

Company Registration Number 07687158 (England & Wales)

VASSETI (UK) PLC

ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

VASSETI (UK) PLC

COMPANY INFORMATION

Directors	Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir (Chairman) Ranjeet Singh Sidhu (Group Managing Director) Pushpan Murugiah Hirofumi Ouchi Loo Seng Kit (Finance Director) Simon Richard Marriott Gustav Carl Jan Brunner (Independent Director)
Secretary	UK Companies Secretaries Ltd
Company number	07687158 (Incorporated in England & Wales)
Registered office	11 Church Road Great Bookham Leatherhead KT23 3PB United Kingdom
Head office	Suite 2B-G-1, Ground Floor Block 2B, Plaza Sentral Jalan Stesen Sentral 5 50470 Kuala Lumpur Malaysia
Group Auditors	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW United Kingdom

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VASSETI (UK) PLC

**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

I am pleased to report that the Group has performed within expectations for the year ended 31 December 2012.

The Group achieved an overall net profit of RM3 million in 2012 mainly due to the healthy contributions from the telecommunications sector. This is a major turnaround from the net loss of RM1 million in 2011, which was attributable to the initial listing expenses of the Company and expenses of new subsidiaries that have yet to achieve profitable operations.

During the year, the Group disposed several subsidiaries that have not commenced operations and subsidiaries that did not meet the growth potential. This is in line with the Groups strategy to be more focused in the telecommunications industry.

I am confident that the Management of the Company will be able to steer the Group towards greater business potential and continue to deliver positive results for the Shareholders.



Tan Sri Syed Yusof Tun Syed Nasir
Non-Executive Chairman

26 June 2013

VASSETI (UK) PLC

OPERATIONS REVIEW

The Group's performance in 2012 was positive, made possible by the Group's business growth post 2010/2011 merger exercise.

The Group's focus in the telecommunications sector resulted in higher sales and better margins, as costs are brought down while work efficiencies improved.

Group Financial highlights:

- Total revenue for 2012 was RM72 million (2011 - RM63 million).
- Gross profit was RM51 million, representing 71% of total revenue (2011 - RM35 million, representing 55% of total revenue).
- Profit before tax was RM6 million, representing 8% of total revenue (2011 - RM0.5 million, representing 0.8% of total revenue).
- Net profit for the year was RM3 million ((2011 - Net loss of RM1 million).
- Basic profit per share was 0.2 cents per share (2011 - loss of 0.17 cents per share).
- Cash balances available for use at 31 December 2012 was RM14 million (31 December 2011 - RM2 million).
- Net assets as at 31 December 2012 was RM838 million (31 December 2011 - RM650 million).

Business during the year

Similar to 2011, the business in 2012 was driven by our focus in telecommunications and passion to grow the business. As we continued to build the Malaysian Coastal Fiber Network, the Vasseti South Asia Network (VSAN) commenced in early 2012 with the discussions with regional partners in Singapore and Thailand.

The VSAN Project is expected to link global network hubs such as Hong Kong and Singapore to more than 600 POPs ("Points of Presence") across South Asia's most under-served regions. It will be implemented in several phases, with the final leg completion by 2015.

VASSETI (UK) PLC

OPERATIONS REVIEW

Strategic corporate developments

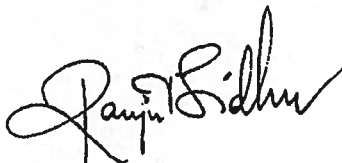
As at April, 2013, the Group has been issued license to provide internet service in Singapore. The Company now owns Telecommunication license in Singapore, Malaysia and Thailand, perhaps the only company that has multiple license in multiple countries. It is also in negotiations with other ASEAN countries for Local telecommunications license. This allows the company to provide seamless service to other providers as it acts as a one-stop network solutions provider. This in turn allows the company to provide a more cost efficient solution to other providers wishing to expand their own network within the region.

Thailand is a key component in the VSAN Project as it provides the landmass for terrestrial network to run into China via Vietnam, Laos and Cambodia and India through Myanmar and Bangladesh. Being a country that boasts a large number of expatriates, the demand for bandwidth is ever increasing. With large Multinational companies welcoming an independent network provider providing alternative terrestrial network in and out of the country, it is a huge incentive for the Group to complete the infrastructure deployment soonest possible.

Outlook

Our outlook for the year 2013 shows promising growth, in line with the global trend of increasing telecommunications usage that is highly dependent on the internet with high speed and high capacity fiber optic connections.

We believe 2013 will be another excellent year for the Group and the Board of Directors and Management look forward to achieving excellent results with great optimism.



Ranjeet Singh Sidhu
Group Managing Director

26 June 2013

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir

Group Chairman

Tan Sri Syed Yusof is the Chairman of Vasseti Berhad who oversees the Board of Directors. A multi-talented entrepreneur, Tan Sri Syed Yusof has over 20 years experience in integrated marketing as well as financial and management operations of several major corporations involved in investment holding, marketing, the hotel industry, the automobile industry, restaurant operations and entertainment, property development and construction. He was formerly a Director of Southern Finance Berhad and AM Trustee Berhad. Currently, he sits on the board of several public and private limited companies.

Tan Sri Syed Yusof graduated with a Bachelor in Economics degree majoring in Accountancy from the University of Tasmania, Australia in the early 70's. He started his career with Petronas in 1976 where he served in various positions, his last being Head of the Northern Region before he left to venture into business in 1983.

Ranjeet Singh Sidhu

Group Managing Director

Mr. Sidhu began his career in the Operations division of Malayan Banking Berhad in 1992. Later he was promoted to the International Banking division involved in the setting up of new branches and representation in Papua New Guinea and Cambodia. He also played a significant role in a joint venture between the European Development Bank and the World Bank.

In 1997, Mr. Sidhu ventured into the steadily growing microcredit finance sector and involved himself in a wide range of diversified businesses from real estate and properties to lifestyle and leisure, engineering, ICT, telecommunications, and many more. Within a decade, he merged all his business operations in Malaysia, India, Australia, and Indonesia with several other global business groups to spearhead the establishment of the Vasseti Group.

He is a graduate of Business Administration from the University of Coventry in the United Kingdom.

Pushpan Murugiah

Director

Mr. Pushpan holds a Masters degree in Business Administration specializing in Human Resource Management. He also holds a LL.B honours degree from the University of London. He has been actively involved in the corporate world with diverse portfolios ranging from Banking, Insurance, Oil & Gas, Telecommunication, Trading, and Manufacturing. He has also held a position in a Non Governmental Organization funded by a United Nation Agency.

His core competencies include Human Resource Management and Quality Management. He has significant experiences in the Telecommunication Industry, including Broadband and Data Centre Management.

In 2010, Mr Pushpan joined Vasseti Berhad to spearhead operations and streamline the company to achieve the company's vision of "Perfecting Business".

Hirofumi Ouchi

Director

Mr. Hirofumi Ouchi is currently the Managing Director of Kyowa Kanko Kaihatsu (M) Bhd. He graduated from Hyogo Prefecture Itami Kita High School and the Business Management School in Queensland, Australia.

Mr Hirofumi Ouchi has worked with numerous international companies and involved himself in a wide range of business such as real estate and properties, environmental technology, agriculture, IT, telecommunications, e-commerce platform business, trading, consultancy and many more. Mr Hirofumi Ouchi is also a golf course consultant for many international golf courses and has vast experience in the golfing industry.

VASSETI (UK) PLC

DIRECTORS' PROFILES

Loo Seng Kit

Finance Director

Mr. Loo Seng Kit (Edmund) is a Certified Public Accountant and a Chartered Accountant with the Malaysian Institute of Accountants. His core competencies are in the areas of general management, finance, accounting and auditing.

Edmund Loo started his career in the Audit & Business Advisory Division of HRM/ Arthur Andersen & Co. since 1987. He graduated from the Malaysian Association of Certified Public Accountants in 1991. After 5 years in auditing, he decided to join the commercial industry and was involved in several companies ranging from trading, manufacturing, marine infrastructure and hospitality to management consultancy and business advisory services.

Since the beginning of 2010, Edmund Loo joined Vasseti Berhad to spearhead the Group's Financial Management and related Corporate Governance. He was appointed to the board in 2011.

Simon Richard Marriott

Director

After completing his formal education in 1980, Simon who is a native of the UK spent 10 years working in Financial Services during which time he had product distribution responsibilities for two major insurance companies, before becoming a partner in an IFA network located in the North of England.

The subsequent sale of the partnership and a desire to live overseas took Simon to Dubai in 1990, where he looked after the interests of insurance giant Old Mutual International. Over the course of the next five years he also took on responsibility for the Far East, opening offices in both Hong Kong and Kuala Lumpur before moving himself to Hong Kong.

The creation of a South East Asian broker network and a return to the Middle East with Hansard Financial Trust followed; before Simon joined Melbourne based boutique fund manager, Absolute Asset Management, with responsibility for international fund distribution. Simon still has interests in AAM.

In addition to his experience of fund and product distribution, both third party and direct, Simon has also been involved with fund creation, product design and capital raising.

Gustav Carl Jan Brunner

Independent Director

Mr. Brunner is a highly motivated finance and management professional with in-depth experience and documented accomplishments in both developed as well as emerging countries. Besides extensive participation in corporate strategic planning, financial and management reporting, budgeting and forecasting, he also demonstrated ability to manage people and teams on both a local as well as regional level.

Graduated in University of Chicago Booth - Graduate School of Business (GSB), Singapore on 2006 in Master of Business Administration Concentrations in Business Finance and Strategic Management, he started his career in Swedish Army later then to General Electric as Financial Analyst.

Mr. Brunner is also involved in a few other companies that focus on financial products such as asset management, venture capital and investment consultation.

VASSETI (UK) PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

The directors present their first directors' report and financial statements of the Group and of the Company for the financial year ended 31 December 2012.

Principal activities

Vasseti (UK) plc is a holding company. The group's principal activities are provider of telecommunications and internet access, applications, content, equipment, data centre and related services. The group also operates a golf course.

A review of the business, its future development and its key performance indicators can be found in the Chairman's Statement and Operations Review.

The company was incorporated in the United Kingdom on 29 June 2011 and is domiciled in Malaysia. On 23 August 2011, the company's shares were admitted to trading on the Frankfurt Stock Exchange.

Results and dividends

The group's results for the year are set out in the statement of comprehensive income on page 15. The group's profit attributable to shareholders of the Company for the financial year ended 31 December 2012 amounted to RM3.2 million (2011: loss of RM2.6 million). The group's results for the year and the financial position at 31 December 2012 are considered satisfactory by the directors.

No dividends on the ordinary shares were paid or proposed during the year ended 31 December 2012. Dividends on the preference shares of RM3.8 mil were paid in 2012.

Share capital

Details of the Company's ordinary share capital during the year are set out in note 19.

Group structure

The group operates through the Company and subsidiary companies, details of which are set out in note 12 to these financial statements.

Subsequent events

Subsequent to the financial year, the following subsequent event took place for the Group and its subsidiary as follow:

On 12 June 2013, Paneagle Holding Berhad was wrote their intention to redeem remaining balance of redeemable preference share of 50,000,000 at RM 1.00 per shares amounting to RM50,000,000 by way of contra with amount due from V Telecoms Berhad to Paneagle Holdings Berhad. Subsequently approved by Board of Director with a resolution of the Directors dated 17 June 2013.

VASSETI (UK) PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

Directors

The following directors held office during the year:

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir

Ranjeet Singh Sidhu

Pushpan Murugiah

Loo Seng Kit

Simon Richard Marriott

Hirofumi Ouchi

Gustav Carl Jan Brunner

Appointed 6 April 2012

Appointed 16 April 2012

Share options

The company does not operate a formal share option scheme for its directors and employees.

Political and charitable donations

There were no political or charitable contributions made by the group during the year.

Payments to suppliers

It is the group's policy to pay suppliers in accordance with the terms and conditions agreed between the group and its suppliers, provided that the goods and services have been supplied in accordance with agreed terms and conditions.

Use of financial instruments

The group's financial risk management objectives are to minimise debt and to ensure sufficient working capital for the group's overheads and capital expenditure commitments. This is achieved by prudent financial management and careful management of the group's cash balances, both short and long term. Other than this, the group's use of financial instruments is not material for the assessment of the assets, liabilities, financial position and results of the group.

Employees

The group recognises the benefit of keeping its employees informed of all relevant matters on a regular basis. The group is an equal opportunities employer and all applications for employment are considered fully on the basis of suitability for the job.

Going concern

After making appropriate enquiries and examining those areas which could give rise to financial exposure the directors are satisfied that no material or significant exposures exist and that the group has adequate resources to continue its operations for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the company's and group's financial statements.

Information to shareholders - Web site

The company has its own web site (www.vasseti.com) for the purposes of improving information flow to shareholders as well as to potential investors.

VASSETI (UK) PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

Key risks and uncertainties

Risks and uncertainties could impact on our ability to meet our targets or be detrimental to our profitability. The risks that we regard as the most relevant to our business are identified below. We have also commented on certain mitigating actions that we believe could help us manage such risks.

Business risks

The group is principally involved in telecommunications services. These businesses are subject to certain risks inherent in that sector, which include but are not limited to changes in the general economy, business and credit conditions in Malaysia in which the group operates and changes in the relevant government policies and regulations. The group seeks to limit these risks where they are within its control, by proactively managing the daily operations effectively and efficiently.

Economic and business conditions

The sectors in which Vasseti operates may be affected by the general economic environment, specific market or client conditions and inflation which may impact on Vasseti's financial performance. To mitigate this, market trends, both general and sector specific are monitored and factored into business planning and forecasting. In addition Vasseti builds strong working relationships with its clients maintaining an on-going open dialogue to provide clear visibility on future revenue.

Loss of a major client

Loss or a significant reduction in activity from one or more of these clients would impact on Vasseti's business, operating profits and financial position. In mitigation Vasseti manages client relationships, monitors performance, reviews feedback and understands on going client requirements.

Loss of key personnel

The loss of key personnel and/or Vasseti's inability to attract high quality employees with the required levels on knowledge and technical expertise may impact on our ability to achieve business objectives. To mitigate this Vasseti seeks to motivate and retain employees by offering remuneration packages that include competitive basic salaries, annual bonus awards and benefit packages. In addition Vasseti undertakes a comprehensive annual review process to identify staff training and development needs which are fulfilled through the provision of both in house and external resource helping to improve staff retention.

Technology changes

A proportion of Vasseti's revenue comes from the development of technology, changes in which may have an impact on growth and financial performance. To mitigate this Vasseti continually invests in the highest quality human resource allowing for an agile approach to development and technology integration. This allows Vasseti to react quickly as market trends develop and change.

VASSETI (UK) PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable laws and International Financial Reporting Standards, as adopted by the European Union ("IFRS").

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the company and the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the group and the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with company law. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

Each of the directors, whose names and functions are listed on the Company Information page confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and company; and
- the directors' report contained in the annual report includes a true and fair review of the development and performance of the business and the position of the company and group, together with a description of the principal risks and uncertainties that they face.

VASSETI (UK) PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

Statements of disclosures to the auditors

The directors who were members of the board at the time of approving this report are listed on the Company Information page. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board



Ranjeet Singh Sidhu
Group Managing Director

26 June 2013

VASSETI (UK) PLC

CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of compliance

Although Frankfurt Stock Exchange listed companies are not required to report on the UK's Combined Code, the directors are committed to proper standards of sound corporate governance in so far as they are appropriate for a company of its size and stage of development.

Internal controls

The board is responsible for identifying and evaluating the major business risks faced by the group and for determining and monitoring the appropriate systems of internal controls to manage these risks. These internal controls are designed to safeguard the assets of the company and to ensure the reliability of financial information for both internal use and external publication. While they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the increased activity and further development of the group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Board responsibilities and committees

The board's principal responsibilities include assisting in the formulation of corporate strategy, reviewing and approving all significant corporate transactions, monitoring operational and financial performance, reviewing and approving annual budgets and generally assisting management to enhance the overall performance of the company in order to deliver maximum value to its shareholders.

Pensions

The group does not operate a pension scheme for directors or employees.

Directors' remuneration

The remuneration of directors during the year ended 31 December 2012 is disclosed in note 10 to the financial statements.

Control environment

There are clearly defined organisational responsibilities and the board is committed to employing suitably qualified staff so that the appropriate level of authority can be delegated with regard to accountability and acceptable levels of risk.

VASSETI (UK) PLC

CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2011

Relationship with shareholders

The directors consider the clear and timely communication of information to shareholders as an important part of their duties.

The board views the annual general meeting as an opportunity to communicate with both institutional and private investors alike and aims to make constructive use of the annual general meetings. The directors intend to be present and available to answer questions at this year's annual general meeting.

Accountability and financial control

The board has overall responsibility for the systems of financial control. Implementation and maintenance of the financial control systems is the responsibility of the executive management. The board, through the audit committee, has reviewed the effectiveness of the systems of internal financial control for the accounting year, and the period to the date of approval of the financial statements, it should be understood, however, that such systems are designed to provide reasonable but not absolute assurance against material misstatement or loss.

The company has an established framework of internal financial controls, the key features of which are as follows:

Information systems

The group operates a number of separate systems of financial and operational reporting to the board and senior management, based upon an annual budget and regular forecasts. Monthly, weekly and other periodic reports of actual results (financial and non-financial) together with key performance indicators are produced and discussed by the directors.

Identification and evaluation of business risks and controls

Management control is exercised at all levels of the group and is regulated by appropriate limits of authority. The directors have considered various areas of business risks and have developed appropriate policies to manage and diffuse those risks. These policies are reviewed in the light of known and perceived changes of the risks.

Quality and integrity of personnel

The group attaches high importance to the values of trust, honesty and integrity of personnel in responsible positions and operates a policy of recruitment and promoting suitably experienced personnel with clearly defined accountabilities.

Investment appraisal

All major capital expenditure is included in the annual budget and is reported on to the board. In addition, all potential and actual acquisition opportunities are regularly reviewed by the board, both in meeting and by ad hoc reports.

Monitoring

Given the size of the group and the close day-to-day involvement of the executive directors in all the group's locations, no formal internal audit function is considered necessary.



Ranjeet Singh Sidhu
Group Managing Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VASSETI (UK) PLC

We have audited the financial statements of Vasseti (UK) plc for the period ended 31 December 2012 which comprise the Consolidated and Parent Company statements of comprehensive income, the Consolidated and Parent Company statements of financial position, the Consolidated and Parent Company statements of changes in equity, the Consolidated and Parent Company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement, set out in page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2012 and of the group's profit and company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF VASSETI (UK) PLC**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Colin Wright (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young
Chartered Accountants and Statutory Auditors

Quadrant House
4 Thomas More Square
London E1W 1YW
United Kingdom

26 June 2013

VASSETI (UK) PLC

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	GROUP		COMPANY	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	3	72,730	63,295	-	-
Cost of sales		<u>(21,281)</u>	<u>(27,623)</u>	<u>-</u>	<u>-</u>
Gross profit		51,449	35,672	-	-
Other income		5,131	676	232	-
Administrative expenses		(47,777)	(32,358)	(1,952)	(4,388)
Goodwill impaired		<u>-</u>	<u>(5)</u>	<u>-</u>	<u>-</u>
Operating profit/(loss)	4	8,803	3,985	(1,720)	(4,388)
Finance income	5	58	34	1	1
Finance costs	6	<u>(2,902)</u>	<u>(3,476)</u>	<u>(5)</u>	<u>-</u>
Profit/(Loss) before taxation		5,959	543	(1,724)	(4,387)
Taxation	7	<u>(2,685)</u>	<u>(1,684)</u>	<u>-</u>	<u>-</u>
Profit/(Loss) for the year		<u>3,274</u>	<u>(1,141)</u>	<u>(1,724)</u>	<u>(4,387)</u>
Other comprehensive income					
Exchange differences on translating foreign operations		<u>72</u>	<u>183</u>	<u>72</u>	<u>183</u>
Total comprehensive income for the year		<u>3,346</u>	<u>(958)</u>	<u>(1,652)</u>	<u>(4,204)</u>
Profit/(loss) attributable to:					
Owners of the parent company		3,205	(2,651)	(1,724)	(4,387)
Non-controlling interests		<u>69</u>	<u>1,510</u>	<u>-</u>	<u>-</u>
		<u>3,274</u>	<u>(1,141)</u>	<u>(1,724)</u>	<u>(4,387)</u>
Total comprehensive income attributable to:					
Owners of the parent company		3,277	(2,468)	(1,652)	(4,204)
Non-controlling interests		<u>69</u>	<u>1,510</u>	<u>-</u>	<u>-</u>
		<u>3,346</u>	<u>(958)</u>	<u>(1,652)</u>	<u>(4,204)</u>
Earnings/(Loss) per share (Sen):	8				
Basic		0.21	(0.17)		
Diluted		<u>0.21</u>	<u>(0.17)</u>		

The results shown above relate entirely to continuing and acquired operations.

VASSETI (UK) PLC

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

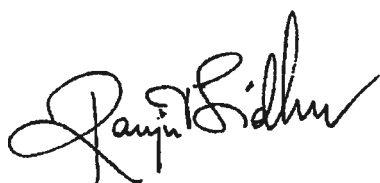
		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	550,783	305,930	-	-
Investments in subsidiaries	12	-	-	656,145	656,145
Goodwill on consolidation	13	18,568	18,568	-	-
Assets under construction	14	229,895	287,277	-	-
Available-for-sale investments	15	50,000	97,000	-	-
		<u>849,246</u>	<u>708,775</u>	<u>656,145</u>	<u>656,145</u>
Current assets					
Inventories	16	201	145	-	-
Trade and other receivables	17	31,749	35,390	3,078	-
Tax recoverable		4	161	-	-
Fixed deposit with licensed banks pledged	18	3,243	3,087	-	-
Fixed deposit with licensed banks	18	15,105	339	-	-
Cash and cash equivalents	18	14,241	1,992	163	439
		<u>64,543</u>	<u>41,114</u>	<u>3,241</u>	<u>439</u>
TOTAL ASSETS		<u>913,789</u>	<u>749,889</u>	<u>659,386</u>	<u>656,584</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	19	656,145	656,145	656,145	656,145
Currency translation reserve		255	183	255	183
Merger reserve		(245,145)	(245,145)	-	-
Retained earnings/(losses)		12,412	10,823	(6,111)	(4,387)
Shareholders' equity		<u>423,667</u>	<u>422,006</u>	<u>650,289</u>	<u>651,941</u>
Non-controlling interests	20	155,842	229,714	-	-
Total Equity		<u>579,509</u>	<u>651,720</u>	<u>650,289</u>	<u>651,941</u>

VASSETI (UK) PLC

**STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2012**

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current liabilities					
Trade and other payables	21	68,809	34,072	9,001	4,643
Amount owing to subsidiary		-	-	96	-
Bank borrowings	22	4,427	5,983	-	-
Hire purchase payables	23	295	223	-	-
Taxation payable		1,467	1,423	-	-
		<u>74,998</u>	<u>41,701</u>	<u>9,097</u>	<u>4,643</u>
Non-current liabilities					
Hire purchase payables	23	1,613	1,460	-	-
Bank borrowings	22	206,356	6,590	-	-
Other payable	24	47,529	47,178	-	-
Deferred taxation	7	3,784	1,240	-	-
		<u>259,282</u>	<u>56,468</u>	<u>-</u>	<u>-</u>
Total Liabilities		<u>334,280</u>	<u>98,169</u>	<u>9,097</u>	<u>4,643</u>
TOTAL EQUITY AND LIABILITIES		<u>913,789</u>	<u>749,889</u>	<u>659,386</u>	<u>656,584</u>

The financial statements were approved by the Board of Directors on 26 June 2013 and signed on its behalf by:



Ranjeet Singh Sidhu
Group Managing Director



Loo Seng Kit
Executive Director

Company Registration Number: 07687158 (England & Wales)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2012**

	Share Capital RM'000	Merger Reserve RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
Year ended 31 December 2011						
At 1 January 2011	411,000	-	-	17,301	212,042	640,343
Vasseti Berhad Group						
Shares issued for business combination	656,145	-	-	-	-	656,145
Adjustment on business combination	(411,000)	(245,145)	-	-	-	(656,145)
At 29 June 2011 – following business combination	656,145	(245,145)	-	17,301	212,042	640,343
Total comprehensive income for 2011	-	-	183	(2,651)	1,510	(958)
Transactions with shareholders:						
Arising from acquisition of subsidiary companies	-	-	-	-	(2,948)	(2,948)
Issue of preference shares	-	-	-	-	49,033	49,033
Redemption of preference shares	-	-	-	-	(29,923)	(29,923)
Preference dividend paid by subsidiaries	-	-	-	(3,827)	-	(3,827)
At 31 December 2012	656,145	(245,145)	183	10,823	229,714	651,720

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2012**

	Share Capital RM'000	Merger Reserve RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
Year ended 31 December 2012						
At 1 January 2012	656,145	(245,145)	183	10,823	229,714	651,720
Total comprehensive income for 2012	-	-	72	3,205	69	3,346
Transactions with shareholders:						
Effect from disposal of subsidiary companies	-	-	-	-	244	244
Redemption of preference shares	-	-	-	-	(74,185)	(74,185)
Preference dividend paid by subsidiaries	-	-	-	(1,616)	-	(1,616)
At 31 December 2012	656,145	(245,145)	255	12,412	155,842	579,509

VASSETI (UK) PLC**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2012**

	Share Capital RM'000	Other Reserve RM'000	Retained Losses RM'000	Total Equity RM'000
Period ended 31 December 2011				
At 29 June 2011 (date of incorporation of company)	524,916	-	-	524,916
Transactions with shareholders:				
Shares issued	131,229	-	-	131,229
Total comprehensive income for the year	-	183	(4,387)	(4,204)
At 31 December 2011	656,145	183	(4,387)	651,941
Year ended 31 December 2012				
At 1 January 2012	656,145	183	(4,387)	651,941
Total comprehensive income for the year	-	72	(1,724)	(1,652)
At 31 December 2012	656,145	255	(6,111)	650,289

VASSETI (UK) PLC**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Cash from operations				
Profit/(loss) before taxation	5,959	543	(1,724)	(4,387)
Adjustments for items not requiring an outflow of funds:				
Bad debts written-off	462	-	-	-
Unrealised (gain)/loss on foreign exchange	(232)	158	(232)	158
Gain from disposal of property, plant and equipment	(49)	(177)	-	-
Gain from disposal of subsidiary companies (note 12)	(4,761)	-	-	-
Property, plant and equipment impaired	3	61	-	-
Goodwill impairment charge	-	5	-	-
Interest expenses	2,902	3,476	5	-
Interest income	(58)	(34)	(1)	(1)
Depreciation	30,107	15,681	-	-
Operating profit/(loss) before changes in working capital	34,333	19,713	(1,952)	(4,230)

VASSETI (UK) PLC
**STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Changes in working capital:				
Decrease/(increase) in trade and other receivables	3,384	2,866	217	-
Increase in inventories	(56)	-	-	-
Increase/(decrease) in trade and other payable	27,557	1,984	(7,475)	4,669
Amount owing to directors	9,643	(4,479)	8,866	-
Interest paid	(667)	(107)	(5)	-
Interest received	58	34	1	-
Exchange translation on foreign currency	(491)	25	-	-
Income taxes refunded	167	75	72	-
Income taxes paid	(107)	(95)	-	-
Net cash from operating activities	73,821	20,016	(276)	439
Investing activities				
Proceeds from sale of property, plant and equipment	549	495	-	-
Increase in assets under construction	(215,312)	(28,265)	-	-
Redemption of other investment	47,000	-	-	-
Net cash inflow from disposal of subsidiaries	5,567	-	-	-
Net cash inflow from acquisition of subsidiary companies (note 12)	-	4,552	-	-
Purchase of property, plant and equipment (note 11)	(4,853)	(15,360)	-	-
Net cash used in investing activities	(167,049)	(38,578)	-	-

**STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Financing activities				
Proceeds from issue of preference shares	-	49,033	-	-
Redeemed on preference shares	(74,185)	(29,923)	-	-
Drawdown of bank borrowings	200,000	2,735	-	-
Dividends paid on preference shares	(3,851)	(7,118)	-	-
Repayment of bank borrowings	(2,467)	(131)	-	-
Net repayment of hire purchase payables	225	(876)	-	-
Increase in pledged fixed deposits	(156)	(3,087)	-	-
Net cash from financing activities	<u>119,566</u>	<u>10,633</u>	<u>-</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents	26,338	(7,929)	(276)	439
Cash and cash equivalents at 1 January	<u>(419)</u>	<u>7,510</u>	<u>439</u>	<u>-</u>
Cash and cash equivalents at 31 December (note18)	<u>25,919</u>	<u>(419)</u>	<u>163</u>	<u>439</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated below.

1.1 Basis of preparation and going concern

The financial statements are prepared under the historical cost convention and on a going concern basis.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (“IFRS”) and in accordance with applicable company law. The parent company’s financial statements have also been prepared in accordance with IFRS.

The financial statements are presented in Malaysian Ringgit (RM) which is the groups’ functional currency and all values are rounded to the nearest thousand RM (RM’000) except when otherwise indicated. The exchange rate of the RM to Pound Sterling as at 31 December 2012 was £1: RM4.0185 (2011: £1: RM 4.88)

Going concern

After making appropriate enquiries and examining those areas which could give rise to financial exposure the directors are satisfied that no material or significant exposures exist and that the group has adequate resources to continue its operations for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the company’s and group’s financial statements.

1.2 Segmental reporting

The activities of the group are divided into operating segments in accordance with the requirements of IFRS 8 ‘Operating Segments’. Operating segments are identified on the same basis that is used internally to manage and report on performance and takes account of the organisational structure of the group based on the various services of the reportable segments. The activities of the group are broken down into four operating segments: Telecommunications, Management and Investment, Golf Course and Trading. The trading segment represents the sales of computer hardware and software. The parent company is included in ‘other’ (note 3).

Internal management and reporting segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the group financial statements. There was no change in accounting policies compared to previous periods. Inter-segment receivables and payables, provisions, income, expenses and profits are eliminated in the column “Eliminations”.

Operating segments are reported in a manner consistent with the internal reporting provided to the ‘chief operating decision-maker’ who is responsible for allocating resources and assessing performance of the operating segments and which has been identified as the Board of Directors that make strategic decisions. In order to assist the decision making process, various measures of segment result and of segment assets have been set for the different operating segments. The advertising, financial services and other entities segments are managed on the basis of the profit after taxation. Capital expenditure on non-current assets is the corresponding measure of segment assets used to determine how to allocate resources.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1.3 Basis of consolidation and comparative information presented

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertakings. The financial information of the subsidiaries is prepared for the same reporting period as the parent company using consistent accounting policies. Intra-group sales, transactions and results are eliminated on consolidation.

Business combinations involving entities under common control

The Company was incorporated on 29 June 2011 and the separate financial statements were prepared for the financial period from 29 June 2011 (date of incorporation) to 31 December 2011. The company acquired the Vasseti Berhad Group and its subsidiaries (“VB”) by means of a share-for-share exchange; this, under IFRS3 ‘Business Combinations’, has resulted in a business combination involving entities under common control, where no acquirer is identified.

As the company acquired another company, by means of such a share-for-share exchange, resulting in a business combination involving entities under common control and where no acquirer is identified, the “pooling of interests” method of consolidation has been used. Therefore, the difference between the purchase consideration and the carrying value of the share capital and premium acquired is adjusted to equity and the comparative consolidated figures are stated on a combined basis.

As these are the first accounts of the company, no comparative information exists for the company’s income statement, balance sheet, statement of changes in equity or cash flow statement.

Business combinations involving entities not under common control

Subsidiaries are entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. For business combinations involving entities not under common control, the consolidated financial statements have been prepared by using the principles of acquisition accounting (“the purchase method”) which includes the results of the subsidiaries from their date of acquisition.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group’s share of the identifiable net assets acquired is recorded as goodwill.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1.3 Basis of consolidation and comparative information presented (continued)

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated fully on consolidation.

The gain or loss on disposal of a subsidiary company is the difference between net disposals proceeds and the group's share of its net assets together with any goodwill and exchange differences.

1.4 Goodwill

Goodwill represents amounts arising on the acquisitions of subsidiaries and is stated at cost less any accumulated impairment losses. Goodwill represents the excess of the cost of an acquisition of a subsidiary over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment on goodwill is recognised immediately in the income statement and is not subsequently reversed. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

1.5 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer and software	3 – 10 years
Building and condominium	50 years
Furniture and fittings and office communication systems	10 years
Office equipment and electrical fittings and mobile phone	5 years
Renovations	4 – 5 years
Ethernet systems	20 years
Motor vehicles and carts	5 years
Fibre infrastructure and Xaraxa	20 years

Leasehold buildings are depreciated over the remaining lease period.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Profits or losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in the income statement.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1.6 Investments

Investments in subsidiary companies are included in the parent company's balance sheet at cost less provision for impairment in value.

1.7 Available-for-sale investments

Available-for-sale investments are investments in unquoted securities which are stated at cost less impairment losses. Impairment is provided where there is a decline in the value of such investments. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

1.8 Inventories

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

1.9 Impairment of 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 annual impairment testing 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 or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

1.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost and comprise cash in hand, cash at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position. For the purposes of the cash flow statement, cash and cash equivalents also include the bank overdrafts but does not include cash at bank that has been pledged as security for bank facilities.

1.11 Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. Provisions for impairment of receivables are included in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1.12 Leasing and hire purchase liabilities

Leases and hire purchase liabilities where a significant portion of the risks and rewards of ownership are retained by the lease are classified as operating leases (e.g. property leases). Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

1.13 Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement 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 year end date.

1.14 Deferred taxation

Deferred income taxes are provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes are determined using tax rates that have been enacted or substantially enacted and are expected to apply when the related deferred income tax asset is realised or the related deferred income tax liability is settled. The principal temporary differences arise from depreciation on property, plant and equipment and tax losses carried forward.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

1.15 Equity instruments

Ordinary shares are classed as equity. Costs directly attributable to the issue of new shares or share options are shown in equity as a deduction from the proceeds.

1.16 Financial instruments

Financial instruments (including redeemable preference shares) are recognised in the statement of financial position when the group has become a party to the contractual provisions of the instrument.

Financial instruments (including redeemable preference shares) are classified as liabilities or equity in accordance with the substance of the contractual agreement and in accordance with the requirements of IAS 32 'Financial Instruments: Presentation'. Interest, dividends, gains and losses relating to a financial instrument classified as liabilities, are reported as expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the group has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1.17 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable net of any sales tax, returns, rebates or discounts and after eliminating sales with the group. Revenue is recognised as follows:

(i) Sales of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Services

Revenue from services rendered is recognised in the statements of comprehensive income in proportion to the stage of completion of the transaction at the statements of financial position date. The stage of completion is assessed by reference to surveys of work performed.

(iii) Rental income

Rental income is recognised in the statements of comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iv) Dividend income

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

(v) Interest income

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

1.18 Financial income and expenses

Financial income comprises interest receivable on cash balances and deposits. Interest income is recognised when the right to receive payments is established. Financial expenses comprise interest payable on bank loans, finance lease charges and other financial costs and charges. Interest payable is recognised on an accrual basis.

1.19 Foreign currency translation

i) Functional and presentational currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency is Malaysian Ringgit (RM). The consolidated financial statements are presented in Malaysian Ringgit, which is the company's presentational currency.

ii) Transactions and balances

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1.20 New IFRS standards and interpretations

During the year no new accounting standards had a material effect on the financial statements of the group.

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangement	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 19 (revised)	Employee Benefits	1 January 2013
IAS 27 (revised)	Separate Financial Statements	1 January 2013
IAS 28 (revised)	Investments in Associated and Joint Ventures	1 January 2013
IFRS1 (amendment)	Government Loans	1 January 2013
IFRS7 (amendment)	Disclosures: Offsetting Financial Assets & Liabilities	1 January 2013
IAS 32 (amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 9	Financial Instruments	1 January 2015

The group has not early adopted these amended standards and interpretations. The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the group's financial statements in the periods of initial application.

2. Significant accounting judgements and estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may differ from the related actual results. The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the future financial years are as follows:

Impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the recoverable amounts of estimated future cash flows expected to arise from the assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

Goodwill

The group follows the requirements of IAS 36 'Impairment of Assets' and tests goodwill annually to determine when goodwill is impaired (see accounting policy in note 1 above and goodwill in note 13 below). This determination requires significant judgment. In making this judgment, the group estimates the recoverable amount of the cash generating units to which goodwill has been allocated based on value-in-use calculations. The value-in-use calculations require the entity to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value. For the purpose of impairment testing, goodwill has been allocated to the company's subsidiaries. The recoverable amount was determined based on value in use and was determined at the cash generating unit which is based on financial budgets approved by the directors using the following key assumptions:

- a) Cash flows are projected based on expected revenue to be generated from the existing business model;
- b) Inflation rate of 3% per annum after the fifth year of forecasts;
- c) A pre-tax discount rate of 10%

The above key assumptions represent the directors' assessment of the future outlook based on their best estimates and they believe that it is unlikely that any reasonable variation in the above assumptions would significantly affect the recoverable amount of goodwill.

Deferred tax

The group estimates future profitability in arriving at the fair value of the deferred tax assets and liabilities. If the final tax outcome is different to the estimated deferred tax amount the resulting changes will be reflected in the income statement, unless the tax relates to an item charged to equity in which case the changes in tax estimates will also be reflected in equity.

Depreciation, useful lives and residual values of non-current assets

The directors estimate the useful lives and residual values of property, plant & equipment and intangible assets in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the income statements and the carrying values of the property, plant & equipment in the statements of financial position.

Judgments

In the process of applying the group's accounting policies, management has made the following significant judgments, apart from those involving estimations, which may have a significant effect on amounts recognised in the financial statements: impairment of assets (including receivables, intangible assets and property, plant and equipment).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

3. Segmental reporting

For the purposes of presenting segment information, the activities of the group are divided into operating segments in accordance with IFRS 8 'Operating Segments'. Operating segments are identified on the same basis that is used internally to manage and report on performance and takes account of the organisational structure of the group based on the various services of the reportable segments. The activities of the group are broken down into major four operating segments: Telecommunication, Management and Investment, Golf Course and Trading, as shown below:

Management and investment	Investment holding and provision for management services
Telecommunication	Leaseline, contractor of fiber infrastructure, rental of equipment and data network, telecommunication and broadband services
Golf course	Golf course development and management
Trading	Trading of hardware and software

Performance is measured based on segment profit before taxation, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Executive Directors, who are the group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

Segment assets information is neither included in the internal management reports nor provided regularly to the Executive Directors. Hence no disclosure is made on segment assets. Segment information is primarily presented in respect of the group's business segment which is based on the group's management and internal reporting structure.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Executive Directors. Hence no disclosure is made on segment liability. Segment information is primarily presented in respect of the group's business segment which is based on the group's management and internal reporting structure.

The group only operates in Malaysia and its revenue comprises the following:

	2012 RM'000	2011 RM'000
Leaseline and maintenance	56,418	48,905
Golf course	9,979	4,144
Trading on hardware and software	6,223	9,673
Rental income	105	177
Others	5	396
	<u>72,730</u>	<u>63,295</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

3 Segmental reporting (continued)

The segment results for 2012 were as follows:

	Investment and Management RM'000	Telecommunication RM'000	Trading RM'000	Golf Course RM'000	Others RM'000	Consolidation/ Elimination RM'000	Total RM'000
Year ended 31 December 2012							
Segment Revenue							
Revenues from external customers	1,661	56,880	6,227	10,025	147	(2,210)	72,730
Segment Results							
(Loss)/Profit from operations	(3,032)	7,987	(862)	252	(202)	4,729	8,872
Finance income	1	48	-	9	-	-	58
Finance costs	(2,537)	-	(296)	(6)	(63)	-	(2,902)
(Loss)/Profit before taxation	(5,568)	8,035	(1,158)	255	(265)	4,729	6,028
Income tax expense	20	(2,498)	12	(203)	-	(16)	(2,685)
Non controlling interest	-	-	-	-	-	(69)	(69)
(Loss)/Profit for the year	(5,548)	5,537	(1,146)	52	(265)	4,644	3,274
Segment Assets							
Segment assets excluding goodwill and intangible assets	450,060	828,105	12,255	42,891	997	(439,087)	895,221
Goodwill	-	-	-	-	-	18,568	18,568
Total Assets	450,060	828,105	12,255	42,891	997	(420,519)	913,789
Segment Liabilities							
	47,170	238,581	8,460	51,910	1,245	(13,086)	334,280

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

3. Segmental reporting (continued)

	Investment and Management RM'000	Telecommunication RM'000	Trading RM'000	Golf Course RM'000	Others RM'000	Consolidation/ Elimination RM'000	Total RM'000
Other segment information							
<i>Capital expenditure</i>							
Property, plant and equipment	5	3,828	29	418	573	-	4,853
Assets under construction	-	215,312	-	-	-	-	215,312
Non-cash expenses/(income)							
Depreciation of property, plant and equipment	378	28,011	202	1,119	327	70	30,107
Gain on disposal of property, plant and equipment	-	2	-	-	(51)	-	(49)
Impairment of investment in subsidiary	2,517	-	-	-	-	(2,517)	-
Bad debts written off	-	462	-	-	-	-	462
Unrealised foreign exchange loss/(gain)	72	-	-	-	-	-	72
Gain on disposal of subsidiaries	(383)	-	-	-	-	(4,378)	(4,761)

Major customers

One customer represented more than 44%(2011: 10%) of total group revenues during the financial year. The telecommunication segment had one customer that represented 57% (2011: 49%) of that segment's total revenues.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

3. Segmental reporting (continued)

	Investment and Management RM'000	Telecommunication RM'000	Trading RM'000	Golf Course RM'000	Others RM'000	Consolidation/ Elimination RM'000	Total RM'000
Year ended 31 December 2011							
Segment Revenue							
Revenues from external customers	97	48,907	9,673	4,144	474	-	63,295
	97	48,907	9,673	4,144	474	-	63,295
Segment Results							
Profit from operations	(5,422)	9,275	1,701	88	(1,380)	(278)	3,984
Finance income	19	7	-	8	-	-	34
Finance costs	(3,368)	-	(59)	(6)	(42)	-	(3,475)
Profit before tax	(8,771)	9,282	1,642	90	(1,422)	(278)	543
Income tax expense	-	(1,208)	(462)	(12)	-	-	(1,682)
Profit for the year	(8,771)	8,074	1,180	78	(1,422)	(278)	(1,139)
Segment Assets							
Segment assets excluding goodwill on consolidation	1,145,457	666,806	18,539	42,279	1,878	(1,143,638)	731,321
Goodwill	-	-	-	-	-	4,847	4,847
- Trading	-	-	-	-	-	13,721	13,721
- Golf Course	-	-	-	-	-	-	-
Total Assets	1,145,457	666,806	18,539	42,279	1,878	(1,125,070)	749,889
Segment Liabilities							
	51,535	29,680	13,599	51,350	2,711	(50,706)	98,169

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

3	Segmental reporting (continued)	Investment and	Telecommunication	Trading	Golf Course	Others	Consolidation/ Elimination	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	Segment Liabilities	51,535	29,680	13,599	51,350	2,711	(50,706)	98,169
	Other segment information							
	<i>Capital expenditure</i>							
	Property, plant and equipment	9,326	261,078	86	1	1,196	(58)	271,629
	Assets under construction	-	28,264	-	-	-	-	28,264
	Non-cash expenses/(income)							
	Depreciation of property, plant and equipment	233	14,536	115	536	262	-	15,682
	Gain on disposal of property, plant and equipment				(177)			(177)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Auditors' remuneration	252	254	135	135
Bad debts written off	462	-	-	-
Depreciation of plant, property and equipment	30,107	15,681	-	-
Directors' remuneration:				
- Fees	440	781	140	-
- Salary and other emoluments	971	769	25	-
- EPF contribution	76	59	-	-
Gain on disposal of property, plant and equipment	(49)	(177)	-	-
Gain on disposal of subsidiaries	(4,761)	-	-	-
Goodwill written off	-	8	-	-
Lease rental	165	52	-	-
Litigation costs	-	2,045	-	-
Rental of office	532	1,082	8	-
Unrealised foreign exchange loss/(gain)	72	158	(232)	158

Fees payable to the parent company's auditor for the audit of the parent company and consolidated financial statements is RM135,000 (2011: RM135,000). No fees were payable to the parent company's auditor for non-audit services.

5. Finance income

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Bank interest receivable	58	34	1	1

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

6. Finance costs

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Term loans interest	297	77	-	-
Hire purchase charges	98	65	-	-
Bank overdraft charges	272	43	5	-
Preference dividends paid by subsidiaries	2,235	3,291	-	-
	<u>2,902</u>	<u>3,476</u>	<u>5</u>	<u>-</u>

7. Taxation

The tax charge is made up as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current taxation - Malaysian	140	495	-	-
Deferred taxation	2,545	1,189	-	-
	<u>2,685</u>	<u>1,684</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

7. Taxation

The group's effective tax rate differs from the standard rate of corporation tax in Malaysia of 25% (2011: 25%) as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit/(Loss) before taxation	5,959	543	(1,724)	(4,387)
Tax at the rate in Malaysia of 25% (2011: 25%)	1,490	136	(431)	(1,097)
<i>Tax effects of:</i>				
Income not subject to tax	(108)	(23)	-	-
Expenses not deductible for tax	802	830	-	-
Deferred tax assets not recognised	1,027	2,648	431	1,097
Deferred tax liabilities not recognised	-	(13)	-	-
Over provision of deferred tax in prior year	(383)	(22)	-	-
Utilisation of previously unrecognised capital allowances	(143)	(175)	-	-
Permanent loss not recognised		279	-	-
Reversal on deferred tax assets not recognised	-	(1,976)	-	-
Total tax charge	2,685	1,684	-	-

Deferred taxation

The deferred tax liabilities are made up of the following:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	1,240	25	-	-
Acquisition of subsidiary companies	-	25	-	-
Relating to original and reversal of temporary differences	2,928	1,212	-	-
Over provision in prior years	(384)	(22)	-	-
At end of financial year	3,784	1,240	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

7. Taxation (continued)

Deferred taxation

Representing after appropriate offsetting as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deferred tax liabilities	95,064	35,618		-
Deferred tax assets	(91,280)	(34,378)		-
	<u>3,784</u>	<u>1,240</u>	<u>-</u>	<u>-</u>

The components and movements of deferred tax liabilities and deferred tax assets of the group and of the company prior to offsetting are as follows:

Deferred tax liabilities of the group are as follows:

	Group Unutilised capital allowance RM'000
2012	
At 1 January	35,618
Relating to origination and reversal of temporary differences	59,810
Over provision in prior year	(364)
At 31 December	<u>95,064</u>
2011	
At 1 January	25
Acquisition of subsidiary company	25
Relating to origination and reversal of temporary differences	35,590
Over provision in prior year	(22)
At 31 December	<u>35,618</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

7. Taxation (continued)

Deferred taxation (continued)

Deferred tax assets of the group:

	Group Unused tax RM'000
2012	
At 1 January	(34,378)
Relating to origination and reversal of temporary differences	(56,902)
At 31 December	<u>(91,280)</u>
2011	
At 1 January	-
Relating to origination and reversal of temporary differences	(34,378)
At 31 December	<u>(34,378)</u>

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Unused tax losses	368,815	12,338	19,901	4,387
Utilised capital allowances	834	78	-	-
	<u>369,649</u>	<u>12,416</u>	<u>19,901</u>	<u>4,387</u>

The key factors that may affect future tax charges include the ability to claim capital allowances in excess of depreciation, utilisation of unrelieved tax losses and changes in tax legislation. The group expects to be able to claim capital allowances in excess of depreciation in future years based on its capital investment plans.

8. Earnings/(Loss) per share

The basic earnings/(Loss) per ordinary share has been calculated using the profit/(Loss) for the financial year attributable to the company's equity shareholders of RM3,205,000 profit in 2012 (year ended 2011: RM2,651,000 loss) and the weighted average number of ordinary shares in issue of 1,500,000,000 (2011: 1,500,000,000).

For the purpose of calculating diluted earnings/(loss) per share, the weighted average number of ordinary shares in issue during the financial period have not been adjusted for dilutive effects of potential dilutive preference shares as those shares are convertible in the subsidiary companies.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

9. Employees information

The employees' costs of the group including directors' remuneration were as follows:

	Group	
	2012 RM'000	2011 RM'000
Wages and salaries	8,161	8,971
Pension contributions	568	657
Social security costs	52	62
Other benefits	46	34
	8,827	9,724

The number of employees (excluding directors) at year end was as follows:

	Group	
	2012 Number	2011 Number
Office & administration	10	26
Sales & marketing	7	7
Finance	16	15
Operation	24	40
Technical & Infrastructure	61	52
Customer Service	15	8
Sport & Starter	50	42
	183	190

10. Directors' emoluments

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short-term employment benefits	1,487	1,609	140	-

The highest paid director's emoluments was:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Director's fees and salaries	180	360	120	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

11. Property, plant and equipment

Group Cost	Computers and software		Freehold buildings and condominium		Leasehold land		Furniture and fittings and office communi-cation system		Office equipment and electrical fittings and mobile phones		Renovations		Ethernet systems and equipment		Motor vehicles and carts		Golf course, clubhouse and staff quarters		Fibre infra-structure and Xaraxa		Total RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2012	2,347	8,903	5,759	1,606	5,059	2,229	10,371	5,269	41,308	269,776	352,625										
Additions	54	-	361	2			3,262	1,174			4,853										
Transfer from assets under construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal/ written off	(43)	-	(12)	(1)	(506)						(563)										(563)
Arising from disposal of subsidiaries	(141)	-	(82)	-	(64)																(287)
At 31 December 2012	2,217	8,903	5,759	1,607	5,326	2,229	13,569	5,937	41,308	540,538	627,390										

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

11. Property, plant and equipment (Continued)

Group	Computers and software RM'000	Freehold buildings and condominium RM'000	Leasehold land RM'000	Furniture and fittings and office communi-cation system RM'000	Office equipment and electrical fittings and mobile phones RM'000	Renovations RM'000	Ethernet systems and equipment RM'000	Motor vehicles and carts RM'000	Golf course, clubhouse and staff quarters RM'000	Fibre infra-structure and Xaraxa RM'000	Total RM'000
Accumulated depreciation											
At 1 January 2012	2,103	45	2,118	1,116	4,923	1,089	3,807	2,870	14,770	13,854	46,695
Charge for the financial year	151	178	98	61	120	308	858	748	717	26,866	30,107
Disposal/											
Written off	(3)	-	-	-	(4)	-	-	(52)	-	-	(59)
Arising from disposal of subsidiaries	(104)	-	-	-	-	-	(32)	-	-	-	(136)
At 31 December 2012	2,147	223	2,216	1,178	5,039	1,397	4,633	3,566	15,487	40,721	76,607
Carrying amount											
2012	70	8,680	3,543	429	287	832	8,936	2,371	25,820	499,817	550,783

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

11. Property, plant and equipment (Continued)

Group Cost	Freehold		Office		Renovations RM'000	Ethernet systems and equipment RM'000	Motor vehicles and carts RM'000	Golf course, clubhouse staff quarters RM'000	Fibre infra- structure and Xaraxa RM'000	Total RM'000
	Computers and software RM'000	buildings and condominium land RM'000	Furniture and fittings and office equipment and electrical fittings and mobile phones RM'000	Leasehold land RM'000						
At 1 January 2011	2,163	-	305	312	780	8,997	178	-	10,512	23,247
Arising from acquisition of subsidiaries	172	513	901	4,733	1,160	-	4,518	41,308	11,197	70,261
Transfer from assets under construction	-	-	-	-	-	-	-	-	247,860	247,860
Additions	150	8,903	221	60	538	1,374	1,119	-	207	12,572
Disposal/	(139)	(512)	(15)	(42)	(55)	-	(547)	-	-	(1,310)
Written off	-	-	194	(5)	(194)	-	-	-	-	(5)
Reclassification 2011	2,346	8,904	1,606	5,058	2,229	10,371	5,268	41,308	269,776	352,625

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

11. Property, plant and equipment (Continued)

Group	Computers and software RM'000	Freehold buildings and condominium RM'000	Leasehold land RM'000	Furniture and fittings and office communi-cation system RM'000	Office equipment and electrical fittings and mobile phones RM'000	Renovations RM'000	Ethernet systems and equipment RM'000	Motor vehicles and carts RM'000	Golf course, clubhouse and staff quarters RM'000	Fibre infra-structure and Xaraxa RM'000	Total RM'000
At 1 January 2011	1,944	-	-	143	237	273	2,828	11	-	526	5,962
Arising from acquisition of subsidiaries	158	200	2,068	885	4,637	552	-	3,077	14,412	-	25,989
Charge for the financial year	153	45	49	75	52	312	979	328	359	13,329	15,681
Disposal/written off	(153)	(199)	-	(5)	(9)	(29)	-	(547)	-	-	(942)
Reclassification	-	-	-	18	5	(18)	-	-	-	-	5
2011	2,102	46	2,117	1,116	4,922	1,090	3,807	2,869	14,771	13,855	46,695
Carrying amount 2011	244	8,858	3,642	490	136	1,139	6,564	2,399	26,537	255,921	305,930

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

11. Property, plant and equipment (Continued)

Included in property, plant and equipment of the group are motor vehicles acquired under hire purchase arrangements with carrying amounts of RM1,851,332 (2011: RM945,290).

	Group	
	2012	2011
	RM'000	RM'000
Aggregate cost	4,853	2,395
Less : Hire purchase financing	<u>(809)</u>	<u>(304)</u>
Cash payment	<u>4,044</u>	<u>2,091</u>

The freehold of the building with carrying amount of RM8,858,323 (2011: RM9,959,323) has been pledged to licensed bank as security for credit facilities granted to the company as disclosed in note 22 to the financial statements.

12. Investments in subsidiaries

	Group	
	2012	2011
	RM	RM
At cost:		
Unquoted shares, at cost		
In Malaysia	<u>656,145</u>	<u>656,145</u>

(a) The subsidiary companies and shareholdings therein are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2012	2011	
		%	%	
Direct holding:				
Vasseti Berhad	Malaysia	100	100	Investment holding
Indirect holdings:				
Ezreen Auto Berhad	Malaysia	100	100	Hiring and rental of vehicles and fleet management
Kairos Asia Berhad	Malaysia	100	100	Rental of equipments and data network systems
Medina Real Estate Berhad	Malaysia	100	100	Intended activity is those of as a real estate investment

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

12. Investments in subsidiaries (Continued)

(a) The subsidiary companies and shareholdings therein are as follows: (cont'd)

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2012 %	2011 %	
Indirect holdings:				
Vasseti Datatech Berhad	Malaysia	-	100	Provider of internet access, applications, content, equipment, data centre and related services
Vasseti Engineering Berhad	Malaysia	100	100	Contractor for engineering, construction and fiber laying works
Vasseti HR Services Berhad	Malaysia	-	100	Recruitment and human resource management services
Vasseti Farmlands Berhad	Malaysia	-	100	Dormant
Vasseti Life Concepts Berhad	Malaysia	-	100	Event management and lifestyle membership services
V Telecoms Berhad	Malaysia	91	91	Providers of telecommunication and broadband services and computer hardware and software dealer
Vasseti Security Malaysia Berhad	Malaysia	-	100	Dormant
Kyowa Kanko Kaihatsu (M) Berhad	Malaysia	51	51	Owner of golf course and clubhouse
HD Technology Sdn Bhd	Malaysia	51	51	Hardware and software computer dealer
Vasseti Private Jets Berhad	Malaysia	-	100	Dormant
Medic Channel (M) Sdn. Bhd.	Malaysia	-	70	Intended principal activities are media production house and electronic advertising agency

The directors have assessed the carrying value of the investments in subsidiaries and in their opinion no provision for impairment is currently considered necessary.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

12. Investments in subsidiaries (Continued)

(a) Acquisition of subsidiary companies

On 15 July 2011 the group acquired 51% of the share capital of Kyowa Kanko Kaihatsu (M) Berhad (“KKK”) for RM1. That company is the owner of Templar Park golf course and clubhouse. The group’s share of the net liabilities acquired was RM4.8 million.

On 9 November 2011, the group acquired 51% of HD Technology Sdn Bhd (“HDT”), for a consideration of RM15.5 million. HDT is primarily engaged in the Information Technology industry and has been granted the rights for the distribution of Huawei products and is the Enterprise Authorised Distributor for Malaysia and other territories as specified in its appointment. HDT is also sourcing for distributorships of other international brands in the communication and computer related equipment.

The effect of the acquisitions of HDT and KKK on the financial results of the group during the 2011 financial year was as follows:

	2011 RM’000
Revenue	13,859
Cost of sales	(10,694)
Gross profit	<u>3,165</u>
Other operating income	141
Administrative expenses	(924)
Finance costs	<u>(65)</u>
Profit before taxation	2,317
Taxation	<u>(436)</u>
Net profit after taxation	1,881
Dividends	<u>-</u>
Net profit for the financial year	<u>1,881</u>

The following table summarises the consideration paid for the acquisitions during 2011, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the date of acquisition.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

12. Investment in subsidiary companies (Continued)

(b) Acquisition of subsidiary companies (continued)

The assets and liabilities arising from the HDT and KKK acquisitions are as follows:

	2011 RM'000 Book and Fair Values
Property, plant and equipment	33,075
Inventories	146
Trade and other receivables	11,071
Cash and bank balances	4,552
Trade and other payables	(7,790)
Refundable security payable	<u>(47,070)</u>
Net liabilities	(6,016)
Less : Non-controlling interest	<u>2,948</u>
Group's share of net liabilities	(3,068)
Goodwill on consolidation (note 13)	<u>18,568</u>
 Total cost of acquisition	 <u>15,500</u>

The cash outflow arising from the acquisition is as follows:

	Group 2011 RM'000
Purchase consideration satisfied in shares	15,500
Less: Amount owing to Director	<u>(15,500)</u>
Purchase consideration satisfied by cash	-
Less: Cash and cash equivalents of the subsidiary companies	<u>(4,552)</u>
 Net cash (inflow)/outflow of the Group	 <u>(4,552)</u>

If the acquisition had occurred on 1 January 2011 the contribution to the group's revenue and profit for the financial year would have been RM24,327,523 (2010: RM30,722,610) and RM1,257,584 (2010: RM22,441,981) respectively.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

12. Investment in subsidiary companies (Continued)

(c) Disposal of subsidiary companies

On 1 December 2012, the Group disposed of subsidiaries for a cash consideration of RM5,683,067 and amount contra with Director account amounted to RM600,006. The subsidiaries was previously reported as part of the Investment and management segment and Trading segment.

The disposal of subsidiaries gave rise to a gain of RM4,761,339 in the Company's financial statements.

The effect of the disposal subsidiaries. on the financial position of the Group as at the date of disposal was as follows:

	2012 RM'000
Property, plant and equipment	151
Asset under construction	1,932
Investment in subsidiary	300
Trade and other receivables	1,611
Cash and bank balances	116
Trade and other payables	(2,832)
Tax payable	(1)
Non controlling interest	245
Net assets disposed	<u>1,522</u>
Gain on disposal of subsidiaries	<u>4,761</u>
Proceeds from disposal of subsidiaries	6,283
Less: Contra with director account	(600)
Less: Cash and cash balances disposed	<u>(116)</u>
Net cash inflows from disposal	<u><u>5,567</u></u>

13. Goodwill

	Group	
	2012 RM'000	2011 RM'000
Cost		
At 1 January	18,568	-
On acquisition of subsidiary companies (see below)	-	18,573
Written off	-	(5)
At 31 December (note 12)	<u>18,568</u>	<u>18,568</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

13. Goodwill (continued)

Goodwill acquired in business combinations is allocated, at acquisition, to the cash generating units (“CGUs”) that are expected to benefit from the business combinations. The carrying amount of goodwill has been allocated as follows:

	2012	2011
	RM’000	RM’000
Kyowa Kanko Kaihatsu (M) Berhad (Golf course segment) (“KKK”)	4,847	4,847
HD Technology Sdn Bhd (Trading segment) (“HDT”)	13,721	13,721
	<u>18,568</u>	<u>18,568</u>

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGU’s are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the forecast period. Management estimated the discount rates of 10% that reflect current market assessments of the time value of money and the risks specific to the CGU’s. Future cash flows are derived from the most recent financial budget approved by management for the next five years, beyond that period cash flows are extrapolated using a growth rate of 3%. The growth rates of 3% are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The directors have applied sensitivities to the goodwill impairment test and increasing the discount rate by 3% and removing the 3% growth rate does not result in any impairment of the goodwill for the CGUs.

The directors have conducted a sensitivity analysis on the impairment test of each CGU’s carrying value with the following results:

- The discount rate would need to increase to 36% to remove the headroom in the HDT CGU; to 54% to remove the headroom in the KKK CGU;
- Reducing the long term growth rate to 0% does not create an impairment charge in either CGU.
- Cash flows over the next five years would need to reduce by 79% to remove the headroom in the HDT CGU; by 64% to remove the headroom in the KKK CGU.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

14. Assets under construction

	Group	
	2012	2011
	RM'000	RM'000
At January 2012	287,277	506,872
Additions in year	215,312	28,265
Disposal of subsidiaries (Note 12)	(1,932)	-
Transferred to property, plant and equipment (Note 11)	(270,762)	(247,860)
	<u>229,895</u>	<u>287,277</u>

The above amount of RM229,894,726 (2011: RM285,370,437) represent costs incurred on core fibre infrastructure network of a subsidiary company, V Telcoms Berhad. This North-South fibre network installation is currently in progress.

Included in assets under construction with carrying amount of RM210,998,046 (31.12.2011: RM Nil) are pledged to a licensed bank for credit facilities granted to the Company disclosure in Note 22.

On 9 July 2010 V Telecoms issued shares to Open Fibre Sdn Bhd in exchange for telecommunication equipment with a value of USD125 million within the assets in the course of construction above included. V Telecoms was then acquired by the Vasseti Berhad group on 30 November 2010. Open Fibre Sdn Bhd is a significant shareholder in the company and shares common directors.

During the year, the Group has transferred total amount of RM270,761,912 to Property, plant and equipment for intend used and the remaining balance of RM229,894,726 is currently in progress.

15. Available-for-sale investments

	Group	
	2012	2011
	RM'000	RM'000
Unquoted preference shares, at cost		
In Malaysia		
At 1 January	97,000	97,000
Redemption during the year	(47,000)	-
At 31 December	<u>50,000</u>	<u>97,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

15. Available-for-sale investments (continued)

On 5 December 2008 Paneagle Holdings, a company related by virtue of common influence, issued 97 million redeemable preference shares to V Telecoms in exchange for telecommunication assets of a similar value. The shares are redeemable on the tenth anniversary of the issue date but can be redeemed at an earlier date if agreed by the issuer and attracts a cumulative 5% dividend per annum.

The above investment is in a company in which certain directors of the company have financial interests. The directors have assessed whether there is any objective evidence that the available-for-sale investments are impaired and in their opinion no provision for impairment is currently considered necessary.

On 5 July 2012 Paneagle Holdings Berhad have redeemed total amount of RM47,000,000 comprises 47,000,000 units redeemable preference shares at RM1.00 each.

The above available-for-sale investments are carried at cost and not fair values as fair values cannot be measured reliably because the preference shares are unquoted.

16. Inventories

	Group	
	2012 RM'000	2011 RM'000
At cost		
Finished goods	201	145

17. Trade and other receivables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade receivables :				
Related parties	2,943	5,846	-	-
Third parties	7,070	13,502	-	-
	<u>10,013</u>	<u>19,348</u>	<u>-</u>	<u>-</u>
Other receivables and prepayments	4,309	5,002	15	-
Deposits	2,370	4,090	-	-
Amount owing by subsidiary	-	-	3,063	-
Amount owing by related parties	15,057	6,950	-	-
	<u>31,749</u>	<u>35,390</u>	<u>3,078</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

17. Trade and other receivables (continued)

At 31 December 2012 the ageing of trade receivables was as follows:

	Group	
	2012 RM'000	2011 RM'000
0-1 month	2,987	15,118
1-2 months	1,421	1,241
2-3 months	4,310	364
3-5 months	63	274
5-12 months	-	317
More than 12 months	1,232	2,034
At 31 December	<u>10,013</u>	<u>19,348</u>

The Group have not recognised any impairment trade receivables that are past due at the end of financial year, as there has not been significant change in credit quality and these amounts are still considered receivable.

18. Cash and cash equivalents

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and bank balances	14,241	1,992	163	439
Fixed deposits with licensed banks	18,348	3,426	-	-
	<u>32,589</u>	<u>5,418</u>	<u>163</u>	<u>439</u>
Less:				
Fixed deposits with licensed banks pledged	(3,243)	(3,087)	-	-
Bank overdraft (Note 22)	(3,427)	(2,750)	-	-
	<u>25,919</u>	<u>(419)</u>	<u>163</u>	<u>439</u>

The group also has fixed deposits of RM3,243,142 (2011: RM 3,087,000) pledged as security for bank facilities. As these are pledged accounts they are not included in the cash and cash equivalents in the consolidated statement cash flows and are shown separately on the consolidated statement of financial position.

The interest rate of deposits were 3.05% to 3.08% (2011: 2.91% to 3.00%) per annum and the maturities of deposits are 30 days to 365 days.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

19. Share capital

	Group/ Company	
	Number of shares	
	2012	2011
	Unit	Unit
Authorised		
1,500,000,000 ordinary shares of €0.10 each	<u>1,500,000,000</u>	<u>1,500,000,000</u>
Called up, allotted and fully paid		
1,500,000,000 ordinary shares of €0.10 each	<u>1,500,000,000</u>	<u>1,500,000,000</u>

	Group/ Company	
	Amount	
	2012	2011
	RM'000	RM'000
Authorised		
1,500,000,000 ordinary shares of €0.10 each	<u>656,145</u>	<u>656,145</u>
Called up, allotted and fully paid		
1,500,000,000 ordinary shares of €0.10 each	<u>656,145</u>	<u>656,145</u>

There are no outstanding share options or warrants at 31 December 2011.

20. Non-controlling interests

The group had the following non-controlling interests in respect of its subsidiaries:

	Group	
	2012	2011
	RM'000	RM'000
Non-controlling interests in respect of:		
- Ordinary shareholders	105,582	105,279
- Preference shareholders	<u>50,250</u>	<u>124,435</u>
	<u>155,832</u>	<u>229,714</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

20. Non-controlling interests (continued)

The breakdown of the movements on non-controlling interests in respect of subsidiaries' preference shareholders:

		Group	
	Note	2012 RM'000	2011 RM'000
Redeemable Preference Share			
("RPS") of RM0.01 each			
Issued and paid up	(a)	-	199
Share premium	(a)	-	19,701
		<u>-</u>	<u>19,900</u>
Redeemable Preference Share			
("RPS") and Redeemable			
Convertible Cumulative Preference			
Shares ("RCCPS") of RM1.00 each			
Issued and paid up	(b)	-	6,200
Redeemable Convertible Cumulative			
Preference Shares ("RCCPS") and			
Redeemable Convertible Preference			
Shares of RM0.10 each			
Issued and paid up	(c)	5,025	12,548
Share premium	(c)	45,225	85,787
		<u>50,250</u>	<u>98,335</u>
Total issued and paid up and share premium		<u>50,250</u>	<u>124,435</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

20. Non-controlling interests (continued)

(a) Redeemable Preference Share (“RPS”) of RM0.01 each

	2012 RM'000	2011 RM'000
Issued and paid-up		
At 1 January	199	143
Issued during the year	-	56
Redemption	(199)	-
At 31 December	<u>-</u>	<u>199</u>
Share premium		
At 1 January	19,701	14,206
Arising in respect of issuance of RPS during the year	-	5,495
Redemption	(19,701)	-
At 31 December	<u>-</u>	<u>19,701</u>
	<u>-</u>	<u>19,900</u>

(b) Redeemable Preference Share (“RPS”) and Redeemable Convertible Cumulative Preference Shares (“RCCPS”) of RM1.00 each

	2012 RM'000	2011 RM'000
Issued and paid-up		
At 1 January	6,200	250
Issued during the year	-	35,873
Redeemed during the year	(6,200)	(29,923)
At 31 December	<u>-</u>	<u>6,200</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

20. Non-controlling interests (continued)

(c) Redeemable Convertible Cumulative Preference Shares (“RCCPS”) and Redeemable Convertible Preference Shares (“RCPS”) of RM0.10 each

	2012	2011
	RM'000	RM'000
Issued and paid-up		
At 1 January	12,548	12,548
Redemption	(7,523)	-
At 31 December	<u>5,025</u>	<u>12,548</u>
Share premium		
At 1 January	85,787	78,177
Redemption	(40,562)	-
Uncalled share premium paid	-	7,610
At 31 December	<u>45,225</u>	<u>85,787</u>
	<u>50,250</u>	<u>98,335</u>
Uncalled and unpaid share premium		
At 1 January	27,140	34,750
Uncalled share premium paid	-	(7,610)
At 31 December	<u>27,140</u>	<u>27,140</u>

The salient terms of the Redeemable Cumulative Convertible Preference Shares (“RCCPS”) of RM0.10 each are as follows:

- (i) The subscriber agrees that the Issuer shall have the sole discretion to require the subscriber to allow the redemption of the RCCPS on a date earlier than the maturity date.
- (ii) The RCCPS carries a minimum cumulative dividend of 5% per annum payable in arrears.
- (iii) The RCCPS shall rank pari passu among themselves and priority to any other classes of redeemable preference shares of the Issuer.

**NOTES TO THE FINANCIAL STATEMENTS
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20. Non-controlling interests (continued)

- (iv) In the absence of any dividend payment, the Shareholders of the Issuer shall on the scheduled dividend payment date, effect the Issuer pay to the Investor an amount equivalent to the dividend amount due and payable to the Investor. Upon receipt of such payment, the Subscriber shall assign the unpaid cumulative dividend to the Issuer.

The Issuer reserves the rights to convert the payments made to Investor under this Shareholders Payment Guarantee as shareholders advances into V Telecoms Berhad.

The salient terms of the Redeemable Convertible Preference Shares (“RCPS”) of RM0.10 each issued by the Company are as follows:

- (i) At the respective redemption dates, each RCPS shall be redeemed at RM1.00 per unit.
- (ii) The RCPS shall rank pari passu among themselves and priority to any other classes of shares of the Issuer.
- (iii) Prior to listing, Paneagle Holdings Berhad shall have the first right of refusal to redeem any RCPS outstanding.
- (iv) In the event of default, the shareholders of V Telecoms Berhad shall surrender all its rights under the 104,999,999 shares in the Issuer to Ingenious Growth Fund.

21. Trade and other payables

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Trade payables	27,201	8,228	-	-
Other payables and accruals	10,870	7,783	135	122
Deposits received	1,801	-	-	-
Amounts due to directors	28,937	18,061	8,866	-
Amounts due to subsidiaries	-	-	-	4,521
	<u>68,809</u>	<u>34,072</u>	<u>9,001</u>	<u>4,643</u>

The trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The directors consider that the carrying value of trade and other payables approximates to their fair value.

The normal trade credit terms granted to the group ranges from 30 to 120 days.

The amounts due to directors are unsecured, interest free and repayable on demand.

Amount due to subsidiaries are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

22. Bank borrowings

	Group	
	2012 RM'000	2011 RM'000
Term loans	206,586	6,809
Bank overdrafts	3,427	2,751
Bank guarantee	770	290
Letter of credit	-	2,723
	210,783	12,573

On 23 May 2012, V Telecoms Berhad, a subsidiary company of the Group has obtained approval on financing from a licensed bank for an amount of RM 400 million for the purpose to develop Coastal network which consist of fiber optic network around peninsular Malaysian. Subsequently to the above, total drawdown of RM 200 million has been approved and drawdown on 2 July 2013.

Analysis of the bank borrowings are as follows:

	Group	
	2012 RM'000	2011 RM'000
Repayable within twelve months		
Term loans	230	219
Bank overdrafts	3,427	2,751
Bank guarantee	770	290
Letter of credit	-	2,723
	4,427	5,983
Repayable in more than twelve months		
Term loans	206,356	6,590

The term loans of the group were obtained from licensed banks and are secured by the following:

- (a) facilities Agreement stamped for RM406,862,968;
- (b) open all monies first party assignment over the sale and purchase agreement relating to the rights, title and interest to the freehold building as disclosed in note 11 to the financial statements;
- (c) private caveat over the master title; and
- (d) joint and several guaranteed by a director of the group and the company;
- (e) a corporate guarantee by holding company; and
- (f) a assignment over insurance policy.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

22. Bank borrowings (continued)

The other facilities of the group are obtained from licensed banks and are secured by the following:

- (a) cash margin in the form of time deposit;
- (b) a pledge of fixed deposits of the subsidiary company as disclosed in note 18 to the financial statements;
- (c) jointly and severally guaranteed by certain Directors of the subsidiary company;
- (d) a debenture incorporating first fixed and floating charge over the Subsidiary's Asset under construction as disclosed in Note 8; and
- (e) a jointly completion guarantee by a third party ; and
- (f) a assignment over insurance policy.

Maturities of the bank borrowings are as follows:

	Group	
	2012	2011
	RM'000	RM'000
Within one year	4,427	5,983
Between one and two years	240	229
Between two and five years	788	753
After five years	205,328	5,608
	<u>210,783</u>	<u>12,573</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

23. Hire purchase liabilities

	Group	
	2012	2011
	RM'000	RM'000
(a) Minimum hire purchase payments		
Payable within one year	393	1,177
Payable between one to five years	1,534	426
Payable after five years	326	406
	<u>2,253</u>	<u>2,009</u>
Less: Future finance charges	(345)	(326)
Present value of hire purchase liabilities	<u>1,908</u>	<u>1,683</u>
(b) Present value of hire purchase liabilities		
Within one year	295	223
Between one to five years	1,248	1,175
After five years	365	285
	<u>1,908</u>	<u>1,683</u>
Analysed as:		
Repayable within twelve months	295	223
Repayables after twelve months	1,613	1,460
	<u>1,908</u>	<u>1,683</u>

The hire purchase liabilities bore interest at rates ranging from (2012: 2.45% to 4.10%) 2.3% to 4.4%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

24. Other payable

This other payable of RM47,529,000 (2011: RM47,178,000) represents a security sum paid by the members of the group's golf course in consideration of the granting of the license to each member for the use of golfing and recreational facilities. This is refundable upon expiry of the lease.

25. Financial instruments

Interest rate risk

The group's primary interest rate risk relates to short term interest bearing debt.

The group manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

The effective weighted average interest rate of the cash at bank was 3.05% (2011: 2.5%).

Credit risk

The group's principal financial assets are receivables and cash at bank.

The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the group's management. The group manages the exposures to credit risk by performing credit evaluations on all their major customers.

The group has cash and bank balances and deposits placed with creditworthy licensed banks. The credit risk on liquid funds is limited because the counter parties are banks with high credit ratings.

Financial liabilities

On 23 May 2012, V Telecoms Berhad, a subsidiary company of the Group has obtained approval on financing from a licensed bank for an amount of RM 400 million for the purpose to develop Coastal network which consist of fiber optic network around peninsular Malaysian. Subsequently to the above, total drawdown of RM 200 million has been approved and drawdown on 2 July 2013.

Financial risk management

Financial risk management is carried out through risk reviews and internal control systems. The board reviews these risks and approves the policies covering the management of these risks.

Capital risk management

The group considers capital to be its equity reserves. At the current stage of the group's life cycle, the group's objective in managing its capital is to ensure funds raised meet its working capital requirements.

The group ensures it is meeting its objectives by reviewing its KPIs to ensure its activities are progressing in line with expectations, controlling costs and placing unused funds on deposits to conserve resources and increase returns on surplus cash held.

Currency risk

The functional currency and the majority of the group's operating activities is denominated in RM. The group is exposed to currency risk as a result of the foreign currency transactions entered into by the group in currencies other than the functional currency.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

25. **Financial instruments (continued)**

Interest rate risk (continued)

The group obtains financing through other financial liabilities. The group's policy is to obtain the financing with the most favourable interest rates in the market.

The group constantly monitors its interest rate risk and does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes. At the end of the reporting period, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

Net fair value

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amount derived from such methods and valuation technique are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of amount estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amount of the various financial assets and financial liabilities reflected on the statements of financial position approximate their fair values.

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of the Group are as follows:

- Cash and cash equivalents, trade and other receivables, intercompany balances, trade and other payables and short-term borrowings. The carrying amounts are considered to approximate the fair values as they are within the normal credit terms or they have short-term maturity period.
- Other financial assets - securities that are not quoted in an active market, for which there is no observable market data and fair value cannot be reliably measured, are carried at acquisition cost.
- Long-term borrowings - 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.

Fair value of financial instruments by categories that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

	2012		2011	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Financial Liability				
Hire purchases payables	1,613	1,644	1,683	1,265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

26. Capital commitments

	Group	
	2012 RM'000	2011 RM'000
Approved and contracted for:		
Assets under construction	913,628	8,094

27. Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the group and the company had the following transactions with related parties during the financial year:

	Group	
	2012 RM'000	2011 RM'000
Sales goods and services:		
V Telecoms Global	32,005	24,000
Fibre N	-	1,232
Vasseti Tourist	1,500	223
Purchases goods and services:		
Paneagle Holdings (including purchase of assets under construction)	211,018	24,872
Paneagle Infratek	-	600
Rental of motor vehicles:		
Paneagle Infratek	13	47
Settlement of liabilities on behalf of the company and its subsidiary companies	1,234	13,521
Amounts included in trade receivables:		
Fibre N	1,232	1,518
Paneagle Infratek	-	51
V Telecoms Global	1,709	4,277

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

27. Related party transactions (continued)

	Group	
	2012 RM'000	2011 RM'000
Amounts included in other receivables:		
Due from a director of Kyowa Kanko Kaihatsu (M) Berhad (a subsidiary of the company)	6,467	5,627
Coffee Sense	-	294
Business Network Alliances	6,613	1,022
Amounts included in trade payables:		
Paneagle Holdings Berhad	20,539	403

The nature and relationship between the company and the related parties are as follows:

- (i) Companies in which the directors of the company and/or its subsidiary companies have financial interest;
- (ii) Director of the company; and
- (iii) Companies in which the directors of the company and/or its subsidiary companies are common directors.
- (iv) Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any director of the company.

Compensation of key management personnel of the group

Key management personnel of the group are defined as those persons having authority and responsibility for the planning, directing and controlling the activities of the group, directly or indirectly. Key management of the group are therefore considered to be the directors of the company. There were no transactions with the key management, other than their emoluments. The remuneration of key management is set out below in aggregate for the categories specified in IAS 24 "Related party disclosures".

The following table summarises remuneration paid to key management personnel:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short-term employment benefits	1,487	1,609	140	-

Further information about the remuneration of directors is shown in note 10 above.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

28. Control

The company and group are controlled by its shareholders. No one shareholder has overall control.

29. Significant events

During the financial year the following significant events took place for the Group as follow:

On 1 December 2012, the disposed of subsidiaries for a cash consideration of RM5,683,067 and amount contra with Director account amounted to RM600,006. The subsidiaries were previously reported as part of the property segment. The disposal of subsidiaries gave rise to a gain of RM4,761,339 in the Company's financial statements. The effect of the disposal subsidiaries on the financial position of the Group as at the date of disposal date were disclosed in Note 5.

30. Subsequent Events

Subsequent to the financial year, the following subsequent event took place for the Group and its subsidiary as follow:

On 12 June 2013, Panegle Holding Berhad was wrote their intention to redeem remaining balance of redeemable preference share of 50,000,000 at RM 1.00 per shares amounting to RM50,000,000 by way of contra with amount due from V Telcom Berhad to Panegle Holding Berhad. Subsequently approved by Board of Director with a resolution of the Directors dated 17 June 2013.