CCM Duopharma Biotech Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Lot 2599, Jalan Seruling 59
Kawasan 3, Taman Klang Jaya
41200 Klang
Selangor Darul Ehsan
Malaysia

Registered office
13th Floor, Menara PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 comprise the Company and its subsidiary (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 December 2014 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the subsidiary is primarily involved in carrying on business as manufacturer, distributor, importer and exporter of pharmaceutical products and medicines.

The immediate and intermediate holding companies during the financial year were CCM Marketing Sdn. Bhd. and Chemical Company of Malaysia Berhad, a public listed company. The ultimate holding company during the financial year was Permodalan Nasional Berhad. All the holding companies were incorporated in Malaysia.

These financial statements were authorised for issue by the Board of Directors on 9 March 2015.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014 (continued)

- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The Group and Company plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for Amendment to MFRS 2 and Amendments to MFRS 119 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for Amendments to MFRS 11, MFRS 14, Amendments to MFRS 119 and Amendments to MFRS 127 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Group and the Company except as mentioned below:

MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts,* MFRS 118, *Revenue,* IC Interpretation 13, *Customer Loyalty Programmes,* IC Interpretation 15, *Agreements for Construction of Real Estate,* IC Interpretation 18, *Transfer of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services.*

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with MFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in the following notes:

- Note 4 – Valuation of investment property
- Note 6 – Investment in a subsidiary

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations

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

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

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

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

(iii) Loss of control

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

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise and measure financial instruments as follows:

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review for impairment (see note 2(j)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

(iii) 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 are 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 a provision.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land and capital work-in-progress are stated at cost. Other items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” or “other expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

• buildings	50 years
• plant and machineries	5 - 10 years
• office equipment, furniture and fittings	5 - 20 years
• motor vehicles	4 - 10 years
• renovations	10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

An intangible asset with an indefinite useful life should not be amortised.

Its useful life should be reviewed at each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite should be accounted for as a change in an accounting estimate.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(g) Investment property

(i) Investment property carried at fair value

Investment properties are properties which are owned or held under leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. This includes land held for a currently undetermined future use.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment property (continued)

(i) Investment property carried at fair value (continued)

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(h) Inventories

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

The cost of inventories is calculated using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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.

(i) Cash and cash equivalents

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

(j) Impairment

(i) Financial assets

All financial assets (except for investment in a subsidiary) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

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

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible asset that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the 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. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(iv) Distribution of assets to owners of the Company

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

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss.

(o) Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are 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 tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Tax expense (continued)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied 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.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares (“EPS”).

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, adjusted for own shares held.

Diluted EPS is not presented as the Group has no shares or other instruments with potential dilutive effects.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer (“CEO”) of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(s) Fair value measurement

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold land RM'000	Buildings RM'000	Plant and machineries RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovations RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2013		12,897	53,833	73,896	4,995	467	496	275	146,859
Additions		–	420	7,139	133	103	233	834	8,862
Disposals		–	(5)	–	(138)	–	–	(27)	(170)
Transfer to investment property	4	–	–	–	–	–	–	(20)	(20)
Transfer to intangible asset	5	–	–	–	–	–	–	(1,062)	(1,062)
At 31 December 2013/ 1 January 2014		**12,897**	**54,248**	**81,035**	**4,990**	**570**	**729**	**–**	**154,469**
Additions		**–**	**1,152**	**8,774**	**189**	**210**	**1**	**2,101**	**12,427**
Disposals		**–**	**–**	**(19)**	**–**	**–**	**–**	**–**	**(19)**
Write off		**–**	**–**	**(2)**	**(219)**	**–**	**–**	**–**	**(221)**
Transfer to intangible asset	5	**–**	**–**	**–**	**–**	**–**	**–**	**(2,001)**	**(2,001)**
At 31 December 2014		**12,897**	**55,400**	**89,788**	**4,960**	**780**	**730**	**100**	**164,655**
Depreciation									
At 1 January 2013		–	1,791	42,869	2,561	405	293	–	47,919
Depreciation for the year		–	1,088	6,276	343	46	32	–	7,785
Disposals		–	–	–	(137)	–	–	–	(137)
At 31 December 2013/ 1 January 2014		**–**	**2,879**	**49,145**	**2,767**	**451**	**325**	**–**	**55,567**
Depreciation for the year		**–**	**1,100**	**6,699**	**355**	**66**	**48**	**–**	**8,268**
Disposals		**–**	**–**	**(19)**	**–**	**–**	**–**	**–**	**(19)**
Write off		**–**	**–**	**(2)**	**(219)**	**–**	**–**	**–**	**(221)**
At 31 December 2014		**–**	**3,979**	**55,823**	**2,903**	**517**	**373**	**–**	**63,595**
Carrying amounts									
At 31 December 2013/ 1 January 2014		**12,897**	**51,369**	**31,890**	**2,223**	**119**	**404**	**–**	**98,902**
At 31 December 2014		**12,897**	**51,421**	**33,965**	**2,057**	**263**	**357**	**100**	**101,060**

4. INVESTMENT PROPERTY

	Note	Group 2014 RM'000	Group 2013 RM'000
At 1 January		**11,500**	6,470
Transfer from property, plant and equipment	3	**–**	20
Costs associated to conversion of land to industrial status		**–**	1,128
Change in fair value recognised in profit or loss		**–**	3,882
At 31 December		**11,500**	11,500
Included in the above is:			
At fair value			
Freehold land		**11,500**	11,500

4.1 Fair value information

Fair value of investment property is categorised as follows:

	Level 2 RM'000	Level 3 RM'000	Total RM'000
2014			
Land	**–**	**11,500**	**11,500**
2013			
Land	–	11,500	11,500

Level 2 fair value

Level 2 fair value of freehold land have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

4. INVESTMENT PROPERTY (CONTINUED)

4.1 Fair value information (continued)

Level 3 fair value (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sales comparison approach: Sales price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	Recent transactions of similar properties at or near reporting date with similar land usage, land size and location. The characteristics, merits and disadvantages of these properties are noted and diligent adjustments thereof are then made by valuer to reflect the differences and to arrive at the value of the property.	The estimated fair value would increase (decrease) if recent transactions of similar properties at or near reporting date with similar land usage, land size and location were higher (lower).

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment property is determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's investment property portfolio every twelve months. Changes in Level 3 fair values are analysed by the management every twelve months after obtaining valuation report from the valuation company.

Highest and best use

The Group's investment property is currently a freehold industrial land. The highest and best use of the property should be an industrial land located nearby the Group's investment property.

5. INTANGIBLE ASSET

	Note	Development costs RM'000
Group		
At 1 January 2013		–
Transfer from property, plant and equipment	3	1,062
At 31 January 2013/1 January 2014		**1,062**
Transfer from property, plant and equipment	3	**2,001**
At 31 December 2014		**3,063**

The carrying amount of development costs represents costs incurred to jointly conduct clinical trials with its technology partner for the purpose of commercialisation of biosimilar products. The Group will hold the exclusive commercialisation rights for product marketing and distribution in Malaysia, Singapore and Brunei, as well as the exclusive and perpetual royalty-free license to use the technical information. The products have yet to be fully commercialised at year-end. The management made an assumption that the development costs will be recovered through future commercial activity when the products are fully commercialised in the future.

6. INVESTMENT IN A SUBSIDIARY

	Company 2014 RM'000	Company 2013 RM'000
Unquoted share, at cost	**40,187**	40,187

Details of the subsidiary are as follows:

Name of subsidiary	Country of corporation	Principal activities	Effective ownership interest 2014 %	Effective ownership interest 2013 %
Duopharma (M) Sendirian Berhad	Malaysia	Manufacturing, distributing, importing and exporting of pharmaceutical products and medicines	**100**	100

7. TRADE AND OTHER RECEIVABLES

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-current					
Non-trade					
Amount due from a subsidiary	7.1	**–**	–	**62,503**	62,749
Current					
Trade					
Trade receivables		**34,219**	33,264	**–**	–
Amount due from related companies	7.2	**2,099**	425	**–**	–
		36,318	33,689	**–**	–
Non-trade					
Amount due from intermediate holding company	7.3	**637**	–	**637**	–
Amount due from a subsidiary		**–**	–	**–**	2,000
Other receivables, deposits and prepayments	7.4	**6,952**	5,289	**–**	–
		7,589	5,289	**637**	2,000
		43,907	38,978	**637**	2,000

7.1 The non-trade amount due from a subsidiary is unsecured, subject to interest at 5.6% (2013: 5.1%) per annum. The non-current amount is not repayable over the next 12 months.

7.2 The trade amount due from related companies is unsecured, interest free and subject to the normal trade terms.

7.3 The non-trade amount due from the intermediate holding company is unsecured, interest free and repayable on demand.

7.4 Included in other receivables, deposits and prepayments is deposits for new plant and machineries amounting to RM6,862,626 (2013 : RM3,843,232).

8. INVENTORIES

	Group 2014 RM'000	Group 2013 RM'000
Raw materials and consumables	**15,152**	13,276
Work-in-progress	**3,014**	2,462
Packing materials	**5,603**	6,731
Finished goods	**20,875**	13,862
	44,644	36,331

	Group 2014 RM'000	Group 2013 RM'000
Recognised in profit or loss:		
Inventories recognised as cost of sales	**90,002**	90,805
Write-down to net realisable value	**9,261**	1,229
(Reversal)/provision for obsolete stocks	**(3,935)**	3,475

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits placed with licensed banks	**7,173**	6,169	**–**	–
Cash and bank balances	**11,130**	12,710	**130**	467
	18,303	18,879	**130**	467

10. CAPITAL AND RESERVES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Share capital	**69,739**	69,739	**69,739**	69,739
Non-distributable reserves				
Share premium	**13,720**	13,720	**13,720**	13,720
Treasury shares	**(1,578)**	(1,578)	**(1,578)**	(1,578)
	12,142	12,142	**12,142**	12,142
Retained earnings (distributable)	**111,749**	100,768	**20,886**	22,458
	193,630	182,649	**102,767**	104,339

10. CAPITAL AND RESERVES (CONTINUED)

10.1 Share capital

	Group and Company			
	Number of shares 2014 '000	**Amount 2014 RM'000**	**Number of shares 2013 '000**	**Amount 2013 RM'000**
Authorised				
Ordinary shares of RM0.50 each	**200,000**	**100,000**	200,000	100,000
Issued and fully paid:				
Ordinary shares of RM0.50 each	**139,479**	**69,739**	139,479	69,739

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

10.2 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

10.3 Treasury shares

The shareholders of the Company, by a special resolution passed at the Extraordinary General Meeting held on 25 June 2004, approved the Company's plan to purchase its own shares and the authority was reviewed at the Fourth Annual General Meeting of the Company held on 29 June 2005. The renewal of authority for purchase of its own shares lapsed at the conclusion of the Fifth Annual General Meeting held on 18 May 2006 and no further renewal was sought.

There was no purchase of its issued share capital in the current financial year. The number of outstanding shares as at 31 December 2014 after deducting treasury shares held is 138,821,000 (2013 : 138,821,000).

11. DEFERRED TAX LIABILITIES

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	**–**	–	**(7,700)**	(7,261)	**(7,700)**	(7,261)
Provisions	**76**	71	**–**	–	**76**	71
Other items	**2,124**	2,741	**–**	–	**2,124**	2,741
Tax assets/(liabilities)	**2,200**	2,812	**(7,700)**	(7,261)	**(5,500)**	(4,449)
Set off of tax	**(2,200)**	(2,812)	**2,200**	2,812	**–**	–
Net tax liabilities	**–**	–	**(5,500)**	(4,449)	**(5,500)**	(4,449)

Movement in temporary differences during the year

Group	**At 1.1.2013 RM'000**	**Recognised in profit or loss (Note 18) RM'000**	**At 31.12.2013/ 1.1.2014 RM'000**	**Recognised in profit or loss (Note 18) RM'000**	**At 31.12.2014 RM'000**
Property, plant and equipment	(6,269)	(992)	**(7,261)**	(439)	**(7,700)**
Provisions	97	(26)	**71**	5	**76**
Other items	513	2,228	**2,741**	(617)	**2,124**
Total	(5,659)	1,210	**(4,449)**	(1,051)	**(5,500)**

12. TRADE AND OTHER PAYABLES

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Trade					
Trade payables		**4,473**	6,837	**–**	–
Amount due to related companies	12.1	**3,106**	31	**–**	–
		7,579	6,868	**–**	–
Non-trade					
Amount due to intermediate holding company	12.2	**1,748**	632	**–**	622
Amount due to related companies	12.2	**753**	44	**–**	–
Other payables		**2,891**	2,518	**–**	–
Accrued expenses		**7,895**	6,687	**716**	429
Provision		**758**	410	**–**	–
		14,045	10,291	**716**	1,051
		21,624	17,159	**716**	1,051

12.1 The trade amount due to related companies is unsecured, interest free and subject to normal trade terms.

12.2 The non-trade amounts due to intermediate holding company and related companies are unsecured, interest free and repayable on demand.

13. REVENUE

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Sale of goods	**176,961**	162,405	**–**	–
Dividend income from an unquoted subsidiary in Malaysia	**–**	–	**22,440**	23,205
	176,961	162,405	**22,440**	23,205

14. RESULTS FROM OPERATING ACTIVITIES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Operating profit is arrived at after charging:				
Auditors' remuneration:				
– Audit fees	**78**	78	**20**	20
– Non-audit fees	**14**	14	**14**	14
Depreciation on property, plant and equipment	**8,268**	7,785	**–**	–
Impairment loss:				
– Trade receivables	**20**	1,113	**–**	–
Inventories write-down	**9,261**	1,229	**–**	–
Loss on disposal of property, plant and equipment	**–**	1	**–**	–
Net realised foreign exchange loss	**220**	43	**–**	–
Personnel expenses (including key management personnel):				
– Contributions to state plans	**2,499**	2,198	**–**	–
– Wages, salaries and others	**23,847**	22,177	**–**	–
Rental expenses of premises	**46**	80	**–**	–
Research and development costs expensed as incurred	**2,463**	3,035	**–**	–
Provision for obsolete stocks	**–**	3,475	**–**	–
and after crediting:				
Dividend income from				
– A subsidiary in Malaysia (unquoted)	**–**	–	**22,440**	23,205
Gain on disposal of property, plant and equipment	**7**	–	**–**	–
Gain on revaluation of investment property	**–**	3,882	**–**	–
Net unrealised foreign exchange gain	**173**	224	**–**	–
Reversal of provision for obsolete stocks	**3,935**	–	**–**	–

15. FINANCE INCOME

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income of financial assets that are not at fair value through profit or loss:				
– recognised before impairment	**165**	295	**2,453**	2,542

16. FINANCE COSTS

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
– other borrowings	**438**	307	**2**	1

17. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Directors				
– Fees	**408**	242	**408**	242
Other key management personnel				
– Remuneration	**2,031**	2,019	**–**	–
Total short-term employee benefits	**2,439**	2,261	**408**	242

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The Group pays management fee to the intermediate holding company in relation to services of certain key management personnel of the Group as disclosed in Note 25.

18. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax expense				
– current year	**10,474**	9,345	**603**	629
– over provision in prior year	**(299)**	(235)	**(13)**	–
Total current tax recognised in profit or loss	**10,175**	9,110	**590**	629
Deferred tax (benefit)/expense				
Origination and reversal of temporary differences	**1,165**	(574)	**–**	–
Over provision in prior year	**(114)**	(636)	**–**	–
Total deferred tax recognised in profit or loss	**1,051**	(1,210)	**–**	–
Total income tax expense	**11,226**	7,900	**590**	629

Reconciliation of tax expense

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Profit for the year	**35,275**	32,275	**22,722**	24,574
Total income tax expense	**11,226**	7,900	**590**	629
Profit excluding tax	**46,501**	40,175	**23,312**	25,203
Income tax calculated using Malaysian tax rate of 25% (2013:25%)	**11,625**	10,044	**5,828**	6,301
Non-deductible expenses	**590**	503	**385**	129
Tax exempt income	**(41)**	(91)	**(5,610)**	(5,801)
Tax incentives	**(616)**	(759)	**–**	–
Other items	**81**	(926)	**–**	–
Over provision in prior years	**(413)**	(871)	**(13)**	–
	11,226	7,900	**590**	629

19. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2014 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Profit attributable to ordinary shareholders	**35,275**	32,275

	Group	
	2014	**2013**
	'000	**'000**
Issued ordinary shares at 1 January	**139,479**	139,479
Effect of treasury shares held	**(658)**	(658)
Weighted average number of ordinary shares at 31 December	**138,821**	138,821

	Group	
	2014	**2013**
	Sen	**Sen**
Basic earnings per ordinary share	**25.41**	23.25

Diluted earnings per ordinary share

Diluted earnings per ordinary share is not presented as the Group has no shares or other instruments with potential dilutive effects as at 31 December 2014.

20. DIVIDENDS

Dividends recognised by the Company:

2014	**Sen per share**	**Total amount RM'000**	**Date of payment**
Final 2013 ordinary (single-tier)	**13.50**	**18,741**	20 June 2014
Interim 2014 ordinary (single-tier)	**4.00**	**5,553**	7 November 2014
Total amount		**24,294**	

20. DIVIDENDS (CONTINUED)

2013	Sen per share	Total amount RM'000	Date of payment
Final 2012 ordinary (single-tier)	10.50	14,576	12 July 2013
Interim 2013 ordinary (single-tier)	4.00	5,553	8 November 2013
Total amount		20,129	

After the end of the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share	Total amount RM'000
Final 2014 ordinary (single-tier)	**14.50**	**20,225**

21. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units target different markets, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Chief Executive Officer ("CEO"), who is the chief operating decision maker reviews internal management reports regularly.

Segment assets are not used to measure the financial position of the respective segments and not included in the internal management reports that are reviewed by the CEO, as all assets within the Group, other than trade receivables, are attributed to the business activities in Malaysia.

21. OPERATING SEGMENTS (CONTINUED)

Information about reportable segment and reconciliation of reportable segment revenue, profit or loss and other material items

	Group	
	2014	**2013**
	RM'000	**RM'000**
Reportable revenue from external customers:		
Local	**162,385**	148,363
Export	**14,576**	14,042
	176,961	162,405
Operating expense:		
Depreciation of property, plant and equipment	**(8,268)**	(7,785)
Other operating expense	**(122,060)**	(118,401)
Other operating income	**141**	3,968
Profit from operations	**46,774**	40,187
Finance income	**165**	295
Finance cost	**(438)**	(307)
Profit before tax	**46,501**	40,175
Tax expense	**(11,226)**	(7,900)
Profit after tax	**35,275**	32,275
Reportable revenue from external trade receivables:		
Local	**29,317**	31,603
Export	**4,902**	1,661
	34,219	33,264

Major customers

Revenue from two major customers amount to approximately RM96,330,000 (2013 : RM65,726,000) of the Group's total revenue.

22. FINANCIAL INSTRUMENTS

22.1 Categories of financial instruments

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

(a) Loans and receivables ("L&R"); and
(b) Financial liabilities measured at amortised cost ("FL").

2014	Carrying amount RM'000	L&R/ (FL) RM'000
Financial assets		
Group		
Trade and other receivables	36,864	36,864
Cash and bank balances	18,303	18,303
	55,167	55,167
Company		
Trade and other receivables	63,140	63,140
Cash and bank balances	130	130
	63,270	63,270
Financial liabilities		
Group		
Trade and other payables	(20,866)	(20,866)
Company		
Trade and other payables	(716)	(716)

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.1 Categories of financial instruments (continued)

2013	Carrying amount RM'000	L&R/ (FL) RM'000
Financial assets		
Group		
Trade and other receivables	34,533	34,533
Cash and bank balances	18,879	18,879
	53,412	53,412
Company		
Trade and other receivables	64,749	64,749
Cash and bank balances	467	467
	65,216	65,216
Financial liabilities		
Group		
Trade and other payables	(16,749)	(16,749)
Company		
Trade and other payables	(1,051)	(1,051)

22.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Net gains/(losses) on:				
Loans and receivables	**165**	295	**2,453**	2,542
Financial liabilities measured at amortised cost	**(485)**	(126)	**(2)**	(1)
	(320)	169	**2,451**	2,541

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

22.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from amount due from a subsidiary.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on new customers who require credit facility during the financial year. Depending on the nature of the transactions and the customer's risk profile, the Group may require upfront deposits as collateral.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. For receivables from corporate, wholesale and government sectors, impairment loss will be generally provided for amounts aged more than 270 days based on historical payment trends and patterns unless there is objective evidence to show otherwise.

The Group has a lower exposure to international credit risk as most of its receivables are concentrated in Malaysia.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
2014				
Not past due	**31,620**	**–**	**–**	**31,620**
Past due 1 - 30 days	**1,529**	**–**	**–**	**1,529**
Past due 31 - 120 days	**900**	**–**	**–**	**900**
Past due more than 120 days	**1,367**	**(1,197)**	**–**	**170**
	35,416	**(1,197)**	**–**	**34,219**
2013				
Not past due	31,035	–	–	31,035
Past due 1 - 30 days	2,039	(223)	–	1,816
Past due 31 - 120 days	1,120	(707)	–	413
Past due more than 120 days	408	(123)	(285)	–
	34,602	(1,053)	(285)	33,264

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2014 RM'000	2013 RM'000
At 1 January	**1,338**	274
Impairment loss recognised	**78**	1,250
Impairment loss written off	**(161)**	(49)
Impairment loss recovered	**(58)**	(137)
At 31 December	**1,197**	1,338

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

At 31 December 2014, there is a significant individual impairment loss of RM1,004,000 (2013 : RM1,004,000) relating to a customer with dispute invoices during the previous financial year.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are only allowed in placing deposits with licensed banks.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only placed deposits in Malaysia. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of that deposits are only placed with licensed banks, management does not expect the bank to fail to meet its obligation.

The deposits with licensed banks of the Group are unsecured.

Impairment losses

As at the end of the reporting period, there was no indication that the deposits with licensed banks were not recoverable.

Inter company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to a subsidiary. The Company monitors the results of the subsidiary regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statement of financial position. Loans and advances are only provided to subsidiary which is wholly owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiary are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiary.

22.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual Cash flows RM'000	Under 1 Year RM'000
2014				
Group				
Non-derivative financial liabilities				
Trade and other payables	**20,866**	**–**	**20,866**	**20,866**
Company				
Non-derivative financial liabilities				
Trade and other payables	**716**	**–**	**716**	**716**
2013				
Group				
Non-derivative financial liabilities				
Trade and other payables	16,749	–	16,749	16,749
Company				
Non-derivative financial liabilities				
Trade and other payables	1,051	–	1,051	1,051

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

22.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and bank balance that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Euro ("EURO"), Singapore Dollar ("SGD") and Great Britain Pound ("GBP").

Risk management objectives, policies and processes for managing the risk

The Group ensures that the net exposure on foreign currency risk arising from commercial transactions is kept to an acceptable level by buying and selling foreign currencies at spot rates where necessary to address short-term imbalances.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in USD	
	2014	**2013**
	RM'000	**RM'000**
Group		
Trade receivables	**4,821**	1,273
Trade payables	**(914)**	(2,867)
Bank balance	**33**	18
Other receivables/(payables)	**214**	(281)
Net exposure in the statement of financial position	**4,154**	(1,857)

	Denominated in EURO	
	2014	**2013**
	RM'000	**RM'000**
Trade receivables	**498**	474
Other receivables/(payables)	**4,985**	(3,170)
Net exposure in the statement of financial position	**5,483**	(2,696)

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk (continued)

22.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	Denominated in **SGD**	
	2014 **RM'000**	**2013** **RM'000**
Trade payables	**(22)**	(346)
Net exposure in the statement of financial position	**(22)**	(346)

	Denominated in **GBP**	
	2014 **RM'000**	**2013** **RM'000**
Other receivables	**14**	–
Net exposure in the statement of financial position	**14**	–

Currency risk sensitivity analysis

A 10% (2013: 10%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2014 **RM'000**	**2013** **RM'000**
Group		
USD	**(312)**	139
EURO	**(411)**	202
SGD	**2**	26
GBP	**(1)**	–

A 10% (2013: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk (continued)

22.6.2 Interest rate risk

The Group's investment in fixed rate deposits with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group and the Company place cash balances with reputable banks to generate interest income for the Group and the Company. The Group and the Company manage their interest risk by placing such balances on varying maturities and interest rate terms.

Exposure to interest rate risk

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

	Group	
	2014	**2013**
	RM'000	**RM'000**
Fixed rate instruments		
Financial assets	**7,173**	6,169

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.7 Fair value information

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

The carrying amount of unsecured non-revolving loan reasonably approximate their fair values as they are subject to variable interest rates which in turn approximates the current market interest rates for similar facilities at the end of the reporting period.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

The fair value of other financial assets, together with the carrying amount shown in the statement of financial position, is as follows:

Company	Carrying amount 2014 RM'000	Fair value 2014 RM'000	Carrying amount 2013 RM'000	Fair value 2013 RM'000
Amount due from a subsidiary	**62,503**	**62,503**	62,749	62,749

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Interest rate used to determine fair value

The interest rate used to discount estimated cash flows is 5.6% (2013: 5.1%).

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.7 Fair value information (continued)

22.7.1 Fair value hierarchy

Fair value hierarchy has not been presented as there are no financial instruments carried at fair value as at the end of the reporting period.

23. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to safeguard shareholders' interest within the Group and to sustain future development of the business.

The Group's strategy for capital management is to avoid unnecessary debts obligation and funding cost.

There were no changes in the Group's approach to capital management during the financial year.

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

The Group is also required to maintain a maximum debt-to-equity ratio of nil (2013: nil), total liabilities-to-net worth of 1.75 and minimum debt service cover ratio of 2.0 to comply with a debt covenant, failing which, the bank may call an event of default. The Group has complied with the covenants.

24. CAPITAL AND OTHER COMMITMENTS

	Group	
	2014	**2013**
	RM'000	**RM'000**
Capital expenditure commitments		
Plant and equipment		
Authorised but not provided for	**10,014**	22,199
Contracted but not provided for	**14,934**	6,526

25. RELATED PARTIES

Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group, and certain members of senior management of the Group. The Group has related party relationship with its intermediate holding company, related companies and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below, except for key management personnel compensation which is shown in Note 17. The balances related to the below transactions are shown in Note 7 and 12.

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
A. Intermediate holding company				
Management fees paid	**(6,545)**	(6,089)	**–**	–
B. Immediate holding company				
Dividends paid	**(17,908)**	(14,768)	**(17,908)**	(14,768)
C. Related companies				
Sale of goods	**16,454**	13,962	**–**	–
Purchases of goods	**(19,210)**	(19,331)	**–**	–
Research and development costs paid to related company	**(2,463)**	(3,035)	**–**	–
Dividend income received from a subsidiary	**–**	–	**22,440**	23,205
Interest income received from a subsidiary	**–**	–	**2,453**	2,542

25. RELATED PARTIES (CONTINUED)

There is no impairment loss recognised in respect of these outstanding balances at year end.

All the outstanding balances are unsecured and expected to be settled with cash.

Included in the management fees paid to the intermediate holding company is payment for services of a director and certain key management personnel of the Group amounting to RM754,000 (2013 : RM1,322,000).

26. SUBSEQUENT EVENT

Subsequent to the financial year end, the Company re-issued its entire 658,000 treasury shares by resale in the open market for a total consideration of approximately RM2,172,000. The average resale price of treasury shares was RM3.30 per share. The proceeds from the resale will be utilised as working capital of the Company.

Details of the resale of treasury shares were as follows:

2015	Average selling price RM	Highest selling price RM	Lowest selling price RM	Number of treasury shares resold	Total consideration received RM
February	3.30	3.37	3.09	658,000	2,172,000

27. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Total retained earnings of the Company and its subsidiary				
– realised	**145,336**	129,073	**20,886**	22,458
– unrealised	**1,137**	6,418	**–**	–
	146,473	135,491	**20,886**	22,458
Less: Consolidation adjustments	**(34,724)**	(34,723)	**–**	–
Total retained earnings	**111,749**	100,768	**20,886**	22,458

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