

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the financial year ended 31 December 2010

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

A Basis of Preparation

The financial statements of the Group and Company have been prepared in accordance with and comply with the Financial Reporting Standards (“FRSs”), the Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with the FRSs and the provisions of the Companies Act, 1965 requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Although these estimates and judgement are based on the directors’ best knowledge of current events and actions, actual results could differ from these estimates.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

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

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 24 February 2011.

Changes on Accounting Policy and Disclosures

(i) Standards, amendments to published standards and interpretations to existing standards that are effective and have been adopted

On 1 January 2010, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010:

- FRS 7 Financial Instruments: Disclosures.
- FRS 8 Operating Segments.
- FRS 101 (revised) Presentation of Financial Statements.
- Revised FRS 127 Consolidated and Separate Financial Statements.
- FRS 139 Financial Instruments: Recognition and Measurement and the related amendments.
- FRS 123 (revised) Borrowing Costs.
- Amendments to FRS 1 and FRS 127 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.
- Amendments to FRS 132 and FRS 101 (revised) Puttable Financial Instruments and Obligations Arising on Liquidation.
- Amendment to 117 Leases.
- Amendment to 134 Interim Financial Reporting.
- IC Interpretation 9 Reassessment of Embedded Derivatives.
- IC Interpretation 10 Interim Financial Reporting and Impairment.
- Improvements to FRSs (2009).

A summary of impact of the new accounting standards, amendments and improvements to published standards and interpretations (that are effective during the financial year and have been adopted by the Group and Company) on the financial statements of the Group and Company is set out below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosures of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk, interest rate risk, foreign currency exchange risk and market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions, hence the new disclosures have not been applied to the comparatives. The new disclosures are included in the Group’s and the Company’s financial statements for the financial year ended 31 December 2010.

A Basis of Preparation (continued)

(i) Standards, amendments to published standards and interpretations to existing standards that are effective and have been adopted (continued)

FRS 101 (revised) Presentation of Financial Statements

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as in one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard have been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are as follows:

Equity instruments

Prior to 1 January 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments are designated at 1 January 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of retained profits as at 1 January 2010.

The following are effects arising from the above changes in accounting policy:

	Group and Company	
	As at 31 December 2010 RM'000	As at 1 January 2010 RM'000
Statement of financial position		
Investment in unquoted shares: available-for-sale ("AFS") financial asset (Note 15)	7,132	10,220
Other reserve – fair value adjustment reserve	(7,132)	(10,220)
Statement of comprehensive income		
AFS – fair value change during the financial year	3,088	0

Amendment to FRS 117 Leases

Prior to the adoption of the Amendments to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as leasehold land use rights on the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of leasehold land as finance lease or an operating lease is based on the extent to which risk and rewards incident to ownership lie. Accordingly, the Group has reassessed and determined that all leasehold land use rights of the Group are in substance of finance lease and has reclassified the leasehold lands to property, plant and equipment. This change in classification has no effect on the profit or loss of the Group. The reclassification has been accounted retrospectively in accordance with the transitional provision and certain comparative balances have been restated as follows:

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A Basis of Preparation (continued)

(i) Standards, amendments to published standards and interpretations to existing standards that are effective and have been adopted (continued)

Amendment to FRS 117 Leases (continued)

31 December 2009	As previously reported RM'000	Effects of amendment to FRS 117 RM'000	As restated RM'000
Group			
Leasehold land use rights (Note 12)	11,391	(11,391)	0
Company			
Leasehold land use rights (Note 12)	13,246	(13,246)	0

The effects of amendment to FRS 117 on property, plant and equipment is disclosed in accounting policy C.

(ii) Standards, amendments to published standards and interpretation to existing standards that are effective but not relevant for the Group's operations

- FRS 4 Insurance Contracts.
- Amendments to FRS 2 Share-based Payments: Vesting Conditions and Cancellations.
- Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations.
- IC Interpretation 11 FRS 2 Group & Treasury Share Transactions.
- IC Interpretation 13 Customer Loyalty Programmes.
- IC Interpretation 14 FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interactions.

(iii) Standards, amendments to published standards and interpretation to existing standards that are not yet effective

Effective from 1 July 2010:

- FRS 1 (revised) First-time adoption of Financial Reporting Standards.
- FRS 3 (revised) Business Combinations.
- FRS 127 (revised) Consolidated and Separated Financial Statement.
- Amendments to FRS 5 Non-current Asset Held for Sale and Discontinued Operations.
- Amendment to FRS 138 Intangible Assets – Consequential Amendments Arising from FRS 3 (revised).
- Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives.
- Amendments to FRS 2 Share-based payment: Scope of FRS 2 and FRS 3 (revised).
- IC Interpretation 12 Service Concession Arrangements.
- IC Interpretation 15 Agreements for the Construction of Real Estate.
- IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation.
- IC Interpretation 17 Distributions of Non-cash Asset to Owners.

Effective from 1 January 2011:

- FRS 7 Improving Disclosure about Financial Instruments.
- Amendments to FRS 2 Group Cash-settled Share-based Payment Transaction.
- Amendments to FRS 1 Additional Exemption for First-time Adopters.
- Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters.
- IC Interpretation 4 Determining Whether an Arrangement contains a lease.
- IC Interpretation 18 Transfer of Assets from Customer.

Effective from 1 July 2011:

- IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments.
- Amendments to IC Interpretation 14 Prepayments of Minimum Funding Requirement.

Effective from 1 January 2012:

- FRS 124 (revised) Related Party Disclosure.
- Amendments to IC Interpretation 15 Agreements for Construction of Real Estate.

The adoption of the above standards, amendments to standards and IC interpretations are not expected to have a material impact on the Group's and the Company's financial statements.

B Basis of Consolidation

The consolidated financial statements made up to 31 December include the audited financial statements of the Company and all its subsidiary companies.

Subsidiary companies are consolidated from the date of acquisition up to the date of disposal using the acquisition method of accounting. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. Where necessary, accounting policies for subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

C Property, Plant and Equipment

With effect from 1 January 2010, freehold land which was previously stated at valuation is now stated at cost less impairment losses where applicable. Freehold buildings and the building component of owner-occupied leasehold properties which were previously stated at valuation less accumulated depreciation and impairment losses where applicable, are now stated at cost less accumulated depreciation and impairment losses where applicable. This change harmonises the treatment of land and buildings, both freehold and leasehold, and aligns the Group's accounting policy with industry practice and its holding companies, enhancing the comparability of the Group's financial statements with those of its peers. The Directors believe that the new policy provides reliable and more relevant financial information to the users of the financial statements. This change in accounting policy has been accounted for retrospectively, and the comparative financial statements have been restated as follows:

Statement of financial position

As at 31 December 2009	As previously reported RM'000	Effect of change in accounting policy RM'000	Effect of amendment to FRS 117 RM'000	As restated RM'000
Group				
Property, plant and equipment	68,864	(8,697)	11,391	71,558
Deferred tax asset	1,037	306	0	1,343
Revaluation reserve	(8,463)	8,463	0	0
Retained profits	(25,055)	(72)	0	(25,127)
Company				
Property, plant and equipment	67,738	(7,678)	13,246	73,306
Deferred tax asset	986	300	0	1,286
Revaluation reserve	(7,446)	7,446	0	0
Retained profits	(31,085)	(68)	0	(31,153)

Statement of comprehensive income

Financial year ended 31 December 2009	As previously reported RM'000	Effects of change in accounting policy RM'000	As restated RM'000
Group			
Administrative expenses	(18,356)	43	(18,313)
Operating profit	31,023	43	31,066
Profit before tax	30,505	43	30,548
Profit for the financial year from continuing operations	23,643	43	23,686
Net profit attributable to shareholders of the Company	28,129	43	28,172

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C Property, Plant and Equipment (continued)

Statement of comprehensive income (continued)

Financial year ended 31 December 2009	As previously reported RM'000	Effects of change in accounting policy RM'000	As restated RM'000
Company			
Administrative expenses	(17,539)	43	(17,496)
Operating profit	44,011	43	44,054
Profit before tax	43,502	43	43,545
Profit for the financial year from continuing operations	33,513	43	33,556
Net profit for the financial year	37,999	43	38,042

All other property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses where applicable. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income in the period in which they are incurred.

Freehold land is not depreciated. Leasehold land is amortised in equal instalment over the periods of the respective leases which range from 61 to 91 years. Buildings are depreciated using the straight line method over their estimated useful economic lives or the estimated remaining period of the lease, whichever is shorter.

All other property, plant and equipment are depreciated on the straight line basis to write-off the cost of each asset to their residual values over their estimated useful lives at the following annual rates:

Buildings	3 1/3% – 20%
Plant and machinery	14% – 33%
Motor vehicles, equipment and fixtures	10% – 33%

Depreciation on assets under construction commences when the assets are ready for their intended use.

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

On disposal of property, plant and equipment, the difference between the net disposal proceed and the carrying amount is credited or charged to the income statement in determining its profit from operations. The revaluation surplus on land and buildings is transferred directly to retained profits on sale of the property.

D Subsidiary Companies

Subsidiary companies are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Investments in subsidiary companies are stated in the financial statements of the Company at cost less allowance for any accumulated impairment losses. Impairment in value of an investment is recognised as an expense in the period in which the impairment is identified.

A listing of the Group's subsidiary companies is set out in Note 26.

E Associated Companies

Associated companies are all entities over which the Group has significant influence, but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting and are initially recorded at historical cost. The Group's investment in associated companies includes goodwill (net of any accumulated impairment losses) identified on acquisition. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associated company.

Significant unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Adjustments have been made where necessary to ensure consistency with the policies adopted by the Group.

The details of the Group's associated company are shown in Note 26.

F Impairment of Non-Financial Assets

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

An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

G Financial Instruments

(i) Description

A financial instrument is any contract that gives rise to both 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, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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G Financial Instruments (continued)

(ii) Financial instruments recognised on the statement of financial position

The particular recognition method adopted for financial instruments recognised on the statement of financial position is disclosed in the individual accounting policy notes associated with each item.

(iii) Fair value estimation for disclosure purposes

The face values, less any estimated credit adjustments, for financial instruments with a maturity of less than one year are assumed to approximate their fair values.

The fair values for financial instruments with a maturity more than one year are estimated using a variety of methods and assumptions that are based on market conditions existing of each statement of financial position date including estimated discounted value of future cash flows, quoted market price or dealer quotes.

H Financial Assets

Financial assets are initially recognised at fair value plus transaction costs. Subsequent measurement of financial assets depends on the classification of the financial assets.

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were required. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at amortised cost using the effective interest method, less impairment allowance. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are classified as “trade and other receivables” and “cash and cash equivalents” in the statement of financial position.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are stated at fair values and are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period. Unrealised gains and losses arising from changes in the fair value of these investments are recognised in other comprehensive income and accumulated under equity in the fair value reserve. On disposal of investments or when an investment is determined to be impaired, the cumulative gains and losses previously deferred in equity is recognised in the statement of comprehensive income.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income) is removed from the fair value reserve within equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity investments are not reversed through the statement of comprehensive income, until the equity investments are disposed off. Impairment testing of trade and other receivables is described in Note 18.

I Inventories

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

Cost is generally determined using the first in, first out method except for spare parts, where cost is determined on the weighted average method. Work-in-progress and cost of locally assembled vehicles include direct materials, labour and an appropriate proportion of production overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Allowances are made where necessary for obsolete, slow-moving and defective stocks.

J Receivables

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently stated at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are measured in accordance to accounting policy H(i).

K Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

L Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into and definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities to fair value through profit or loss or other financial liabilities.

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measure at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gain or losses on derivative include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loan and borrowings.

Trade and other payables are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Loan and borrowings are initially recognised based on the proceeds received, net of transaction cost incurred, and subsequently measured at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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M Provisions

Provisions for service and warranty, retrenchment benefit and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

N Non-Current Assets (or Disposal Groups) Classified as Held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

O Share Capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Dividends

Interim dividends are accounted for in shareholders' equity as an appropriation of retained profits in the period in which they are declared whilst final dividends are accounted for when approved by shareholders at the Annual General Meeting.

P Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of sales and service taxes, excise duties, and is stated net of discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity.

Interest income and return on investments are recognised in the statement of comprehensive income on a time-proportion basis unless collection is in doubt.

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

Q Employee Benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plan

The Group's contributions to the Employees' Provident Fund, a defined contribution plan regulated and managed by the Government, are charged to the statement of comprehensive income in the period to which they relate. Once the contributions have been paid, the Group has no further financial obligations.

(iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

R Operating Leases

Accounting by lessee

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on the straight line basis over the lease period.

S Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current income tax is provided based on the tax payable on the profit for the financial year, using income tax rate enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for income tax purposes and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment, impairment of assets and unutilised tax losses carried forward; and in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax bases. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, carry-forward of unused tax losses and tax credits but only to the extent that it is probable that future taxable profit will be available against which these temporary differences, losses or tax credits can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

T Foreign Currencies

(i) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia, which is the Group's and Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency monetary assets and liabilities have been converted into Ringgit Malaysia at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies have been converted at rates ruling at the transaction dates. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the statement of comprehensive income.

U Segment Reporting

Operating segments are reported in the manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions.