan Suleiman, 42000 Pelabuhan Klang,
Selangor Darul Ehsan, Malaysia.
Tel : (603) 3168 9626
Fax : (603) 3168 1418

I/We _____ (Company No/NRIC No _____)
(FULL NAME IN BLOCK CAPITALS)

of _____
(FULL ADDRESS)

being a member of **HAISAN RESOURCES BERHAD**, hereby appoint _____

_____ NRIC No (_____)
(FULL NAME IN BLOCK CAPITALS)

of _____
(FULL ADDRESS)

or failing him _____ NRIC No (_____)

of _____
(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at Crystal Crown Hotel, No. 217, Persiaran Raja Muda Musa, 42000 Pelabuhan Klang, Selangor Darul Ehsan on 25 June 2015 (Thursday) at 10.00 a.m. or any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		
ORDINARY RESOLUTION 6		

Please indicate with an "X" in the appropriate boxes on how you wish your votes to be cast on the Resolutions specified in the Notice of Annual General Meeting. In the absence of specific directions, your proxy will vote or abstain from voting at his/her discretion.

In the case of more than one proxy is appointed, the proportions of my/our shareholding to be represented by my/our proxies are as follows:

First named proxy	%
Second named proxy	%
Total	100%

Signed this ___day of _____2015

_____
Signature of Shareholder/Common Seal

Notes:

1. *Only members registered in the Record of Depositors as at 19 June 2015 shall be eligible to attend the AGM or appoint a proxy to attend, speak and vote on his/her behalf.*
2. *A member of the Company entitled to attend and vote at the AGM is entitled to appoint up to two (2) proxies to attend and vote instead of him/her. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*
4. *In the case of a corporate member, the instrument appointing a proxy shall be under its common seal or under the hand of some officer of the corporation, duly authorised on that behalf.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary share in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds in the ordinary shares of the Company standing to the credit of the said securities account.*
7. *The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 506, Jalan Pelabuhan Utara, Bandar Sultan Suleiman, 42000 Pelabuhan Klang, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for the AGM or any adjournment thereof.*

Fold this flap for sealing

Then fold here

Affix stamp

THE COMPANY SECRETARY
HAISAN RESOURCES BERHAD (502213-D)
Lot 506, Jalan Pelabuhan Utara,
Bandar Sultan Suleiman,
42000 Pelabuhan Klang,
Selangor Darul Ehsan.

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Haisan

HAISAN RESOURCES BERHAD
(502213-D)
Lot 506, Jalan Pelabuhan Utara, Bandar Sultan Suleiman,
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Email: contact@haisan.com

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