

## APPENDIX A

### PREVIOUS STUDIES ON MANDATORY AND VOLUNTARY DISCLOSURES, VARIABLES AND FINDINGS OF STUDIES

Corporate governance variables	Author(s)	Disclosure type: M=mandatory V=voluntary	Findings /Results
Independent directors	Chen and Jaggi (2000)	M, V	+
	Ho and Wong (2001)	V	Insignificant
	Cheng and Courtenay (2006)	V	+
	Eng and Mak (2003)	V	-
	Arcay and Vasquez (2005)	V	+
	Wan-Hussin (2009)	M	Insignificant
Multiple directorships	Dahya, Lonie and Power (1996)		-
	Haniffa and Cooke (2002)	V	Insignificant
Family-controlled firms	Haniffa and Cooke (2000)	V	-
	Ho and Wong (2001)	V	+
	Arcay and Vasquez (2005)	V	Insignificant
	Wan-Hussin (2009)	M	+
Government-owned	Eng and Mak (2003)	V	+
	Luo, Courtenay and Hossain (2006)	V	Insignificant
	Ghazali and Weetman (2006)	V	Insignificant
Insider ownership	Eng and Mak (2003)	V	-
	Arcay and Vasquez (2005)	V	-
	Ghazali and Weetman (2006)	V	Significant
	Luo, Courtenay and Hossain (2006)	V	-
Company size	Chow and Wong-Boren (1987)	V	+
	Ahmad and Nicholls (1994)	V	Insignificant
	Hossain et al. (1994)	V	Significant
	Wallace, Naser and Mora (1994)	M	+
	Raffournier (1995)	V	Significant
	Inchausti (1997)	M, V	+
	Owusu-Ansah (1998)	M	+
	Haniffa and Cooke (2002)	V	Significant
	Ho and Wong (2001)	V	+
	Archambault & Archambault (2003)	M, V	Insignificant
	Karim and Ahmed (2005)	M	Significant
	Alsaeed (2006)	V	+
	Aljifri (2008)	M	Insignificant

Liquidity	Wallace, Naser and Mora (1994)	M	-
	Owusu-Ansah (1998)	M	Insignificant
	Alsaeed (2006)	V	Insignificant
Profitability	Wallace, Naser and Mora (1994)	M	Insignificant
	Raffournier (1995)	V	Insignificant
	Inchausti (1997)	M, V	+
	Owusu-Ansah (1998)	M	+
	Haniffa and Cooke (2002)	V	Significant
	Alsaeed (2006)	V	Insignificant
	Karim and Ahmed (2005)	M	Significant
	Aljifri (2008)	M	Insignificant
Leverage	Chow and Wong-Boren (1987)	V	-
	Wallace, Naser and Mora (1994)	M	Insignificant
	Hossain et al. (1994)	V	Insignificant
	Raffournier (1995)	V	Insignificant
	Archambault & Archambault (2003)	M, V	Insignificant
	Karim and Ahmed (2005)	M	Significant
	Aljifri (2008)	M	Insignificant
Auditor type	Ahmad and Nicholls (1994)	V	+
	Wallace, Naser and Mora (1994)	M	Insignificant
	Hossain et al. (1994)	V	Insignificant
	Raffournier (1995)	V	Insignificant
	Inchausti (1997)	M, V	+
	Karim and Ahmed (2005)	M	Significant
	Alsaeed (2006)	V	Insignificant
Industry type	Wallace, Naser and Mora (1994)	M	Insignificant
	Raffournier (1995)	V	Insignificant
	Owusu-Ansah (1998)	M	Insignificant
	Haniffa and Cooke (2000)	V	Significant
	Alsaeed (2006)	V	Insignificant

## APPENDIX B

### SELF-CONSTRUCTED COMPLIANCE CHECKLIST FOR FRS 138 INTANGIBLE ASSETS

Company:	
Industry:	
Auditor:	

NOTE: Items **NOT** included within the scope of this standard are: Goodwill acquired from business combinations, deferred tax assets, leases, assets arising from employment benefits, intangibles held for sale in the ordinary course of the business (i.e. inventories and construction contracts), deferred acquisition costs and intangible assets arising from insurance contracts and non-current intangible assets classified as held for sale in accordance with FRS 5 (*Non-current assets held for sale and discontinued operations*), financial assets as defined in FRS 32 (*Financial instrument: Presentation*), exploration and evaluation assets defined in FRS 6 (*Exploration for and evaluation of mineral resources*), expenditure on the development and extraction of minerals, oil, natural gas and similar non-regenerative resources.

*Compliance disclosure index score:*

Level	Compliance category	Code	Score	LENIENT		STRICT	
				CMR	CDR	CMR	CDR
1	Compliance with FRS 138	COM	1				
2	Non-compliance with FRS 138	NCM	0				
3	Items not applicable	NAP	0				
Total							

Formula	LENIENT	STRICT
CMR =	$\frac{\text{CMR}}{\text{CMR} + \text{NCM}_{[\text{CMR}]}}$	$\frac{\text{CMR}}{\text{CMR} + \text{NCM}_{[\text{CMR}]} + \text{NAP}_{[\text{CMR}]}}$
CDR =	$\frac{\text{CDR}}{\text{CDR} + \text{NCM}_{[\text{CDR}]}}$	$\frac{\text{CDR}}{\text{CDR} + \text{NCM}_{[\text{CDR}]} + \text{NAP}_{[\text{CDR}]}}$
COM =	$\frac{\text{CMR} + \text{CDR}}{\text{CMR} + \text{CDR} + \text{NCM}_{[\text{CMR} + \text{CDR}]}}$	$\frac{\text{CMR} + \text{CDR}}{\text{CMR} + \text{CDR} + \text{NCM}_{[\text{CMR} + \text{CDR}]} + \text{NAP}_{[\text{CMR} + \text{CDR}]}}$

\*Within some of the questions in checklist, [OR] indicates an option (to choose /tick either one).

Financial Reporting Standard 138 Intangible Assets									
RECOGNITION AND MEASUREMENT COMPLIANCE CHECKLIST									
No	FRS 138 requirement	Compliance question	COM	NCM	NAP				
COMPLIANCE WITH FINANCIAL REPORTING STANDARDS – GENERAL STATEMENT (not counted)									
	Statement made on the compliance with Malaysian Financial Reporting Standards?	Did the entity assert in its accounting policy within the Notes to the Financial Statements a statement that suggests compliance with FRS in general?							
	Auditor’s supporting opinion	Did the statement correspond with auditors’ opinion on the preparation of financial statements and compliance with FRS?							
RECOGNITION AND MEASUREMENT – Separate acquisition									
1	138.11-12 Identifiability	Was the entity able to identify an intangible asset and recognise it accordingly?  <i>i. Separable, transferable, capable of being licensed, rented, exchanged, etc.</i>  <i>ii. Arises from existence of contractual and legal rights</i>							
2	138.13-17 Control	Does the entity have the power to obtain future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits?  <i>(Control as in the form of legal rights, copyright, restraint trade agreement, etc)</i>							
3	138.22 Assessment of future economic benefits	Did the entity assess the probability of expected future economic benefits using reasonable and supportable assumptions?							
4	138.24-28 Acquisition cost composition:	Are intangible assets <u>initially measured at cost</u> , including only <u>directly attributable</u> expenditure on preparing the assets for its intended use? <table><tr><td>Acquisition cost</td><td>Directly attributable costs</td></tr><tr><td>Purchase price, import duties, taxes, trade discounts, installation costs, etc.</td><td>Cost of employee benefit professional fees, cost of testing or functioning</td></tr></table> <i>The issue is usually the identification of such “directly” attributable expenditure and the justification for their recognition. Was the entity able to identify such directly attributable expenditure and justify their recognition as intangible assets?</i>	Acquisition cost	Directly attributable costs	Purchase price, import duties, taxes, trade discounts, installation costs, etc.	Cost of employee benefit professional fees, cost of testing or functioning			
Acquisition cost	Directly attributable costs								
Purchase price, import duties, taxes, trade discounts, installation costs, etc.	Cost of employee benefit professional fees, cost of testing or functioning								
RECOGNITION AND MEASUREMENT – As part of a business combination									
5	138.33-38 Measuring the fair	Did the entity record the identified intangible asset <i>separately</i> from goodwill at its <i>fair value</i> that can be measured reliably?							

	value on intangibles	<i>Fair value = quoted market price/current bid price/price of most similar transaction.</i>  <i>The issues are usually whether an entity is able to identify such intangible asset separately (usually difficult to identify as the acquiree does not recognise them, and most of the time, entities would simply “bypass” the identification of such separate intangible asset and the amount would simply be included as part of Goodwill if identified.</i>  <i>Even if such IA could be identified separately, the follow-on issue is how to value them reliably (eg, valuing a brand name, mast head, etc.) and the valuation cost may be prohibitive.</i>			
6	138.42-43 Subsequent in-process R&D expenditure	Is <u>subsequent expenditure</u> on an in-progress research and development project recognised as an <u>expense</u> when incurred if it is <u>research</u> expenditure? [OR]			
	(with reference to para54-62)	Recognised as an expense when incurred if it is development expenditure that <u>does not satisfy the criteria</u> for recognition? [OR]			
		Added to the carrying amount of the acquired in-process research or development project if it is <u>development expenditure that satisfies all criteria</u> ?			
RECOGNITION AND MEASUREMENT – Acquisition by way of government grant					
7	138.44 Initial measurement	Has the intangible asset been measured initially either at <u>fair value or nominal amount</u> in accordance with <u>FRS 120</u> ?			
RECOGNITION AND MEASUREMENT – Acquisition by way of exchanges of assets					
8	138.45-47 Acquisition in exchange for <u>non-monetary asset(s)</u>	Did the entity measure the cost of such intangible asset <u>at fair value</u> ? [OR]			
		If the exchange transaction lacks commercial substance, or the fair value of neither the asset received nor the asset given up is reliably measurable, did the entity measure its cost <u>at the carrying amount of the asset given up</u> ? [OR]			
		If the entity is able to determine reliably the fair value of either the asset received or the asset given up, did the entity measure the cost of intangible asset as <u>the fair value of the asset given up</u>  <i>(unless the fair value of the asset received is more clearly evident)?</i>			
RECOGNITION AND MEASUREMENT – Internally generated Goodwill					
9	138.48-50 Recognition of an item as intangible asset	Did the entity <u>not recognise</u> the difference between its market value and carrying amount of its net assets ( <u>*internally generated goodwill</u> ) as intangible asset?  <i>*Expenditure incurred to generate future economic benefits but does not result in the creation of an intangible asset as stipulated by FRS 138</i>			

RECOGNITION AND MEASUREMENT – Internally generated intangible assets					
10	138.52 Classification into research or development cost	Was the entity able to identify expenditure incurred to generate future economic benefits which result in the creation of an intangible asset?  If Yes, was the entity able to classify such generation of IA into: i) a research phase, or ii) a development phase?			
11	138.53 Undistinguishable cost	If research phase is <u>indistinguishable</u> from development phase for an internal project, has the entity treated the related expenditure as if it were incurred in the <u>research phase</u> ?  <i>Internally generated brands, mastheads, publishing titles, customer lists and similar items shall not be recognised as IA</i>			
12	138.54-56 Research phase	Did the entity recognise the expenditure incurred at <u>research phase as expense</u> when it is incurred?  <i>Research phase:</i> <i>Exploratory/discovery/search for alternatives/formulation/design/evaluation/improvement, etc</i>			
13	138.57-59 Development phase	Did the entity <u>capitalise</u> the expenditure incurred at <u>development phase</u> that fulfilled criteria as per para57?  <i>Criteria:</i> <i>Technical feasibility of completing the IA, intention/ability to complete/sell/use the IA, measurable reliably.</i>  <i>The problem is usually justifying the existence of ALL the qualifying criteria for capitalisation. Was the entity able to demonstrate and evidence (by way of documentation, etc.) the existence of ALL the criteria for recognition and capitalisation of IA at development stage?</i>			
14	138.60-62 Combination with other assets	If the intangible asset generates economic benefit only when <u>combined with other assets</u> , did the entity consider the following on its intangible assets: i) Apply the concept of <u>cash-generating units</u> in FRS 136 Impairment of Assets; ii) <u>Availability of resources</u> to complete, use and obtain benefits from the assets; and iii) <u>Ability to measure reliably</u> the cost of generating intangible assets internally?			
RECOGNITION OF AN EXPENSE					
15	138.68-69 Expenditure on intangible assets	Is expenditure on an intangible asset <i>recognised as an expense</i> when it is incurred?  <i>*Unless:</i> <i>i) it forms part of the cost of an intangible asset that meets the recognition criteria; or</i> <i>ii) the item is acquired in a business combination and</i>			

		<i>cannot be recognised as an intangible asset. If this is the case, it forms part of the amount recognised as goodwill at the acquisition date?</i>			
16	138.71 Recognition of previous expenses	Is expenditure on intangible asset item that was <u>initially recognised as expense</u> in previous annual financial statements or interim financial reports <u>excluded from recognition</u> (capitalised) of an intangible asset at a later date?			
<b>MEASUREMENT AFTER RECOGNITION Historical cost / Revaluation model</b>					
17	138.72-79 Cost / revaluation model option	If an intangible asset is accounted for using the <u>cost model</u> , has the entity carried it at its <u>cost</u> less any accumulated amortisation and accumulated impairment losses? <b>[OR]</b>			
		If an intangible asset is accounted for using the <u>revaluation model</u> , has the entity carried it at its <u>fair value</u> at the date of revaluation less any subsequent accumulated amortisation and impairment losses?			
18	138.72 Class of asset valuation	If an asset is accounted for using the revaluation model, have all the <u>other assets in its class</u> been accounted for using the <u>same model</u> also, unless there is no active market for those assets?			
19	138.85-87 Revaluation surplus	If the carrying amount of the intangible asset has been <u>increased</u> as a result of the revaluation, has the increase been <u>recognised in other comprehensive income</u> and accumulated in equity under the heading <u>revaluation surplus</u> ?  <i>*Unless the revaluation reverses a previous revaluation decrease of the same asset recognised in profit or loss</i>			
<b>USEFUL LIFE</b>					
20	138.88-96 Useful life assessment (with reference to para 90)	Has the entity assessed whether the useful life of an intangible asset is <u>indefinite or finite</u> ? <b>[OR]</b>			
		If the intangible asset is created from contractual or other legal rights, does the useful life <u>not exceed</u> the period of the contractual/other legal rights? <b>[OR]</b>			
		If the useful life of an intangible asset is influenced by both <u>economic and legal factors</u> , has the entity based the asset's useful life calculation <u>on the shorter period of the two</u> ?			
21	138.97 Amortisation method	Has the depreciable amount (i.e. after deducting residual value, if any) of a finite useful life intangible asset <u>been allocated on a systematic basis</u> (such as straight-line, reducing balance and unit of production method) over its useful life? <b>[OR]</b>			
		If the entity is <u>unable to determine</u> a pattern reliably in which an asset's future economic benefits are expected to be consumed, has the entity used <u>the straight-line method</u> ?			

22	138.99 Recognition as expense	Is the <u>amortisation</u> charge for each period <u>recognised as an expense</u> , unless another Standard permits or requires it to be included in the carrying amount of another asset?			
23	138.100-103 Residual value	Is the residual value of a finite intangible asset <u>assumed to be zero</u> ? <i>*Unless:</i> <i>i) there is a commitment by a third party to purchase the assets</i> <i>ii) there is an active market for the assets</i> [OR]  If the residual value of the intangible asset is <u>greater than zero</u> , does the entity expect to dispose of the asset before the end of its economic life?			
REVIEW OF AMORTISATION PERIOD AND METHOD					
24	138.104-106 Review of amortisation period and method	Does the entity <u>review</u> the amortisation period as well as the amortisation method for <u>finite</u> intangible assets at least at <u>each financial year-end</u> ?			
25	138.109 Useful life assessment	Does the entity review the useful life of an intangible asset with <u>indefinite</u> useful life (that is not being amortised) <u>each period</u> to determine whether events and circumstances <u>continue to support an indefinite useful life</u> assessment for that asset?			
26	138.107-108 Impairment test	In accordance with FRS 136 <i>Impairment of Assets</i> , and in respect of its intangible assets with indefinite useful life, does the entity test for impairment <u>annually</u> , and whenever there is an <u>indication of impairment</u> ?			
27	138.110 Impairment loss	If the entity <u>performed impairment test</u> for the asset in accordance with IAS 36 <i>Impairment of Assets</i> , has the entity recognised any excess of the carrying amount over the recoverable amount as <u>an impairment loss</u> ?			
28	138.112-117 Retirements and disposals	If an intangible asset is being <u>derecognised</u> , is the difference between the net disposal proceeds and carrying amount of the asset recognised as <u>gains or losses arising from derecognition</u> and the amount <u>included</u> in the profit and loss? <i>IA shall be derecognised on disposal or when future economic benefits no longer expected.</i>			
29	138.115 Replacement for part of intangible asset	Did the entity recognise the <u>cost of a replacement for a new part</u> of an intangible asset in the carrying amount and <u>dispose</u> (derecognise) the (old) part that has been replaced from the carrying amount?			



Financial Reporting Standard 138 Intangible Assets DISCLOSURE COMPLIANCE CHECKLIST					
No	FRS 138 requirement	Compliance question	COM	NCM	NAP
GENERAL DISCLOSURE REQUIREMENT					
1	138.118	Type of intangible, <u>clearly distinguishing</u> between internally developed / separate acquisition / business combination for each class of intangible asset.  <i>Note:</i> <i>A class of intangible asset is a grouping of assets of similar nature and use aggregate or disaggregate accordingly to provide more relevant information for the users of financial statements:</i> <i>a) Brand names</i> <i>b) Mastheads and publishing titles</i> <i>c) Computer software</i> <i>d) Licenses and franchises</i> <i>e) Copyrights, patents, industrial rights, service, operating rights</i> <i>f) Recipes, formulae, models, designs, prototypes</i> <i>g) Intangible assets under development</i>			
And for each class of intangible asset, disclose the following:					
2	138.118(a)	Whether the useful life is finite/ indefinite If <u>finite</u> , the useful lives or amortisation rate			
3	138.118(b)	Amortisation <u>method</u> used (finite life)			
4	138.118(c)	Gross carrying amount and any accumulated amortisation and impairment <u>at the beginning and end of period</u>			
5	138.118(d)	Amortisation <u>amount</u> in statement of comprehensive income and the <u>line item</u> in which it is included			
Reconciliation of the carrying amount at the beginning and end of period showing the following:					
6	138.118(e)	(i) <u>Additions</u> (new acquisitions) of intangible asset <u>separately identified</u> into those internally generated, acquired separately and through business combination			
7		(ii) Assets classified as " <u>held for sale</u> " or included in group disposal held for sale and other disposals			
8		(iii) Increase or decrease during the period resulting from <u>revaluations</u> and impairment losses <u>recognised or reversed</u> in other comprehensive income			
9		(iv) Impairment losses under FRS 136 <u>recognised</u> in the profit or loss			
10		(v) Impairment losses under FRS 136 <u>reversed</u> in the profit or loss			
11		(vi) <u>Amortisation</u> recognised during the period			

12		(vii) Net <u>exchange differences</u> arising from translation			
13		(viii) Other <u>changes in the carrying amount</u> during the period			
14	138.120	Other disclosure requirements in respect of impaired intangible assets in accordance with FRS 136 <i>Impairment of Assets</i> in addition to those required in FRS 138.			
15	138.121	Nature and amount of any changes in an <u>accounting estimate</u> relating to intangible assets in accordance with FRS 108.  <i>Such as: Changes in the assessment of useful life, the amortisation method, or residual values</i>			
16	138.122(a)	<u>For intangible assets with indefinite useful life:</u> Carrying amount			
17		The <u>reasons supporting</u> the assessment of an indefinite useful life			
18		Description of the factor(s) that played a significant role in determining that the asset has an indefinite useful life.			
19	138.122(b)	Description of the carrying amount, remaining amortisation period of any individual intangible asset that is material			
20	138.122(c)	<u>For acquisition by government grant:</u>  (i) Fair value initially recognised			
21		(ii) Carrying amount			
22		(iii) Whether measured after recognition under <u>cost or revaluation model</u>			
23	138.122(d)	The existence and the carrying amounts of the following: - restricted titles - pledged as securities for liabilities			
24	138.122(e)	Contractual commitment amount for acquisition of intangible asset			
MEASUREMENT AFTER RECOGNITION: REVALUATION MODEL					
25	138.124(a)	For each class of intangible assets accounted for at <u>revalued amounts</u> , disclose the following:  (i) Effective date of revaluation			
26		(ii) Carrying amount of the revalued intangible assets			
27		(iii) The carrying amount that would have been recognised had the revalued class of intangible assets been measured after recognition using the <u>cost model</u>			
28	138.124(b)	<u>Revaluation surplus</u> at the beginning and end of period, indicate changes during the period and restrictions on			

		distribution of the balance to shareholders			
29	138.124(c)	Methods and significant assumptions applied in <u>estimating fair value</u>			
RESEARCH AND DEVELOPMENT EXPENDITURE					
30	138.126	Aggregate amount of R&D expenditure <u>recognised as expense</u> during the period			
OTHER INFORMATION (additional – disclosure encouraged but not required – not counted)					
	138.128(a)	Description of fully amortised intangible assets that are still in use			
	138.128(b)	Brief description of significant intangible assets controlled by the entity but not recognised as assets because they did not meet the recognition criteria in this Standard			

## APPENDIX C

### LIST OF COMPANIES TAKEN AS SAMPLES (RETRIEVED FROM BURSA MALAYSIA, 2008)

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1	Amtel Holdings Berhad	Technology
2	Apex Healthcare Berhad	Consumer products
3	Astro All Asia Networks plc	Trading/Services
4	Axiata Group Berhad	Trading/Services
5	BCT Technology Berhad	Technology
6	Berjaya Corporation Berhad	Trading/Services
7	Berjaya Land Berhad	Trading/Services
8	Berjaya Sports Toto Berhad	Trading/Services
9	BHS Industries Berhad	Trading/Services
10	Bintulu Port Holdings Berhad	Trading/Services
11	Biosis Group Berhad	Consumer products
12	Bonia Corporation Berhad	Consumer products
13	Borneo Aqua Harvest Berhad	Technology
14	Borneo Oil Berhad	Trading/Services
15	Box-Pak (Malaysia) Berhad	Industrial products
16	Brite-Tech Berhad	Trading/Services
17	British American Tobacco	Consumer products
18	BSA International Berhad	Technology
19	Cahaya Mata Sarawak Berhad	Industrial products
20	Carlsberg Brewery Malaysia Berhad	Consumer products
21	Carotech Berhad	Industrial products
22	Chemical Company of Malaysia Berhad	Industrial products
23	CN Asia Corporation Berhad	Industrial products
24	CNI Holdings Berhad	Trading/Services
25	Cuscapi Berhad	Technology
26	Cworks Systems Berhad	Technology
27	CyberTowers Berhad	Technology
28	D & O Ventures Berhad	Technology
29	Dataprep Holdings Berhad	Technology
30	Daya Materials Berhad	Trading/Services
31	Dialog Group Berhad	Trading/Services

32	DiGi.Com Berhad	Infrastructure
33	DISTechnology Holdings Berhad	Technology
34	DKSH Holdings Malaysia Berhad	Trading/Services
35	Dolomite Corporation Berhad	Industrial products
36	DRB Hicom Berhad	Industrial products
37	Dreamgate Corporation Berhad	Trading/Services
38	DVM Technology Berhad	Technology
39	DXN Holdings Berhad	Consumer products
40	Eastern & Oriental Berhad	Properties
41	Ebworx Berhad	Technology
42	Ecofirst Consolidated Berhad	Trading/Services
43	Ecofuture Berhad	Industrial products
44	Eden Incorporation Berhad	Trading/Services
45	Efficient e-Solutions Berhad	Trading/Services
46	Ekovest Berhad	Construction
47	Eng Technology Holdings Berhad	Technology
48	Englotechs Holdings Berhad	Industrial products
49	EP Manufacturing Berhad	Industrial products
50	ES-Ceramic Technology Berhad	Industrial products
51	Esso Malaysia Berhad	Industrial products
52	Esthetic International Group	Trading/Services
53	ETI Technology Corporation Berhad	Technology
54	Envair Holdings Berhad	Trading/Services
55	ExcelForce MSC Berhad	Technology
56	Extol MSC Berhad	Technology
57	Faber Group Berhad	Trading/Services
58	Fastrack Solutions Holding Berhad	Technology
59	Favelle Favco Berhad	Industrial products
60	Fiamma Holdings Berhad	Trading/Services
61	Fitters Diversified Berhad	Trading/Services
62	Focus Dynamics Technology Berhad	Technology
63	Formis Resources Berhad	Technology
64	Formosa Prosonic Industries Berhad	Consumer products
65	Fraser & Neave Holdings Berhad	Consumer products
66	FSBM Holdings Berhad	Trading/Services
67	Fututech Berhad	Industrial products

68	G.Pro Technologies Berhad	Technology
69	Gefung Holdings Berhad	Industrial products
70	Genting Berhad	Trading/Services
71	George Kent Malaysia Berhad	Trading/Services
72	Global Soft (MSC) Berhad	Technology
73	Goldis Berhad	Consumer products
74	Grand-Flo Solutions Berhad	Technology
75	Green Packet Berhad	Technology
76	Green Yield Berhad	Industrial products
77	Haisan Resources Berhad	Trading/Services
78	HELP International Corporation	Trading/Services
79	Hexagon Holdings Berhad	Trading/Services
80	Hing Yiap Knitting Industries Berhad	Consumer products
81	Hirota Holdings Berhad	Industrial products
82	HeiTech Padu Berhad	Technology
83	Hong Leong Industries Berhad	Consumer products
84	Hovid Berhad	Consumer products
85	Hubline Berhad	Trading/Services
86	IFCA MSC Berhad	Technology
87	IJM Corporation Berhad	Construction
88	Inch Kenneth Kajang Rubber plc	Plantation
89	Industrial Concrete Products Berhad	Construction
90	Industronics Berhad	Technology
91	Infortech Alliance Berhad	Technology
92	Ingenuity Solutions Berhad	Technology
93	Ingress Corporation Berhad	Industrial products
94	INIX Technologies Holdings Berhad	Technology
95	Innity Corporation Berhad	Trading/Services
96	Intelligent Edge Technologies Berhad	Technology
97	I-Power Berhad	Technology
98	IQ Group Holdings Berhad	Consumer products
99	IRIS Corporation Berhad	Technology
100	ISS Consulting Solutions Berhad	Technology
101	Jaya Tiasa Holdings Berhad	Industrial products
102	Jerasia Holdings Berhad	Consumer products
103	JF Technology Berhad	Technology

104	JHM Consolidated Berhad	Technology
105	Jobstreet Corporation Berhad	Trading/Services
106	John Master Industries Berhad	Consumer products
107	Kannaltec Berhad	Trading/Services
108	KBB Resources Berhad	Consumer products
109	KBES Berhad	Trading/Services
110	Keck Seng (Malaysia) Berhad	Industrial products
111	Key Asic Berhad	Technology
112	Keywest Global Telecommunications Berhad	Trading/Services
113	KFC Holdings Berhad	Trading/Services
114	Khee San Berhad	Consumer products
115	Khind Holdings Berhad	Consumer products
116	Kian Joo Can Factory Berhad	Industrial products
117	Kim Loong Resources Berhad	Plantation
118	KNM Group Brhad	Industrial products
119	Kobay Technology Berhad	Technology
120	Komarkcorp Berhad	Industrial products
121	K-One Technology Berhad	Technology
122	Kotra Industries Berhad	Consumer products
123	KSL Holdings Berhad	Properties
124	Kuala Lumpur Kepong Berhad	Plantation
125	KUB Malaysia Berhad	Trading/Services
126	Kulim Malaysia Berhad	Plantation
127	Kumpulan Perangsang Selangor Berhad	Trading/Services
128	Kzen Solutions Berhad	Technology
129	Lafarge Malayan Cement Berhad	Industrial products
130	Lay Hong Berhad	Consumer products
131	LB Aluminium Berhad	Industrial products
132	Lingkaran Trans Kota Holdings	Infrastructure
133	Lion Industries Corporation Berhad	Industrial products
134	LiteSpeed Eduction Technologies Berhad	Technology
135	Lityan Holdings Berhad	Technology
136	Luster Industries berhad	Industrial products
137	Luxchem Corporation berhad	Trading/Services
138	M3 Technologies Asia Berhad	Technology
139	M3nergy Berhad	Trading/Services

140	Mah Sing Group Berhad	Properties
141	Malayan Flour Mills berhad	Consumer products
142	Malaysian AE Models Holdings Berhad	Industrial products
143	Malaysian Airline System Berhad	Trading/Services
144	Malaysian Smelting Corporations Berhad	Industrial products
145	Marco Holdings Berhad	Trading/Services
146	Matrix International Berhad	Properties
147	MCM Technologies Berhad	Technology
148	Media Prima Berhad	Trading/Services
149	Melewar Industrial Group Berhad	Industrial products
150	MEMS Technology Berhad	Technology
151	Metro Kajang Holdings Berhad	Properties
152	Metrod (Malaysia) Berhad	Industrial products
153	Metronic Global Berhad	Trading/Services
154	Mexter Technology Berhad	Technology
155	Microlink Solutions Berhad	Technology
156	Mikro MSC Berhad	Technology
157	Milux Corporation Berhad	Consumer products
158	MISC Berhad	Trading/Services
159	Mlabs Systems Berhad	Technology
160	MMC Corporations Berhad	Trading/Services
161	M-Mode Berhad	Trading/Services
162	MNC Wireless Berhad	Technology
163	MTD Infra Perdana Berhad	Infrastructure
164	Mtouche Technology Berhad	Technology
165	Multi Purpose Holdings Berhad	Trading/Services
166	My E.G. Services Berhad	Trading/Services
167	N2N Connect Berhad	Technology
168	Naim Holdings Berhad	Properties
169	Naim Indah Corporation Berhad	Trading/Services
170	Natural Bio Resources Berhad	Consumer products
171	NCB Holdings	Trading/Services
172	Nepline Berhad	Trading/Services
173	Nextnation /Communication Berhad	Technology
174	Nova MSC Berhad	Technology
175	Nylex (Malaysia) Berhad	Industrial products



176	OCB Berhad	Trading/Services
177	Octagon Consolidated berhad	Industrial products
178	Olympia Industries Berhad	Trading/Services
179	Online One Corporation Berhad	Technology
180	OpenSys (M) Berhad	Technology
181	Oriental Holdings Berhad	Consumer products
182	Oriented Media Groups Berhad	Technology
183	OSK Property Holdings	Properties
184	Padiberas Nasional Berhad	Consumer products
185	Palette Multimedia Berhad	Technology
186	Parkson Holdings Berhad	Trading/Services
187	Patimas Computers Berhad	Technology
188	Pelangi Publishing Group	Industrial products
189	Pelikan International Corporation Berhad	Consumer products
190	Pensonic Holdings Berhad	Industrial products
191	Pentamaster Corporation Berhad	Technology
192	Perisai Petroleum Teknologi Berhad	Industrial products
193	Permaju Industries Berhad	Industrial products
194	Pharmaniaga Berhad	Trading/Services
195	PJ Bumi Berhad	Industrial products
196	PLUS Expressway Berhad	Trading/Services
197	PPB Group Berhad	Consumer products
198	Premium Nutrients Berhad	Industrial products
199	Prestar Resources	Industrial products
200	Prinsiptek Corporation Berhad	Construction
201	Protasco Berhad	Construction
202	Proton Holdings Berhad	Consumer products
203	PUC Founder (MSC) Berhad	Technology
204	Puncak Niaga Holdings	Infrastructure
205	Putrajaya Perdana Berhad	Construction
206	QL Resources Berhad	Consumer products
207	QSR Brands Berhad	Trading/Services
208	Ramunia Holdings Berhad	Trading/Services
209	Ranhill Berhad	Construction
210	Redtone International Berhad	Trading/Services
211	Resintech Berhad	Industrial products

212	Resort World Berhad	Trading/Services
213	Rexit Berhad	Technology
214	Rimbunan Sawit Berhad	Plantation
215	SAAG Consolidated (M) Berhad	Trading/Services
216	Salcon Berhad	Trading/Services
217	Sanichi Technology Berhad	Industrial products
218	Sapura Industries Berhad	Industrial products
219	Sapura Resources Berhad	Properties
220	SapuraCrest Petroleum Berhad	Trading/Services
221	Scomi Engineering Berhad	Industrial products
222	Scomi Group Berhad	Industrial products
223	SEG International Berhad	Trading/Services
224	Selangor Properties Berhad	Properties
225	Sequoia Holdings Berhad	Consumer products
226	Sersol Technologies Berhad	Industrial products
227	SHL Consolidated Berhad	Properties
228	Silver Bird Group Berhad	Consumer products
229	Silver Ridge holdings Berhad	Technology
230	Sime Darby Berhad	Trading/Services
231	Sindora Berhad	Industrial products
232	Sitt Tatt Berhad	Industrial products
233	SKP Resources Berhad	Industrial products
234	SLP Resources Berhad	Industrial products
235	SMR Technologies Berhad	Technology
236	South Malaysia Industries Berhad	Properties
237	Stamford College Berhad	Trading/Services
238	Star Publications (Malaysia) Berhad	Trading/Services
239	Subur Tiasa holdings Berhad	Industrial products
240	Sumatec Resources Berhad	Trading/Services
241	Sunzen Biotech Berhad	Trading/Services
242	Supercomal Technologies Berhad	Industrial products
243	Superlon Holdings Berhad	Industrial products
244	Suria Capital Holdings Berhad	Trading/Services
245	Symphony House Berhad	Trading/Services
246	Ta Ann Holdings Berhad	Industrial products
247	Taliworks Corporatins Berhad	Trading/Services

248	Tamadam Bonded Warehouse Berhad	Trading/Services
249	Tamco Corporate Holdings Berhad	Industrial products
250	Tanjong Public Limited Company	Trading/Services
251	Tasek Corporation Berhad	Industrial products
252	TecAsia Group Berhad	Technology
253	Technodex Berhad	Technology
254	Teck Seng Holdings Berhad	Consumer products
255	Telekom Malaysia Berhad	Trading/Services
256	TFP Solutions Berhad	Trading/Services
257	The Media Shoppe Berhad	Technology
258	Tien Wah Press Holdings Berhad	Industrial products
259	Time Engineering Berhad	Trading/Services
260	TMC Life Science Berhad	Trading/Services
261	Tomypak holdings Berhad	Industrial products
262	Tracoma Holdings Berhad	Industrial products
263	TRC Synergy Berhad	Construction
264	Tricubes Berhad	Technology
265	TSH Resources Berhad	Plantation
266	UBG Berhad	Construction
267	UMS Nieken Group Berhad	Industrial products
268	UMW Holdings Berhad	Consumer products
269	Unisem (M) Berhad	Technology
270	United U-Li Corporations Berhad	Industrial products
271	Utusan Melayu (Malaysia) Berhad	Trading/Services
272	VisDynamics Holdings Berhad	Technology
273	Vitrox Corporation Berhad	Technology
274	Vizstel Solutions Berhad	Technology
275	Voir Holdings Berhad	Trading/Services
276	Wah Seong Corporations Berhad	Industrial products
277	Wawasan TKH Holdings Berhad	Industrial products
278	Wijaya Baru Global Berhad	Industrial products
279	Winsun Technologies Berhad	Technology
280	Wong Engineering Corporations Berhad	Industrial products
281	Woodlandor Holdings Berhad	Industrial products
282	WTK Holdings Berhad	Industrial products
283	Y.S.P. Southeast Asia Holdings Berhad	Consumer products

284	Ya Horng Electronic (M) Berhad	Industrial products
285	Yeo Hiap Seng (M) Berhad	Consumer products
286	Ygl Convergence Berhad	Technology
287	Yinson Holdings Berhad	Trading/Services
288	YTL Cement Berhad	Industrial products
289	YTL Corporations Berhad	Construction
290	Zecon Berhad	Construction

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## APPENDIX D

### WHITE'S (1980) TEST TO INDETIFY HETEROSCEDASTICITY

Dependent Variable: **LENIENT**

Method: Least Squares

Sample: 1 222

Included observations: 222

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.001542	0.077505	12.92226	0.0000
INDEPD	0.037204	0.027729	1.341700	0.1808
MULTI	-0.020538	0.019146	-1.072740	0.2843
FAMILY	-0.025796	0.018497	1.394549	0.0534
GOVERN	0.005702	0.029400	0.193944	0.8464
DIRECT	0.018291	0.023092	0.792102	0.4290
PROFIT	-0.001196	0.008591	-0.139229	0.8894
LIQUID	0.000259	0.000729	0.355486	0.7225
LEVLAG	0.000585	0.006501	0.089942	0.9284
SIZE	-0.001128	0.008025	-0.140590	0.8883
AUDIT	0.022654	0.010430	2.171994	0.0307
IND_TECHNO	-0.014545	0.033220	-0.437842	0.6618
IND_INFRAS	-0.021003	0.032324	-0.649774	0.5164
IND_INDSTR	-0.015448	0.049350	-0.313033	0.7545
IND_CONSUM	-0.030406	0.038221	-0.795533	0.4270
IND_TRDSVC	-0.016094	0.033730	-0.477129	0.6337
IND_PLANTA	-0.039909	0.032321	-1.234767	0.2180
IND_CONSTR	-0.008427	0.038221	-0.220489	0.8257
R-squared	0.039483	Mean dependent var		0.988032
Adjusted R-squared	-0.020549	S.D. dependent var		0.073591
S.E. of regression	0.074343	Akaike info criterion		-2.300189
Sum squared resid	1.503322	Schwarz criterion		-2.072403
Log likelihood	351.5274	Hannan-Quinn criter.		-2.208927
F-statistic	0.657699	Durbin-Watson stat		1.849695
Prob (F-statistic)	0.842918			

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Dependent Variable: **STRICT**

Method: Least Squares

Sample: 1 222

Included observations: 222

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.799625	0.233556	3.423696	0.0007
INDEPD	0.132125	0.084144	1.570224	0.1175
MULTI	-0.050799	0.057703	-0.880342	0.3795
FAMILY	-0.090370	0.056122	-1.610232	0.1085
GOVERN	-0.069156	0.089082	-0.776318	0.4382
DIRECT	-0.066748	0.070043	3.952962	0.0076
PROFIT	0.010536	0.024870	0.423637	0.6722
LIQUID	0.001632	0.002206	0.739795	0.4601
LEVLAG	-0.059666	0.115824	-0.515146	0.6069
SIZE	-0.003712	0.024059	0.154293	0.0655
AUDIT	0.067801	0.031582	2.146814	0.0327
IND_TECHNO	-0.130611	0.100577	-1.298621	0.1952
IND_INFRAS	-0.070803	0.097957	-0.722796	0.4704
IND_INDSTR	0.021926	0.147022	0.149136	0.8816
IND_CONSUM	-0.059666	0.115824	-0.515146	0.6069
IND_TRDSVC	-0.027926	0.102152	-0.273382	0.7848
IND_PLANTA	0.057900	0.097982	-0.590923	0.5551
IND_CONSTR	-0.006304	0.115194	-0.054721	0.9564
R-squared	0.060714	Mean dependent var		0.752650
Adjusted R-squared	0.005461	S.D. dependent var		0.225916
S.E. of regression	0.225299	Akaike info criterion		-0.085758
Sum squared resid	13.80657	Schwarz criterion		0.129914
Log likelihood	29.39202	Hannan-Quinn criter.		0.000661
F-statistic	1.098846	Durbin-Watson stat		1.465095
Prob (F-statistic)	0.355802			

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## APPENDIX E

### LIST OF SUB-ITEMS CONTAINED IN LEV'S (2001) CODING CATEGORIES TOGETHER WITH THE DEFINITIONS

Sub-items	Definition
1. Research and development	Discovery of new knowledge about products, processes and services, and then applying that knowledge to create new and improved products, processes, and services that fill market needs.
2. Workforce training & development	The process of teaching staff better and more profitable ways of working.
3. Organisational capital, process	<p><i>Organisational capital:</i> the measure of the accumulated financial strength of an organisation created by sacrificing present consumption in favour of investment to generate future returns above the investment costs.</p> <p><i>Organisational process:</i> Sequence of interdependent and linked procedures which, at every stage, consume one or more resources (employee time, energy, machines, money) to convert inputs (data, material, parts, etc.) into outputs. These outputs then serve as inputs for the next stage until a known goal or end result is reached within the organisation.</p>
4. Technology purchase	The acquisition of purposeful application of information in the design, production, and utilization of goods and services, and in the organization of human activities. (Intangible technology includes consultancy, problem solving, and training methods).
5. Spill over utilisation	The benefits enjoyed (utilised) by a company as a result from the innovative activities of others (knowledge acquired by learning from and imitation of others' innovations or embedded in an acquired asset).
6. Capital expenditures	Amount spent to acquire or upgrade productive assets (such as buildings, machinery and equipment, vehicles) to increase the capacity or efficiency of a firm for more than one accounting period. Also called capital spending.
7. R&D alliances & joint ventures	<p><i>R&amp;D alliance:</i> a mutually beneficial formal relationship formed between two or more parties to pursue a set of agreed upon goals while remaining independent organisations, where acquiring new knowledge is a goal by itself. The different parties agree to combine their knowledge to create new innovative products.</p> <p><i>Joint ventures:</i> Two or more parties (companies) come together to form a (temporary) cooperative partnership for the purpose of carrying out a particular project. The JV parties agree to develop, for a finite time, a new entity and new assets by contributing equity. They exercise control over the enterprise and consequently share revenues, expenses, risks</p>

		and assets.
8.	Supplier and customer integration	Suppliers and customers fitting well with each other into the firm's operation for the design and improvement of new products, services or processes.
9.	Communities of practice	<p>(Employees') network which shares information and experience among employees within an organisation.</p> <p>"A group of experts who work on similar topics in the same discipline and who would like to communicate and exchange ideas and concepts at an expert level"</p>
10.	Patent, trademarks & copyrights	<p><i>Patents</i>: the exclusive right, granted by the government to make use of an invention or process for a specific period of time.</p> <p><i>Trademarks</i>: a distinctive name, symbol, motto or design that legally identified a company or its products and services, and sometimes prevents others from using identical similar marks.</p> <p><i>Copyrights</i>: the exclusive right to make and dispose of copies of a literary, musical or artistic work.</p>
11.	Licensing agreements	Written contract under which the owner of a copyright, know how, patent, servicemark, trademark, or other intellectual property, allows a licensee to use, make, or sell copies of the original. Such agreements usually limit the scope or field of the licensee, and specify whether the license is exclusive or non-exclusive, and whether the licensee will pay royalties or some other consideration in exchange. While licensing agreements are mainly used in commercialization of a technology, they are also used by franchisers to promote sales of goods and services.
12.	Coded know-how	Information on practical knowledge or skill in an activity that is briefly and systematically recorded using words, letters, symbols, etc.
13.	Clinical tests	A rigorously controlled test of a new drug or a new invasive medical device on human subjects, used to find better ways to treat individuals with a specific disease, patients are evaluated after being administered a new treatment or drug.
14.	Beta tests, working pilots	<p><i>Beta tests</i>: the final stage in the testing of new software before its commercial release, conducted by testers other than its developers.</p> <p><i>Working pilots</i>: labour force (manpower) who conduct tests or experiments on small scales before it is confirmed and introduced on large scales (normally batch of production)</p>
15.	First mover	The act of entering a particular market before any of its competitors do. (The advantages of becoming first mover include having the first opportunity at accessing resources, reducing competition on scarce resources, gaining funding



		from interested parties, developing new technologies which other companies do not have access to).
16.	Threshold traffic	The entrance (beginning) of the movement (frequency) of something (eg: number of people or amount of goods) moved from one place to another.
17.	Online purchases	The process whereby consumers directly buy goods or services from a seller in real-time over the internet, without an intermediary service.
18.	Major internet alliances	A close association of two or more internet domains formed to advance common interests or causes.
19.	Marketing alliances	A formal agreement to establish a relationship in the form of association, to create, communicate, deliver and exchange offerings that have value for customers, clients, partners, and society at large.
20.	Brand values	The extra money (profit) a company can make from its products solely because of its brand name. The value enables the products or services to command a higher price, or higher market share. Brand value may be in the form of monetary value (which may be discounted to a net present value), an increase in a rate of return or any number of softer market research measures such as awareness or consideration.
21.	Customer churn & values	The percentage of customers who cancel their bookings, online, cell phones or other subscription service during a certain time period, and its value (amount).
22.	Online sales	The use of internet (through a connection to a computer) as a medium where sales is made to customers in real-time.
23.	Revenues, earnings & market shares	<p><i>Revenues:</i> a generated from sale of goods or services, or any other use of capital or assets, associated with the main operations of firm before any costs or expenses are deducted. Also called sales, or turnover.</p> <p><i>Earnings:</i> the amount that represents the balance left after deducting operating expenses, interest charges, taxes, and dividends on the preference shares (preferred stock) but not extraordinary items.</p> <p><i>Market shares:</i> Percentage of total sales volume in a market captured by a brand, product, or firm.</p>
24.	Innovation revenues	A measure indicting the percentage of total revenues from recently introduced (within three to five years) products or services.
25.	Patent & know-how royalties	Usage-based payments made by one party (the "licensee") and another (the "licensor") for ongoing use of patent and know-how (intellectual properties). Royalties are typically agreed upon as a percentage of gross or net revenues derived from the

		use of the asset.
26.	Knowledge earnings & assets	The economic profitability of the company, measured by deducting cost of equity capital from earnings, to indicate the contribution of intangible asset to productivity.
27.	Product pipeline & launch dates	<p><i>Product pipeline:</i> a series of products developed and ideally in different stages of their life cycle. Having at any point in a company's life some products in the growth and mature stage of the life cycle is the goal.</p> <p><i>Launch date:</i> the date a product or service is introduced into the market. The product launch signifies the point at which consumers first have access to a new product or services.</p>
28.	Expected efficiencies & savings	<p><i>Expected efficiencies:</i> the difference between what is expected to be achieved with what is actually produced /performed, using the same consumption of resources (money, time, labor, etc.).</p> <p><i>Savings:</i> resources (in terms of money, energy, etc.) unused or set aside (not spent), keep something for future use, not use up something completely</p>
29.	Planned initiatives	Specific projects or programs intended to achieve specific objectives of the organisation.
30.	Expected breakeven & cash burn rate	<p><i>Expected breakeven:</i> the likely point at which gains equal losses.</p> <p><i>Cash burn rate:</i> the length of operations on current resources (how many months operations are supported by current liquid assets)</p>

Sources: Lev (2001), Daum (2003) and Oxford Advanced Learner's Dictionary (1991)

## APPENDIX F

### EXAMPLE OF A NON-COMPLIANCE CASE IN RELATION TO THE MEASUREMENT AND RECOGNITION REQUIREMENT OF FRS 138

One of the sample company recorded an out flow of cash amounted to RM125,609 to acquire intangible asset (type of asset not disclosed) in 2007 and 2008. Nevertheless, the cost of acquisition was not recorded anywhere in the balance sheet nor its amortisation recognised in the income statement for transaction in 2008. There has been no narrative disclosure at all made on the acquisition of such intangible asset, its amortisation rate and method, the asset's useful life and the gross carrying amount at the beginning and end of period. An extract of the respective financial statements is as shown below in Figure 5.3 to Figure 5.5.

*Figure 5.3: The acquisition of intangible asset in year 2007 and 2008 as disclosed in the extracted Statement of Cash Flows*

STATEMENT OF CASH FLOWS		
FOR THE YEAR ENDED 31 DECEMBER 2008		
	2008 RM	Group 2007 RM
Cash Flows from Investing Activities		
Subscription of shares in subsidiary acquired	-	-
Proceeds from disposal of property, plant and equipment	967,800	747,750
Acquisition of intangible assets	(125,609)	(790,200)
Purchase of property, plant and equipment	(573,221)	(2,377,314)
Net Cash used in Investing Activities	268,970	(2,419,764)
	8,663,459	2,414,395

Figure 5.4: The extracted balance sheet showed no disclosure made to record the acquired intangible asset in financial year end 2008.

## BALANCE SHEET

AS AT 31 DECEMBER 2008

	Note	2008	Group 2007
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	4	81,593,028	90,017,383
Prepaid land lease payments	5	7,343,392	7,466,960
Subsidiary companies	6	-	-
Intangible assets		-	790,200
		<u>88,936,420</u>	<u>98,274,543</u>

Figure 5.5: It was not mentioned anywhere in the notes to the account on the treatment on intangible asset.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

<b>LOSS FROM OPERATIONS</b>				
	2008 RM	Group 2007 RM	2008 RM	Company 2007 RM
This is stated after charging/(crediting):-				
Audit fee	50,100	47,700	20,900	16,200
Amortisation of leasehold land and building	123,568	98,726	46,937	46,937
Bad debts	1,450,783	213,822	-	-
Depreciation of property, plant and equipment	9,868,861	9,529,296	2,138	338
Directors' remuneration				
- fees	23,500	30,000	23,500	30,000
- others	982,719	998,988	57,250	56,500
(Gain)/Loss on disposal of				
property, plant and equipment	(139,083)	98,833	-	-
Rental of machinery	360,000	360,000	-	-
Rental of buses, workshop, hostel and sales counter	3,215,317	2,833,800	-	-
Interest income	(9,714)	-	-	-
Rental income	(190,140)	(180,000)	-	-

## EXAMPLE OF A NON-COMPLIANCE CASE IN RELATION TO THE DISCLOSURE RECOGNITION REQUIREMENT OF FRS 138

A company owned an intangible asset at a book value of RM53,688. Whilst the relevant disclosure was made pertaining to the movement of such intangible asset, there is no mention about the type of intangible asset, its estimated useful life and method of amortisation. The intangible asset remained a mystery to the readers of annual report without any information disclosed on the nature and type of such assets. Disclosures made on the intangible asset in the financial statements of the company are shown below in Figure 5.6 and Figure 5.7

*Figure 5.6: Extract on the balance sheet shows the existence of intangible asset(s).*

balance sheets		
as at 31 December 2008		
	NOTE	2008 RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	13	40,880,410
Investment properties	14	13,414,097
Prepaid land lease payments	15	11,453,634
Intangible assets	16	53,688
Investment in subsidiaries	17	-
Investment in associate	18	-
Other investment	19	100,000
		65,901,829

Very little information was provided in the notes to the accounts pertaining to the intangible asset in possession. The type of intangible asset remained unknown because it has not been disclosed anywhere in the annual report.

Figure 5.7: The company disclosed information on the movement of intangible asset, a part of the asset was disposed and new addition was made. The related amortisation expense was grouped together with depreciation of tangible assets.

## cash flow statements

for the financial year ended 31 December 2008

	2008 RM	GROUP 2007 RM (RESTATED)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	18,570,731	15,149,374
Adjustments for :		
Amortisation and depreciation	5,942,251	6,328,400
Bad and doubtful debts	836,777	363,585
Interest expenses	4,160,725	7,168,543
Fair value adjustment of investment properties	(40,000)	359,075
Loss on disposal of intangible assets	-	38,628
Gain on disposal of property, plant and equipment	(126,390)	(201,728)
Gain on disposal of asset held for sale	(2,607,951)	-
Write off of investment in associate	1	-
Plant and equipment written off	231,683	543,966
Dividend income (gross)	(1,000)	(1,468)
Interest income	(32,600)	(16,447)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	730	1,067
Increase in amount due from subsidiaries	-	-
Investment in subsidiary	-	-
Proceeds from disposal of property, plant and equipment	356,161	351,688
Proceeds from disposal of intangible assets	-	10,500
Proceeds from disposal of asset held for sale	7,909,127	-
Prepaid land lease payments	(3,337,380)	(822,792)
Purchase of intangible assets	(6,273)	(2,440)
Purchase of investment properties	(59,097)	(2,379,075)
Purchase of property, plant and equipment	(5,472,241)	(5,689,269)
Net cash (used in)/generated from investing activities	(608,973)	(8,530,321)

## APPENDIX G

### MULTIPLE LINEAR REGRESSION

**Dependent variable = lenient compliance model**

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.010	13	.155	1.925	.029 <sup>a</sup>
	Residual	16.467	205	.080		
	Total	18.477	218			

a. Predictors: (Constant), Combine, indepd, levrag, audit, IgLiquid, govern, trdsvc, direct, profit, family, multi, indust, size

b. Dependent Variable: IgLenComOdds

**Model Summary<sup>b</sup>**

Model	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
				R Square Change	F Change	df1	df2	Sig. F Change	
1	.109	.052	.28342	.109	1.925	13	205	.029	1.884

a. Predictors: (Constant), Combine, indepd, levrag, audit, IgLiquid, govern, trdsvc, direct, profit, family, multi, indust, size

b. Dependent Variable: IgLenComOdds

Coefficients <sup>a</sup>							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.046	.319	3.280	.001		
	indepd	.057	.117	.037	.490	.625	1.327
	multi	.037	.085	.036	.435	.664	1.612
	family	-.046	.079	-.046	-.577	.564	1.441
	govern	-.136	.134	-.082	-1.018	.310	1.483
	direct	-.168	.103	-.126	-1.634	.104*	1.372
	IgLiquid	.118	.057	.149	2.061	.041**	1.198
	levrag	.004	.034	.010	.130	.896	1.411
	profit	.024	.051	.037	.480	.632	1.393
	size	-.001	.040	-.003	-.027	.979	2.689
	audit	.097	.046	.166	2.097	.037**	1.450
	indust	-.146	.064	-.213	-2.277	.024**	2.004
	trdsvc	-.115	.061	-.169	-1.880	.062*	1.861
	Combine	-.169	.067	-.252	-2.510	.013**	2.321

a. Dependent Variable: IgLenComOdds

Excluded Variables <sup>b</sup>					
Model	Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
					Tolerance
1	techno	. <sup>a</sup>	.	.	.000

a. Predictors in the Model: (Constant), Combine, indepd, levrag, audit, IgLiquid, govern, trdsvc, direct, profit, family, multi, indust, size

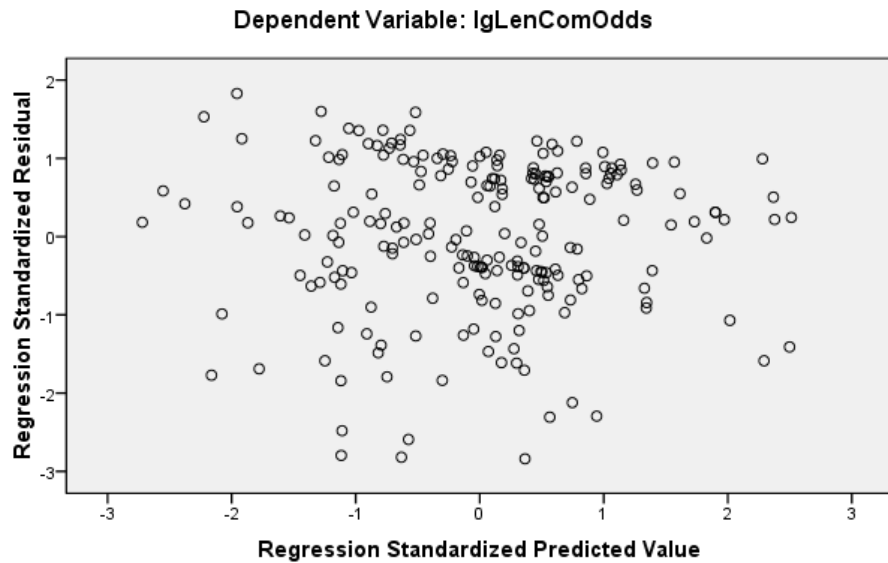
b. Dependent Variable: IgLenComOdds

Residuals Statistics <sup>a</sup>					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.7483	1.2508	1.0095	.09603	219
Std. Predicted Value	-2.720	2.512	.000	1.000	219
Residual	-.80458	.51840	.00000	.27484	219
Std. Residual	-2.839	1.829	.000	.970	219

a. Dependent Variable: IgLenComOdds



### Scatterplot



Heteroscedastic residuals

### Weighted least square procedure (WLS)

Model	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
				R Square Change	F Change	df1	df2	Sig. F Change	
1	.599	.571	1.02964	.599	21.745	14	204	.000	1.897

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	322.745	14	23.053	21.745	.000 <sup>a</sup>
	Residual	216.271	204	1.060		
	Total	539.017	218			

a. Predictors: (Constant), wtCombine, wtLevrag, wtAudit, wtGovern, wtLiquid, wtTrdsvc, wtProfit, wtDirect, wtMulti, wtIndust, wtIndepd, wtSize, wtFamily, wtsqroot

b. Dependent Variable: wtLENIEN

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.756	3.268		2.067	.040
	wtsqrt	-.891	.989	-.626	-.901	.369
	wtIndepd	.126	.093	.222	1.367	.173
	wtMulti	.307	.172	.241	1.788	.075*
	wtFamily	.395	.239	.862	1.656	.099*
	wtGovern	-.942	.441	-.312	-2.139	.034**
	wtDirect	-.590	.225	-.290	-2.623	.009**
	wtProfit	-.052	.068	-.051	-.764	.446
	wtLiquid	.409	.159	.418	2.571	.011**
	wtLevrag	-.023	.041	-.033	-.574	.566
	wtSize	-.003	.038	-.020	-.091	.928
	wtAudit	.390	.152	.524	2.563	.011**
	wtIndust	-.242	.079	-.274	-3.055	.003**
	wtTrdsvc	-.504	.202	-.457	-2.501	.013**
	wtCombine	-.409	.135	-.499	-3.031	.003**

a. Dependent Variable: wtLENIEN

**Excluded Variables<sup>b</sup>**

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	wtTechno	. <sup>a</sup>	.	.	.	.000

a. Predictors in the Model: (Constant), wtCombine, wtLevrag, wtAudit, wtGovern, wtLiquid, wtTrdsvc, wtProfit, wtDirect, wtMulti, wtIndust, wtIndepd, wtSize, wtFamily, wtsqroot

b. Dependent Variable: wtLENIEN

**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.8834	14.7012	3.9251	1.21675	219
Residual	-2.66603	1.75746	.00000	.99603	219
Std. Predicted Value	-1.678	8.856	.000	1.000	219
Std. Residual	-2.589	1.707	.000	.967	219

a. Dependent Variable: wtLENIEN

## Dependent variable – strict compliance model

**Model Summary<sup>b</sup>**

Model	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
				R Square Change	F Change	df1	df2	Sig. F Change	
1	.125	.070	.05980	.125	2.260	13	205	.009	2.068

a. Predictors: (Constant), Combine, indepd, levrag, audit, lgLiquid, govern, trdsvc, direct, profit, family, multi, indust, size

b. Dependent Variable: StrCom

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.105	13	.008	2.260	.009 <sup>a</sup>
	Residual	.733	205	.004		
	Total	.838	218			

a. Predictors: (Constant), Combine, indepd, levrag, audit, lgLiquid, govern, trdsvc, direct, profit, family, multi, indust, size

b. Dependent Variable: StrCom

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.340	.067		5.051	.000
	indepd	.007	.025	.021	.279	.781
	multi	.028	.018	.130	1.565	.119
	family	-.013	.017	-.061	-.780	.436
	govern	-.020	.028	-.057	-.713	.477
	direct	-.007	.022	-.024	-.314	.754
	profit	-.012	.011	-.088	-1.147	.253
	lgLiquid	-.007	.012	-.040	-.563	.574
	levrag	-.007	.007	-.070	-.909	.365
	size	-.002	.008	-.030	-.284	.777
	audit	.023	.010	.189	2.405	.017
	indust	-.033	.014	-.226	-2.443	.015
	trdsvc	-.025	.013	-.177	-1.981	.049
	Combine	-.047	.014	-.330	-3.318	.001

a. Dependent Variable: StrCom

**Excluded Variables<sup>b</sup>**

Model	Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
					Tolerance
1 techno	. <sup>a</sup>	.	.	.	.000

a. Predictors in the Model: (Constant), Combine, indepd, levrag, audit, lgLiquid, govern, trdsvc, direct, profit, family, multi, indust, size

b. Dependent Variable: StrCom

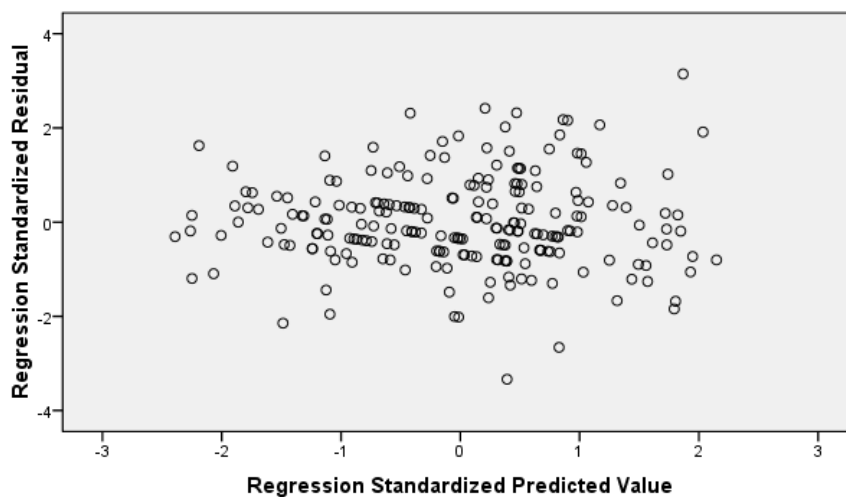
**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.2584	.3581	.3109	.02195	219
Residual	-.19952	.18810	.00000	.05799	219
Std. Predicted Value	-2.391	2.148	.000	1.000	219
Std. Residual	-3.337	3.146	.000	.970	219

a. Dependent Variable: StrCom

**Scatterplot**

**Dependent Variable: StrCom**



## WLS TO CATER FOR HETEROSCEDASTICITY

**Model Summary<sup>b</sup>**

Model	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
				R Square Change	F Change	df1	df2	Sig. F Change	
1	.344	.299	2.28768	.344	7.654	14	204	.000	2.109

a. Predictors: (Constant), wtCombine, wtLevrag, wtAudit, wtGovern, wtLiquid, wtTrdsvc, wtProfit, wtDirect, wtMulti, wtIndust, wtIndepd, wtSize, wtFamily, wtTechno

b. Dependent Variable: wtSTRICT

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	560.769	14	40.055	7.654	.000 <sup>a</sup>
	Residual	1067.629	204	5.233		
	Total	1628.398	218			

a. Predictors: (Constant), wtCombine, wtLevrag, wtAudit, wtGovern, wtLiquid, wtTrdsvc, wtProfit, wtDirect, wtMulti, wtIndust, wtIndepd, wtSize, wtFamily, wtTechno

b. Dependent Variable: wtSTRICT

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	19.222	7.261		2.647	.009
	wtsqroot	-2.752	2.197	-.113	-1.253	.212
	wtIndepd	-.793	.206	-.800	-3.857	.000
	wtMulti	.816	.381	.368	2.142	.033
	wtFamily	1.604	.531	2.011	3.022	.003
	wtGovern	-2.067	.979	-.393	-2.111	.036
	wtDirect	-1.513	.499	-.428	-3.030	.003
	wtProfit	.149	.151	.085	.992	.322
	wtLiquid	.698	.353	.411	1.976	.049
	wtLevrag	.243	.091	.195	2.680	.008
	wtSize	-.116	.085	-.392	-1.375	.171
	wtAudit	.249	.338	.193	.736	.462
	wtIndust	-2.539	2.323	-1.653	-1.093	.276
	wtTrdsvc	-3.508	2.616	-1.830	-1.341	.181
	wtTechno	-2.752	2.197	-1.882	-1.253	.212
	wtCombine	-2.910	2.467	-2.044	-1.179	.240

a. Dependent Variable: wtSTRICT

**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.0186	13.7584	5.8563	1.60385	219
Residual	-3.52977	25.87176	.00000	2.21300	219
Std. Predicted Value	-3.016	4.927	.000	1.000	219
Std. Residual	-1.543	11.309	.000	.967	219

a. Dependent Variable: wtSTRICT

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### Summary of hypotheses and results obtained in this study

Hypotheses	Predicted sign	Resulted sign (LENIEN)	Resulted sign (STRICT)
<b>H<sub>1</sub>:</b> The extent of compliance with FRS 138 is positively associated with the number of independent non-executive directors on board of a company.	+	Not significant	-
<b>H<sub>2</sub>:</b> There is a positive relationship between multiple directorships and the extent of compliance with FRS 138.	+	+	+
<b>H<sub>3</sub>:</b> There is a positive relationship between family members on board of directors and the extent of compliance with FRS 138.	+	+	+
<b>H<sub>4</sub>:</b> There is a positive relationship between government-owned companies and the extent of compliance with FRS 138.	+	-	-
<b>H<sub>5</sub>:</b> There is a negative relationship between director ownership and the extent of compliance with FRS 138.	-	-	-
<b>H<sub>6</sub>:</b> There is a positive relationship between the size of a company and the extent of compliance with FRS 138.	+	Not significant	Not significant
<b>H<sub>7</sub>:</b> There is a positive relationship between profitability and the extent of compliance with FRS 138.	+	Not significant	Not significant
<b>H<sub>8</sub>:</b> There is a positive relationship between liquidity and the extent of compliance with FRS 138.	+	+	+
<b>H<sub>9</sub>:</b> There is a positive relationship between leverage and the extent of compliance with FRS 138.	+	Not significant	+
<b>H<sub>10</sub>:</b> The extent of compliance with FRS 138 is positively related with the type of auditor engaged in the company.	+	+	Not significant
<b>H<sub>11</sub>:</b> The extent of compliance with FRS 138 is positively related with the type of industry	+	+	Not significant

## APPENDIX H

### SAMPLE OF CODING SHEET FOR CONTENT ANALYSIS

Company name:	Industry:			
Size ranking:	Voluntary Disclosure			
Indicators and related sub-items	Freq.	% sub-items	% indicator	Scores
<b>A. DISCOVERY AND LEARNING</b>				
1. Research and development				
2. Workforce training & development				
3. Organisational capital, process				
4. Technology purchase				
5. Spill over utilisation				
6. Capital expenditures				
7. R&D alliances & joint ventures				
8. Supplier and customer integration				
9. Communities of practice				
Total scores				
<b>B. IMPLEMENTATION</b>				
10. Patent, trademarks & copyrights				
11. Licensing agreements				
12. Coded know-how				
13. Clinical tests				
14. Beta tests, working pilots				
15. First mover				
16. Threshold traffic				
17. Online purchases				
18. Major internet alliances				
Total scores				
<b>C. COMMERCIALISATION</b>				
19. Marketing alliances				
20. Brand values				
21. Customer churn & values				
22. Online sales				
23. Revenues, earnings & market shares				
24. Innovation revenues				
25. Patent & know-how royalties				
26. Knowledge earnings & assets				
27. Product pipeline & launch dates				
28. Expected efficiencies & savings				
29. Planned initiatives				
30. Expected breakeven & cash burn rate				
Total scores				
<b>GRANDTOTAL</b>				



## APPENDIX J

Examples of narrative disclosures in the annual reports of sample companies related to intangible asset, according to the indicators proposed by Lev (2001)

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Research and development	<i>“During the year, we invested approximately RM1.6 million for R&amp;D focused on the development of web-based software products and solutions to complement and add value to our existing suite of products”.</i>
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**- The Media Shoppe Berhad**

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Workforce training and development	<i>“At the same time, the training system will be oriented in such a way that knowledge, skills and expertise acquired can support and lead the Company in its vision of becoming a Leading and Dynamic Integrated Water Services Company. In 2008, PNSB expended RM459,882.57 on local and overseas training programmes for a total of 697 employees”.</i>
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**- Puncak Niaga Holdings Berhad**

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Organisational capital, process	<i>“We have reengineered our Company to derive more revenue from software and services to produce higher profit margins. In 2008, the segmentation of our business was 45% hardware and 55% software/services. As a comparison, the ratio was 85% hardware and 15% software/services at the point of our listing in 2004”.</i>
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**- Opensys (M) Berhad**

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Technology purchase	<i>“DiGi has invested in the latest High Speed Packet Access (HSPA) technology deploying Malaysia’s first 14.4 Mbps network”.</i>
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**- DiGi.Com Berhad**

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Spill over utilisation	<i>“This collaboration enables PNSB to share its experience and assist KWSB in its mission to provide quality water supply and sanitary services in Karachi, Pakistan as well as to enable the exchange of knowledge, ideas and experience between both parties”.</i>
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**- Puncak Niaga Holdings Berhad**

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Capital expenditure	<i>“Another major investment for the Sungai Langat Dam in 2008 was the refurbishment of the main switchboard at RM189,000.00. All in, the total capital expenditure for Dam Operations in 2008 for the Sungai Langat Dam amounted to RM585,000.00”.</i>
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**- Puncak Niaga Holdings Berhad**

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R&D alliances and joint ventures	<p><i>“The collaboration with JMCS Sdn Bhd (“JMCS”) and National Advance IPv6 Centre (“NAV6”), Universiti Sains Malaysia has moved a step forward as the proposal of funding has been approved by Ministry of Science, Technology and Innovation (MOSTI) on December 2008 and work will be commencing on January 2009”.</i></p> <p><b>- MLABS Systems Berhad</b></p>
Supplier and customer integration	<p><i>“Our product development strategies will continue to focus on integrating key processes, from original suppliers through to end users”.</i></p> <p><b>- Kannaltec Berhad</b></p>
Communities of practice	<p><i>“While mindful of the unstable economic scenarios in Singapore, Vietnam and Thailand, the Group remains committed to adequately supporting each business unit through the sharing of technology, market expertise and resources across the Group”.</i></p> <p><b>- Innity Corporation Berhad</b></p>
Patent, trademarks and copyrights	<p><i>“With nineteen (19) patents to its credit, Borsig’s strong forte lies notably in design, engineering, fabrication and providing maintenance services for process gas waste heat recovery systems, membrane technology, gas compressors and quench coolers; whereas FBM specializes in thermal design, fabrication and engineering of air cooled heat exchangers, process gas waste heat recovery systems, heavy duty heat exchangers and special shell and tube heat exchangers; and KPL specializes in autoclaves and butted kettle heat exchangers”.</i></p> <p><b>- KNM Group Berhad</b></p>
Licensing agreement	<p><i>“In July 2008, MMC Utilities (“MMCUC”) was awarded rights by the Government of Ajman, United Arab Emirates to develop an independent power plant in Ajman under a 20-year build, operate and transfer concession”.</i></p> <p><b>- MMC Corporations Berhad</b></p>
Coded know-how	<p><i>“We completed the CWorks PLUS version 3.0 and CWorks Netmain version 3.0, the key development of these enhanced versions being multilingual framework allowing users the ability to create and modify their own languages, updated user interface for CWorks Netmain for improved user experience and enhanced key performance index reports for better analysis on critical business benchmarks”.</i></p> <p><b>- CWorks System Berhad</b></p>
First movers	<p><i>“In July, we offered the industry’s first free domestic calls and SMS as part of four new postpaid plans in an all new I Love Savings campaign resulting in 56% increase to reach over 1 million subscribers for the first time”.</i></p> <p><b>- DiGi.com Berhad</b></p>

Marketing alliances	<p><i>“On 24 September 2008, ETI Tech (M) Sdn Bhd (“ETI Tech”), a wholly-owned subsidiary of ETICB, had entered into a marketing agreement with TSH Corporation Limited (“TSH”) and CFree Energy Sdn Bhd (“CFree”) for the purpose of appointing TSH as its marketing agent with the sole and exclusive right to market the Green Genset and ETI Battery for electric bicycles (collectively the “Products”) worldwide (“Marketing Agreement”).”</i></p> <p><b>- ETI Technology Corporation Berhad</b></p>
Brand values	<p><i>“A unique feature of SMART is the double-decker motorway component - the 3 km middle section of the whole tunnel - which offers motorists quicker access to and from KL’s business district even while other parts of the tunnel are being used to divert water.”</i></p> <p><b>- MMC Corporations Berhad</b></p>
Customer churn and values	<p><i>“As the global economic outlook turned decidedly negative, demand fell precipitously and inventories were built up in the semiconductor and electronics industries.”</i></p> <p><b>- BCT Technology Berhad</b></p>
Online sales	<p><i>“For one thing, we continued to grow our advertising network to 250 currently, encompassing popular websites across a wide array of genres such as media, automotive, technology, business, lifestyle and entertainment.”</i></p> <p><b>- Innity Corporation Berhad</b></p>
Revenues, earnings and market share	<p><i>“Malakoff remains the country’s largest independent power producer with a domestic effective power generation capacity of 5,020 MW, representing a quarter of Peninsular Malaysia’s generation capacity.”</i></p> <p><b>- MMC Corporations Berhad</b></p>
Innovation revenues	<p><i>“Despite the weak electronics sector, the world’s demand for energy grows, along with worries over depleting non-renewable energy sources and global warming. With this background, the Group, which provides innovative energy storage solutions for various product applications, foresees an increase in the demand for its products.”</i></p> <p><b>- Online One Corporation Berhad</b></p>
Patent and know-how royalties	<p><i>“The growth in revenue is attributable mainly to the higher contribution from the telecommunication services segment of Intelligent Edge Technologies Berhad (“IETB”), namely the Value Added Voice Services, and the royalty received on its mobile software.”</i></p> <p><b>- Intelligent Edge Technologies Berhad</b></p>
Product pipeline and launch dates	<p><i>“Spanning 329 km from Ipoh to Padang Besar, the project commenced in January 2008 and is currently making excellent progress and has achieved 21% completion to-date, as scheduled.”</i></p> <p><b>- MMC Corporations Berhad</b></p>

Expected efficiencies and savings	<p><i>“Despite the initial large capital outlay, the reduction of energy consumption over time would offset the cost of investment. In fact for 2008, we experienced savings in excess of RM4 million in reduced energy consumption”</i></p> <p><b>- DiGi.Com Berhad.</b></p>
Planned initiatives	<p><i>“This work shall continue into 2009 with the initiatives from the Continuous Improvement Kaizen Teams, specifically focused to achieve the most cost efficient and high quality deliveries to all our customers”.</i></p> <p><b>- Tien Wah Press Holdings Berhad</b></p>
Expected break-even and cash burn rate	<p><i>“An average of 30,658 vehicles passed daily through the SMART motorway in 2008, enabling the company to achieve operational break-even”.</i></p> <p><b>- MMC Corporations Berhad</b></p>

## APPENDIX I

*List of companies finalized as sample used in the content analysis. Companies were selected based on compliance score of 90% and above, then finalized based on the percentage of intangible asset (IA) disclosed in the balance sheet to total assets (TA) of 10% and higher.*

	COMPANY	INDUSTRY	INTANGIBLE ASSETS	IA/ TA	MANDATORY SCORE		VOLUNTARY SCORE		
					LENIENT	STRICT	DISCOV	IMPLEM	COMMIS
1	Ingenuity Solutions Berhad	Techno	Development expenditure (software & systems design)	52%	0.96	0.46	1	0	16
2	SMR Technologies Berhad	Techno	Product development expenditure, intellectual property	50%	1.00	0.42	10	0	27
3	Kannaltec Berhad	Trdg/Svc	Development expenditure (monitoring systems)	47%	0.95	0.35	6	2	22
4	Mlabs Systems Berhad	Techno	Development expenditure (video conferencing systems), intellectual property, computer software	45%	0.50	0.27	5	0	22
5	Puncak Niaga Holdings	Infras	Development expenditure (rehabilitation & refurbishment of water treatment system)	45%	1.00	0.31	23	4	64
6	LiteSpeed Eduction Technologies Berhad	Techno	License and technical rights, development expenditure (e-learning products)	44%	0.97	0.56	2	0	13
7	Berjaya Land Berhad	Trd/Svc	Gaming rights, development expenditure (computer software), patents	43%	1.00	0.40	21	3	96
8	Cworks Systems Berhad	Techno	Intellectual property, development expenditure (computerized management systems)	38%	0.96	0.39	8	1	28

9	Multi Purpose Holdings Berhad	Trdg/Svc	Rights for 4-digit betting game	33%	1.00	0.16	1	1	15
10	Tricubes Berhad	Techno	Development expenditure (design of prototypes)	32%	1.00	0.33	7	1	43
11	Berjaya Corporation Berhad	Trdg/Svc	Gaming rights, masthead, computer software, trademark	30%	1.00	0.51	36	20	327
12	Key Asic berhad	Techno	Intellectual property, development expenditure (turnkey design)	30%	0.95	0.37	9	1	25
13	Kzen Solutions Berhad	Techno	Development expenditure (human capital management systems)	29%	0.92	0.39	5	0	10
14	Microlink Solutions Berhad	Techno	Development expenditure (computer software)	28%	0.95	0.33	10	0	17
15	IFCA MSC Berhad	Techno	Deferred development costs (computer software)	26%	0.95	0.33	8	0	42
16	Intelligent Edge Technologies Berhad	Techno	Development expenditure (computer software)	26%	0.94	0.30	12	0	14
17	Opensys (M) Berhad	Techno	Development expenditure (computer software)	24%	0.94	0.30	7	1	14
18	The Media Shoppe Berhad	Techno	Development expenditure (computer software)	22%	0.95	0.32	3	0	11
19	DiGi.Com Berhad	Infras	3G Spectrum, computer software, license fee	21%	0.95	0.32	7	3	51
20	Naim Indah Corporation Berhad	Trdg/Svc	Concession rights (housing & property development)	21%	0.95	0.33	2	1	7
21	ETI Technology Corporation Berhad	Techno	Development expenditure (battery management systems)	20%	0.96	0.39	8	1	18

22	Oriented Media Group Berhad	Techno	Intellectual property and software development expenditure	20%	0.95	0.34	3	0	19
23	DISTechnology Holdings Berhad	Techno	Development expenditure (IT products)	19%	0.95	0.33	13	2	24
24	KNM Group Brhad	Indstr	Patent, trademarks (for polymer products), customer contracts	19%	0.95	0.28	10	3	33
25	ExcelForce MSC Berhad	Techno	Development expenditure (software application for financial industry), trademarks, copyrights	19%	0.96	0.40	9	2	34
26	MMC Corporations Berhad	Trdg/Svc	license rights, intellectual property	19%	0.96	0.40	30	9	143
27	MEMS Technology Berhad	Techno	Development expenditure (microelectronic-mechanical systems), business rights	16%	0.93	0.44	6	2	15
28	Online One Corporation Berhad	Techno	Development expenditure (computer software)	15%	0.95	0.32	6	3	16
29	BCT Technology Berhad	Techno	Development expenditure (electronics and semi-conductor products)	13%	1.00	0.39	5	0	26
30	M-Mode Berhad	Trdg/Svc	Development expenditure (mobile content & data application services)	13%	0.95	0.32	11	0	35
31	Infortech Alliance Berhad	Techno	Development expenditure (computer software)	13%	0.94	0.26	2	0	6
32	Innity Corporation Berhad	Trdg/Svc	Development expenditure (online solutions & internet services)	13%	0.94	0.30	8	1	25
33	Astro All Asia Networks plc	Trdg/Svc	Film library, programme rights, softwares, remastering.	13%	0.95	0.35	5	0	21

34	My E.G. Services Berhad	Trdg/Svc	Software system development	12%	1.00	0.32	5	0	21
35	INIX Technologies Holdings Berhad	Techno	Intellectual property and certification costs	12%	0.95	0.36	5	0	8
36	Ebworx Berhad	Techno	Development expenditure (computer software)	11%	0.95	0.35	3	0	10
37	PUC Founder (MSC) Berhad	Techno	Development expenditure (electronic publishing systems), distribution rights	11%	0.92	0.37	3	1	13
38	Kumpulan Perangsang Selangor Berhad	Trdg/Svc	Concession rights (property development & infrastructure facilities)	11%	0.95	0.32	0	3	14
39	Tien Wah Press Holdings Berhad	Indstr	Contracts (rotogravure printing, photolithography printing and tipping paper printing)	10%	1.00	0.26	13	5	35
40	Nextnation Communication Berhad	Techno	Development expenditure (computer software), license rights for content management solutions	10%	0.91	0.36	5	0	9
41	EP Manufacturing Berhad	Indstr	Development expenditure (automotive parts), manufacturing distribution rights	10%	1.00	0.40	3	1	13
42	Ygl Convergence Berhad	Techno	Development expenditure (computer software)	10%	0.94	0.29	9	0	12
43	Suria Capital Holdings Berhad	Trdg/Svc	Concession rights (provision of ports and services), computer software and licenses	10%	1.00	0.34	12	0	45