EASTLAND EQUITY BHD (515965-A)

ANNUAL REPORT 2013

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EASTLAND EQUITY BHD. (515965-A)
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NOTICE OF THE FOURTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of the Company will be held at Merbok Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bahru, Kelantan on Tuesday, 20 May 2014 at 2.30 p.m.to transact the following businesses:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2013 together with the Reports of Directors and Auditors thereon. — ***Please refer to the Explanatory Note 1***

2. Dato' Lim Hong Sang, Mr Sydney Lim Tau Chin and Mr Lim Thian Loong who retire in accordance with Article 84 of the Company's Articles of Association have expressed their intention not to seek re-election. Hence, they will retain office until the conclusion of the Fourteenth Annual General Meeting.

3. To approve the payment of Directors' Fees amounting to RM153,000/- for the financial year ended 31 December 2013. — ***Ordinary Resolution 1***

4. To approve the payment of Directors' Fees not exceeding RM240,000/- for the financial year ending 31 December 2014 to be paid monthly in arrears. — ***Ordinary Resolution 2***

5. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration. — ***Ordinary Resolution 3***

As Special Business

To consider and, if thought fit, to pass the following resolution:-

6. **Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965**

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issue." — ***Ordinary Resolution 4***

7. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD
TAI YIT CHAN (MAICSA 7009143)
CHOONG LEE WAH (MAICSA 7019418)
Company Secretaries

Selangor Darul Ehsan
Date: 28 April 2014

NOTICE OF THE FOURTEENTH ANNUAL GENERAL MEETING

Notes:

1. *A member entitled to attend and vote at the general meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*

2. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each account it holds.*

3. *A proxy may but need not be a member of the Company and need not be any of the persons prescribed by Section 149(1)(b) of the Companies Act, 1965.*

4. *The instrument appointing a proxy must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.*

5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the Fourteenth Annual General Meeting or at any adjournment thereof.*

6. *For the purpose of determining a member who shall be entitled to attend and vote at the forthcoming Fourteenth Annual General Meeting of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 62(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 9 May 2014. Only a depositor whose name appears on the Record of Depositors as at 9 May 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*

EXPLANATORY NOTES

1. Item 1 of the Agenda

   Item 1 of the Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item of the Agenda is **not put forward for voting**.

2. Item 6 of the Agenda

   The proposed adoption of Ordinary Resolution 4 in item 6 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. The authorisation will, unless revoked or varied by the Company at a general meeting, expire at the next annual general meeting. This is a renewal of a general mandate.

   During financial year 2013, the Company had placed out 22,333,400 new Ordinary Shares to independent third party investors which raised a total proceeds of RM11,501,701 to settle payment to contractor and as working capital of the Company and its subsidiaries. Those new ordinary shares were listed on the Main Market of Bursa Malaysia Securities Berhad on 11 October 2013. As at 20 January 2014, the Company had fully utilised the fund raised from the private placement.

   The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future projects, working capital and/or acquisitions. In order to avoid any delay and cost involved in convening a general meeting, it is thus appropriate to seek members' approval.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

DETAILS OF THE ANNUAL GENERAL MEETING

Fourteenth Annual General Meeting of the Company will be held at the following venue:-

Date	Time	Place
20 May 2014 Tuesday	2.30 p.m	Merbok Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan

THE DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Details of the attendance of the directors at Board Meetings and Audit Committee Meetings are stated in this Annual Report.

FIVE-YEAR FINANCIAL HIGHLIGHTS

		FINANCIAL YEAR ENDED 31 DECEMBER				
		2013	**2012**	**2011**	**2010**	**2009**
Revenue	RM	39,342,068	36,091,457	77,205,054	31,732,821	31,416,105
EBITDA	RM	7,838,729	4,739,007	20,410,050	12,443,281	17,993,591
Profit/(Loss) before tax	RM	6,665,017	3,690,813	18,893,694	9,431,929	14,551,193
Profit/(Loss) from continuing operations	RM	5,073,939	1,306,852	16,882,227	7,309,727	12,293,498
Discontinued operations	RM	–	–	29,681	(146,474)	(1,612,367)
Net Profit/(Loss) attributable to equity holders	RM	5,073,939	1,306,852	16,911,908	7,163,253	10,681,131
Total Assets	RM	309,362,333	301,269,395	294,288,548	351,194,740	376,417,892
Total Liabilities	RM	128,734,637	137,702,301	132,009,110	205,741,698	238,299,326
Total Net Assets/Total Equity	RM	180,627,696	163,567,094	162,279,438	145,453,042	138,118,566
Return on Equity (ROE)	%	2.81	0.80	10.42	4.92	7.73
Return on Total Assets (ROTA)	%	1.64	0.43	5.75	2.04	2.84
Gearing Ratio	Times	0.71	0.84	0.81	1.41	1.73
Interest Coverage Ratio	Times	12.41	12.07	24.55	5.07	7.09
Earnings per share (EPS)	SEN	2.22	0.59	7.57	3.21	4.06
Net Tangible Asset per share	RM	0.74	0.73	0.73	0.65	0.62
Price Earning (PE) Ratio	Times	21.17	74.58	3.04	4.36	2.96
Share Price as at the Financial Year End	RM	0.47	0.44	0.23	0.14	0.12

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Eastland Equity Bhd, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2013 ("FY13").

Overview

The Malaysian economy remained resilient in 2013 amidst a challenging global environment which saw advanced economies particularly the US, Japan and the euro zone showing firmer signs of recovery, while China's economic growth remains uncertain. Against this backdrop, Malaysia achieved 4.7% growth compared to 5.6% in 2012. Bank Negara Malaysia has indicated that the growth was driven by strong domestic demand underpinned by resilient consumption and investment spending. High capital spending by both the private and public sectors was the key driver of the domestic economy.

In the State of Kelantan where our core operations are located, there are many ongoing property developments throughout the State. The business environment is getting very competitive for us but the prospect is still favorable. We are pleased to present to you our financial performance for the financial year 2013.

Financial Performance

The Group recorded a revenue of RM39.34 million for FY13, a marginal improvement from RM36.09 million for the financial year ended 31 December 2012 ("FY12"). The revenue for FY13 was derived mainly from investment properties, hospitality and property development sectors with revenue of RM5.80 million, RM23.51 million and RM10.03 million respectively. The improved result in core operations is mainly attributed to the increase in sales and progress for the Bandar Tasek Raja property development project in Pasir Mas Kelantan, compared to FY12.

Profit before tax for FY13 was RM6.67 million while FY12 recorded RM3.46 million. The higher profit was mainly contributed by a waiver of debts of RM3.65 million after debts settlement and write back of provision for doubtful debt of RM0.67 million. However, the Group has made a provision of RM1.80 million for LAD related to the anticipated delay in the Bandar Tasek Raja project. The overall financial position of the Group remains healthy. Earnings per share stands at 2.22 sen. Net asset per share improved from 73 sen in FY12 to 74 sen in FY13.

Future Prospects

For the financial year 2014("FY14"), we will continue to focus on our current core businesses in Kelantan, while exploring for new business opportunities. The overall outlook for Malaysian economy for 2014 is favorable, the economy is expected to remain on a steady growth path. The expanding economy in Kelantan has brought in a number of competitors to our businesses. While looking for new business opportunity, we will continue to improve our current core assets to stay competitive.

Our property development project in Pasir Mas Kelantan, Bandar Tasek Raja project is a township development which consists of bus and taxi terminal, market and commercial area. As of first quarter of 2014, a total of 90% phase 1 shop units has been sold. With the construction of phase 1 expected to be completed in 2014, phase 2 was launched early this year. Moving forward we are exploring the possibility of developing the surrounding land as residential development project in the future.

Our businesses are largely driven by domestic consumption and investment activities. Despite the challenging market outlook, we are confident that our operational performance for FY14 will remain stable.

Dividend

The Board does not recommend any dividend in respect to FY13.

Appreciation

I would like to take this opportunity to express our gratitude to all management and staff, business associates, clients, bankers and shareholders for their continuing support and confidence in the Group.

Thank you.

Dato' Faruk bin Othman
Independent Non Executive Chairman

CORPORATE INFORMATION

BOARD OF DIRECTORS

YBhg. Dato' Faruk Bin Othman
(Independent Non-Executive Chairman)

YBhg. Dato' Lim Hong Sang
(Executive Deputy Chairman)

Sydney Lim Tau Chin
(Managing Director)

Melvinyeo Kiandee
(Executive Director)

Dr. Chu Jan Tow
(Executive Director)

Mau Kam Wai
(Executive Director)

Tan Chin Hong
(Executive Director)

Petrus Gimbad
(Independent Non-Executive Director)

Lim Thian Loong
(Independent Non-Executive Director)

AUDIT COMMITTEE

Petrus Gimbad (Chairman)
Dato' Faruk Bin Othman
Lim Thian Loong

NOMINATION COMMITTEE

Dato' Faruk Bin Othman (Chairman)
Petrus Gimbad
Lim Thian Loong

REMUNERATION COMMITTEE

Lim Thian Loong (Chairman)
Dato' Faruk Bin Othman
Petrus Gimbad

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Choong Lee Wah (MAICSA 7019418)

PRINCIPAL PLACE OF BUSINESS

No. 24, Jalan 8/23E
Taman Danau Kota
Setapak
53300 Kuala Lumpur
Tel : +(6) 03 – 4149 8200
Fax : +(6) 03 – 4149 8210

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : +(6) 03 – 7720 1188
Fax : +(6) 03 – 7720 1111

SHARE REGISTRAR

Boardroom Corporate Services (KL) Sdn. Bhd.
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : +(6) 03 – 7720 1188
Fax : +(6) 03 – 7720 1111

AUDITORS

Baker Tilly Monteiro Heng
Baker Tilly MH Tower,
Level 10, Tower 1,
Avenue 5, Bangsar South City,
59200 Kuala Lumpur
Tel : +(6) 03 – 2297 1000
Fax : +(6) 03 – 2282 9980

PRINCIPAL BANKER

Public Bank Berhad
No. 1, 3 & 5, Jalan Pandan Indah 1/23
Pandah Indah
55100 Kuala Lumpur
Tel : +(6) 03 – 9274 2495
Fax : +(6) 03 – 9274 6497

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
– Main Market (Trading/Services)
Stock Name : EASTLND
Stock Code : 2097

PROFILE OF THE BOARD OF DIRECTORS

DATO' FARUK BIN OTHMAN
Independent Non-Executive Chairman, Malaysian, Age 66

Faruk Bin Othman was the Executive Chairman of the Company from 1 October 2002 to 1 February 2011. He was re-designated as Non-Independent Non-Executive Chairman of the Company on 2 February 2011 and on 28 February 2013 re-designated as Independent Non-Executive Chairman.

He graduated in Business Studies and completed a post graduate Diploma in Management Studies from University of Sussex, United Kingdom. Faruk has over 30 years experience in the financial sector, mainly in banking and stock broking. He was the Executive Director of Inter-Pacific Securities Sdn Bhd before being appointed as the Executive Chairman of United Merchant Finance Berhad in 1994.

At present, Faruk is the Executive Chairman and a Member of the Remuneration Committee of APFT Berhad and a Director and Member of the Audit Committee of Premier Nalfin Berhad. These companies are listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the board of Sunchirin Berhad and several private limited companies.

Faruk does not have any family relationship with any director and/or major shareholder of the Company or any personal interest in any business arrangement involving the Company. He has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

He has attended all the fourteen (14) Board meetings held during the financial year ended 31 December 2013.

DATO' LIM HONG SANG
Executive Deputy Chairman, Malaysian, Aged 63

Lim Hong Sang was appointed as Managing Director to the Board from 1 October 2003 to 20 June 2010. He was re-designated as Executive Deputy Chairman on 21 June 2010.

He is a Barrister-at-Law from Lincoln's Inn, London and an ex-government servant. As an advocate and solicitor by profession, he has been a practicing lawyer for 25 years prior to his appointment.

Lim Hong Sang does not have any family relationship with any director and/or major shareholder of the Company or any personal interest in any business arrangement involving the Company. He has a direct interest of 2,161,400 ordinary shares of RM0.50 each in the Company. He has no convictions for offences within past ten (10) years, other than traffic offences, if any.

He has attended twelve (12) out of fourteen (14) Board meetings held during the financial year ended 31 December 2013.

SYDNEY LIM TAU CHIN
Managing Director, Malaysian, Aged 44

Sydney Lim Tau Chin joined the Group in 2003 as Executive Director/Chief Financial Officer. He was then re-designated as Managing Director on 21 June 2010.

Sydney, obtained his Corporate Finance Qualifications from the Corporate Finance Faculty of the Institute of Chartered Accountants in England&Wales in 2006. In the same year, he was also accepted as a member of the Singapore Institute of Arbitrators. Sydney graduated with an honours degree in Accounting from California State University, USA. Prior to joining the Company, he was the Senior General Manager of another Main Board public listed company. He brings with him extensive corporate finance experience gained from his time at two Malaysian Merchant Banks and a mutinational accounting firm. In August 2004, Sydney completed the Harvard Business School Senior Management Development Program. Subsequently, he also attended the Residential Strategic Leadership Programme at Oxford University in 2007.

He does not hold any other directorship of public companies. He has no family relationship with any director and/or major shareholders of the Company. He has an indirect interest of 17,966,430 ordinary shares of RM0.50 each in the Company by virtue of his directorship and shareholding in Maylex Ventures Sdn. Bhd. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past 10 years, other than traffic offences, if any.

He has attended nine (9) out of fourteen (14) Board meetings held during the financial year ended 31 December 2013.

PROFILE OF THE BOARD OF DIRECTORS

MELVINYEO KIANDEE
Executive Director, Malaysian, Aged 51

Ar Kiandee was appointed as an Executive Director of Eastland Equity Bhd on 17 July 2013.

Ar Kiandee holds a 1st Class Honours Degree in Architecture, University Teknologi Malaysia and founded his architectural practice in 1989. He has been practising as an Architect for over 25 years now. Over the years, Ar Kiandee has successfully designed and project managed several major buildings of various complexity which includes airports, container ports, medical centres, hotels, institutional, commercial and residential developments. Driven by his entrepreneurship, he has also been instrumental in implementing several development projects as a Property Developer.

He does not hold any other directorship of public companies. He has no family relationship with any director and/or major shareholders of the Company. He has a direct interest of 8,397,500 ordinary shares of RM0.50 each in the Company. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

He has attended all six (6) Board Meetings held in the financial year ended 31 December 2013 since the date of his appointment.

DR. CHU JAN TOW
Executive Director, Malaysian, Aged 49

Dr. Chu, was appointed as an Executive Director of Eastland Equity Bhd on 17 July 2013.

Dr. Chu holds a Bachelor of Business Administration, University of Ottawa, Master of Business Administration, Henley Management College/University of Brunei, Doctor of Business Administration, University of South Australia. Dr. Chu has over 20 years of experience as a director and shareholders for over 20 companies with diverse business interest in the field of education, information technology, hotel industry, trading and retailing, road development, water treatment plant, property development and plantation. Throughout the years he has been actively involved in the management and operation of these various companies contributing his expertise in business administration. A meticulous and hands on person, despite his active business involvement, Dr Chu also authors and co authors several books and publications.

He does not hold any other directorship of public companies. He has no family relationship with any director and/or major shareholder of the Company. He has a direct interest of 8,734,813 ordinary shares of RM0.50 each in the Company. He does not have any conflict of interest with the Company and has not been convicted for any offences for any offences within the past 10 years.

He has attended all six (6) Board Meetings held in the financial year ended 31 December 2013 since the date of his appointment.

MAU KAM WAI
Executive Director, Malaysian, Aged 50

Mau Kam Wai was appointed as an Executive Director of Eastland Equity Bhd on 17 July 2013.

Kam Wai holds a Bachelor in Business Administration, National University of Singapore. He has extensive experience in trading stock markets globally, financial futures and foreign exchange. He is performance driven and an insightful professional broker with a proven ability at assessing clients' potential, attracting and developing a portfolio of high net worth clients; and managing expectations. He left DBS Vickers Securities in March 2013. His twenty-six years in the financial industry include high profile companies like Nomura Singapore Limited and Solomon Smith Barney HG Asia Pte Ltd. Currently, he is an Executive Director of Borneo Aqua Harvest Berhad and several private companies.

He has no family relationship with any director and/or major shareholders of the Company. He does not have any interest (direct or indirect) in the securities of the Company. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

He has attended all six (6) Board Meetings held in the financial year ended 31 December 2013 since the date of his appointment.

PROFILE OF THE BOARD OF DIRECTORS

TAN CHIN HONG
Executive Director, Malaysian, Aged 37

Tan Chin Hong was appointed as an Executive Director of Eastland Equity Bhd on 17 July 2013.

He holds a Bachelor of Social Science, Major in Economics and Accounting, The Queen's University of Belfast. He joined Furqan Business Organisation Berhad (now known as Eastland Equity Bhd) in 2004. Throughout the 10 years with the Group, he is primarily based in the Finance Department. He is a meticulous and strong team member who is proficient in a wide range of accounting functions and operations. He readily adapts to new professional settings, acquire and apply new knowledge toward supporting company goals. Being versatile and possessing multi-tasking skills, he has also been assigned to various duties involving internal audit, administrative as well as operative jobs in various subsidiaries within the Group during the tenure of his service.

He does not hold any other directorship of public companies. His family member has interest in Prestige Pavilion Sdn Bhd, a substantial shareholder of the Company. He also has an indirect interest of 22,190,000 ordinary shares of RM0.50 each and 488,700 ordinary shares of RM0.50 each in the Company via Prestige Pavilion Sdn Bhd and Danhwa Holding Sdn Bhd respectively. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

He has attended all six (6) Board Meetings held in the financial year ended 31 December 2013 since the date of his appointment.

PETRUS GIMBAD
Independent Non-Executive Director, Malaysian, Aged 57

Petrus Gimbad was appointed as an Independent Non-Executive Director of Eastland Equity Bhd on 17 July 2013.

He is a Chartered Accountant, a Fellow of the Association of Chartered Certified Accountants, Associate of the Institute of Internal Auditors Malaysia, and holds Masters degrees in Business Administration (University of Bath) and Advanced Business Practice (University of South Australia). He was a partner of Ernst & Young based in the advisory practices of Malaysia and Vietnam. He was also Quality Director of Ernst & Young for the advisory practices of the Far East region. Prior to Ernst & Young, he was an accountant with Petronas.

He currently sits on the board of two Sabah Development Bank, Progressive Insurance Bhd, Yayasan Innovasi Malaysia and other private companies. He has no family relationship with any director and/or major shareholders of the Company. He does not have any interest (direct or indirect) in the securities of the Company. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

He has attended all six (6) Board Meetings held in the financial year ended 31 December 2013 since the date of his appointment.

MR. LIM THIAN LOONG
Independent Non-Executive Director, Malaysian, Aged 50

Lim Thian Loong is an accountant by profession. He graduated with The Chartered Institute of Management Accountants (CIMA) from London. He is a member of the CIMA, Chartered Global Management Accountants (CGMA), Malaysian Institute of Accountants (MIA) and Chartered Tax Institute of Malaysia (CTIM). He has his own firm and has been practicing as a sole practitioner since 2002. He has over 10 years experience in accounts, audit and tax.

He was appointed to the Board on 25 February 2010. He is the Chairman of Remuneration Committee. He is also a Member of Audit Committee and Nomination Committee. He also sits on the Board of Sanbumi Holdings Berhad and Grand Central Enterprises Berhad.

He does not have any family relationship with any director and/or substantial shareholders of the Company or any personal interest in any business arrangement involving the Company. He has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

He has attended all the fourteen (14) Board Meetings held during the financial year ended 31 December 2013.

AUDIT COMMITTEE REPORT

COMPOSITION AND DESIGNATION

Mr. Petrus Gimbad
Chairman of the Audit Committee
(Independent Non-Executive Director)

Dato' Faruk Bin Othman
Audit Committee Member
(Independent Non-Executive Chairman)

Mr. Lim Thian Loong
Audit Committee Member
(Independent Non-Executive Director)

TERMS OF REFERENCE OF AUDIT COMMITTEE

The Terms of Reference of the Audit Committee presented previously remain substantially unchanged. Pursuant to Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, these Terms of Reference are published on the corporate's website for shareholders' reference.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2013, the Audit Committee:-

(i) Reviewed the progress of internal audit function against the approved Audit Plan;

(ii) Reviewed the internal Audit Reports, which highlighted the audit issues, recommendations and managemen's responses. The Committee also directed actions to be taken by the Management to rectify and improve the systems of internal control and procedures;

(iii) Reviewed the follow-up Internal Audit Reports which highlighted on the corrective action plan taken by the Management pertaining to the past internal audit reports;

(iv) Reviewed the Audited Financial Statements for the year ended 31 December 2013 and unaudited quarterly financial results announcements of the Group, prior to the Board's approval;

(v) Reviewed the External Auditors' Audit Plan, the scope of work and results of their examination together with the actions taken thereon;

(vi) Conducted two (2) meetings with the External Auditors without the presence of Executive Directors and Management; and

(vii) Reviewed Statement on Risk Management and Internal Control examined by the External Auditors.

ATTENDANCE

Five (5) Audit Committee Meetings were held during the financial year ended 31 December 2013. These meetings were fully attended by all the members of Audit Committee.

INTERNAL AUDIT FUNCTION

The Group had established an internal audit function for assisting the Audit Committee in reviewing the state of the systems of internal control maintained by the Management.

This function is outsourced to an internal audit consulting company. The audit team members are independent of the activities audited by them. Functionally, the Internal Auditors review and assess the Group's system of internal control and report to the Committee directly. Before the commencement of audit reviews, an audit plan is presented to the Audit Committee for review and approval. This is to ensure that the audit direction is in line with the Audit Committee's expectations.

AUDIT COMMITTEE REPORT

During the financial year, the Internal Auditors conducted internal control reviews on certain key operating functions and procedures and recommended action plans for management improvement. The audit reports containing audit findings and recommendations together with Management's responses thereto were circulated to all members of the Audit Committee. Areas of improvement identified were communicated to the Management for further action. All audit reports were reviewed by the Audit Committee and discussed at Audit Committee Meetings. Follow-up reviews are performed to ascertain the extent of Management's implementation of the recommended corrective action for improvements.

The fee incurred for the internal audit function in respect of the financial year ended 31 December 2013 was RM60,000 (2012:RM60,000).

STATEMENT BY NOMINATION COMMITTEE

The following statement is made by the Nomination Committee of the Board in accordance with Paragraph 15.08A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") requiring all public listed companies with financial year ended on or after 31 December 2013, to disclose a statement about the activities of the Nomination Committee.

The principle of the Board composition policy is to maintain effective size of the Board that reflects its responsibilities, dynamic, the representatives of the interests of shareholders and promotes common purpose and sense of sharing among its members.

The Nomination Committee is empowered to review annually the effectiveness, contribution and performance of the Board, Board Committees and Board Members and the independence of its Independent Directors. The objective of this review is to ensure that the Board's size, structure and composition meet the needs and expectations of the Company and the Listing Requirements as well as the mix of skills, gender diversity, character, experience, integrity, competence and time to effectively discharge roles and responsibilities of the Board Members.

The performance evaluation of the Board is conducted by way of self-assessment. Directors are required to fill out the self - assessment forms and provide their feedback, views and suggestions for improvement. The results of these self-assessments forms are compiled and tabled to the Nomination Committee for review and deliberation.

All directors are required to retire but are eligible to submit themselves for re-election at least once in every three years. This requirement allows shareholders to assess the directors' performances and contributions and, if required, to replace them. Before recommending the retiring directors to the Board for re-election, the Nomination Committee will review and report the performance assessment of the retiring directors to the Board and retiring directors shall abstain from deliberation of their performance.

During the financial year, the Nomination Committee conducted three (3) meetings. These meetings were attended by all members of the Committee. At these meetings, the Nomination Committee:

i. Reviewed the board size, performance of directors and their training records;

ii. Reviewed and recommended to the Board for re-election of retiring directors in the AGM and adjourned AGM;

iii. Reviewed the re-designation of board members;

iv. Reviewed the experience, skill sets and competency of new board members before recommending them to the Board for appointment; and

v. Reviewed and proposed to the Board for the appointment of new chairman and members for the respective Board Committees.

STATEMENT OF CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance 2012 ("the Code") sets out the principles and recommendations on the structures and processes that companies may adopt towards achieving effective governance framework. The Board is pleased to present herewith its statement articulating how the Board has observed the principles and recommendations suggested in the Code.

The Board of Directors

It is the overall governance responsibilities of the Board to lead and control the Group. The Board oversees the business directions, development and control of the Group and has taken initiatives to embrace the responsibilities listed in the Code, which facilitate the discharge of the Board's stewardship responsibilities. The Board maintains its authority of approval on significant matters covering such as the corporate exercises, shareholders' and corporate communication and governance matters, award of contract, acquisition and disposal of assets.

When implementing the business plan, the Executive Directors are responsible for executing corporate decisions made by the Board while the Non-Executive Directors scrutinizes the management's performance by providing independent views and advice in the interests of the shareholders at large.

Presently, the Board has nine (9) members comprising one (1) Independent Non-Executive Chairman, six (6) Executive Directors, and two (2) Independent Non-Executive Directors. The composition of the Board includes sufficient number of independent non-executive directors as prescribed by the Listing Requirements of Bursa Malaysia Securities Berhad.

The Board acknowledges the importance of gender diversity in the board composition and through its Nomination Committee ensures that women candidates are sought when considering future candidate for vacancy at the Board.

In its selection of board members, the Board provides equal opportunity to all candidates who meet the criteria and other qualities vi-a-vis the Group present business portfolios and prospective investments. Candidates for directorship will be nominated for appointment to the Board based on their identified skills, knowledge, professionalism, character and experience to meet the needs of the Board. The detailed profiles of nominated directors will be presented to the Board by the Nomination Committee to assist the Board in making their selection decision.

All new Directors appointed to the Board shall undertake an induction program coordinated by the Nomination Committee and Managing Director/Chief Executive Officer.

A description of the background of each director is presented on pages 8 to 10.

The Board reviews and oversees the conduct of the business to ensure that the business is being properly managed and controlled. Progressively, the performance of the Group's strategic actions are reviewed by the Board in consideration of the quarterly financial results, project's progress reports and explanations provided by the Management.

The Board has defined and formalised its charter and the code of conduct. These charter and code of conduct are published in the Company's website at www.eeb.com.my. These charter and code of conduct will be reviewed periodically to ensure that they remain consistent with the Board's objective, current law and practices.

The Board is provided with appropriate and current information to enable it to discharge its duties effectively. The Management is invited to attend the Board and Audit Committee meetings and to provide explanations to the Board on the operations of the Group. In addition, the Board is also briefed progressively by the Company Secretary, External Auditors and the Internal Auditors on new or changes in corporate regulatory and listing requirements.

The Board has unrestricted access to all information necessary for the discharge of its responsibilities. Subject to Board's approval, all Board members could seek independent professional advices when necessary in furtherance their responsibilities, at the expense of the Group.

When accessing to Management, Board Members ensure that such access is done through the Executive Directors and it would not distract the business operation of the Group. When contacting with the Management in writing, a copy of the correspondence will be copied to the Chairman and Managing Director/Chief Executive Officer.

STATEMENT OF CORPORATE GOVERNANCE

Board Commitment

The underlying factors of Directors' commitment to the Group are devotion of time and continuous improvement of knowledge and skill sets. Effective 1 June 2013, the maximum directorships of a director in Malaysian public listed companies is reduced from 10 to 5 under the Listing Requirements.

The Board meets at least every quarter and on other occasions, as and when necessary, to inter-alia approve quaterly financial results, statutory financial statements, the annual report as well as to review the performance of the company and its operating subsidiaries, governance matters and other business development matters. Board papers are circulated to the Board members prior to the Board meetings so as to provide the Directors with relevant and timely information to enable them to deliberate issues more effectively during the Board meetings.

During the financial year, fourteen (14) Board meetings were held. The details of attendance of the members are as below.

Director	28 Feb 2013 (1.30 p.m.)	25 Apr 2013 (12.15 p.m.)	10 May 2013 (11.10 a.m.)	6 Jun 2013 (11.00 a.m.)	12 Jun 2013 (3.00 p.m.)	8 Jul 2013 (5.00 p.m.)	10 Jul 2013 (3.00 p.m.)	17 Jul 2013 (4.35 p.m.)	31Jul 2013 (2.00 p.m.)	13 Aug 2013 (12.00 p.m.)	3 Sept 2013 (11.00 a.m.)	21 Oct 2013 (10.00 p.m.)	31Oct 2013 (2.00 p.m.)	25 Nov 2013 (2.00 p.m.)	Total Meeting Attended
Dato' Faruk bin Othman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14/14
Dato' Lim Hong Sang	✓	✓	✓	✓	✓	✓	✓	✓	x	x	✓	✓	✓	✓	12/14
Sydney Lim Tau Chin	x	x	x	x	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	9/14
Melvinyeo Kiandee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	6/6
Dr. Chu Jan Tow	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	6/6
Mau Kam Wai	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	6/6
Tan Chin Hong	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	6/6
Petrus Gimbad	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	6/6
Lim Thian Loong	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14/14
Yong Yeow Wah	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7/7
Dr. Yang Ching Leng @ Chan Ah Kow	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7/7
Lim Kwee Ong	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7/7

All Board members have access to the advice and service of the Company Secretaries. Primarily, the Companies Secretaries administer, attend, prepare minutes of the board and board committees meetings; ensure that board procedures are followed; and advise the Board in repect of compliance issues.

The Board maintains specific Board committees namely Audit Committee, Nomination Committee and Remuneration Committee. These Committees ensure greater attention, objectivity and independence are provided in the deliberations of specific Board agenda. In order to ensure the direction and control of the Group is firmly within the Board, the Board has defined the terms of reference for each Committee. The Chairman of the respective Board Committees shall report to the Board during the Board meetings on significant matters and salient matters deliberated in the Committees.

STATEMENT OF CORPORATE GOVERNANCE

Appointment to the Board

The Nomination Committee is established and maintained to ensure that there is a formal and transparent procedure for the appointment of new directors to the Board. The current members of the Committee are made up of one (1) Independent Non-Executive Chairman and two (2) Independent Non-Executive Directors. The composition of the Nomination Committee is as follows:

Chairman	:	Dato' Faruk Bin Othman (Chairman) (Independent Non-Executive Chairman)
Member	:	Petrus Gimbad (Independent Non-Executive Director)
Member	:	Lim Thian Loong (Independent Non-Executive Director)

Functionally, the Nomination Committee is responsible for reviewing and making recommendation of any appointments to the Board for approval based on the size of the Board, the mix of skills and experience and other qualities of the candidates. The Nomination Committee assists the Board in reviewing the composition of the board members annually and ensures that the current composition of the board functions competently. The Board is supportive of the gender diversity policy and gives due consideration in balancing its gender composition in the Board vis-a-vis the Group business portfolio.

During the financial year, the Nomination Committee conducted three (3) meetings. Further details on the activities carried out by the Nomination Committee are reported in the Statement by Nomination Committee on page 13.

Board Independence

Independence is important for ensuring objectivity and fairness in board's decision making. The roles and responsibilities of the Chairman and Managing Director/Chief Executive Officer continue to be separated and the Chairman of the Board is an independent director.

The Board has not named a Senior Independent Director. Nonetheless, shareholders are encouraged to express their concerns to and seek clarification from the Independent Non-Executive Chairman and Managing Director/Chief Executive Officer of the Board.

In order to uphold independence of Independent Directors, the Board has adopted the following policies:-

i. Subject to Board justification and shareholders' approval, tenure of Independent Directors should not exceed a cummulative of nine (9) years; and

ii. Implementation of annual assessment of independence of its Independent Directors focusing on events that would affect the ability of Independent Directors to continue bringing independent and objective judgment to board deliberation and the regulatory definition of Independent Directors.

STATEMENT OF CORPORATE GOVERNANCE

Directors' Training

The Board Members recognise the needs to attend trainings to enable them to discharge their duties effectively. The trainings attended by the present Board Members are as follows:

No.	Director	Training Attended
1	Dato' Faruk Bin Othman *Independent Non-Executive Chairman*	• Nominating Committee Programme
2	Dato' Lim Hong Sang *Executive Deputy Chairman*	• Managing In Uncertainty : Surviving The Turbulence
3	Sydney Lim Tau Chin *Managing Director*	• – (*)
4	Melvinyeo Kiandee *Executive Director*	• Mandatory Accreditation Programme for Directors of Public Listed Company
5	Dr. Chu Jan Tow *Executive Director*	• Mandatory Accreditation Programme for Directors of Public Listed Company
6	Mau Kam Wai *Executive Director*	• Mandatory Accreditation Programme for Directors of Public Listed Company
7	Tan Chin Hong *Executive Director*	• Mandatory Accreditation Programme for Directors of Public Listed Company
8	Petrus Gimbad *Independent Non-Executive Director*	• Mandatory Accreditation Programme for Directors of Public Listed Company
9	Lim Thian Loong *Independent Non-Executive Director*	• Understanding The Governance Framework for Boardroom Excellence – MCCG 2012 & Amended Listing Requirements • Ultimate Budget 2014 Tax Planning & Latest Tax Updates • Stepping Up On Strategic Planning For Sustainable Performance

*Due to his health condition, Mr. Sydney Lim Tau Chin did not attend training during the financial year 2013.

Re-election of Directors

Director re-election provides an opportunity for shareholders to review the directors' performance and renew their mandate conferred to the Directors. The Articles of Association of the Company provides that one-third (1/3) of the directors or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office provided always that all directors shall retire by rotation once at least in each three (3) years but shall be eligible for re-election at the Annual General Meeting ("AGM").

Pursuant to Section 129(6) of the Companies Act 1965, Director over the age of seventy (70) years shall retire at every AGM and may offers himself for re-appointment to hold office until the next AGM.

This requirement has been adhered to by the Board in every AGM. (Profile of directors standing for election covering their details of profession, meeting attendance, directorships in other public companies and shareholdings in the Group are summarised in the Statement Accompanying the Notice of AGM.)

Directors' Remuneration

The remuneration of the Executive Directors and Non-Executive Directors are reviewed by the Remuneration Committee and the Board respectively. All Directors play no part in the decision of their own remuneration.

The members of the Remuneration Committee are:

Chairman	:	Lim Thian Loong	(Independent Non-Executive Director)
Member	:	Dato' Faruk Bin Othman	(Independent Non-Executive Chairman)
Member	:	Petrus Gimbad	(Independent Non-Executive Director)

The Committee considers the principles recommended by the Code in determining the directors' remuneration. Executive Directors are remunerated based on the Group's performance, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed.

During the financial year, the Remuneration Committee had conducted a meeting to review the remunerations of the Executive Directors.

STATEMENT OF CORPORATE GOVERNANCE

The number of Directors whose income falls within the following bands is set out as follows:

Remuneration Bands	Executive Directors	Non-Executive
RM50,000 and below	–	4
RM50,001 – RM100,000	–	1
RM100,001 – RM200,000	5	–
RM200,001 – RM250,000	–	–
RM400,001 – RM450,000	2	–
Total	7	5

The aggregate remuneration paid or payable to all Directors of the Company are further categorised into the following components:

	Fees* (RM)	Salaries (RM)	Benefit-in-kind/ Allowance (RM)	Total (RM)
Executive Directors	–	1,361,715	23,207	1,384,922
Non-Executive Directors	153,000	–	11,023	164,023
Total	153,000	1,361,715	34,230	1,548,945

*Subject to the approval by shareholders at the AGM.

Financial Reporting

The Board is responsible to ensure the financial statements of the Company presents a fair and balance view and assessment of the Group's financial position, performance and prospects and such financial statements are drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards. The Board is assisted by the Audit Committee in reviewing the accuracy, adequacy and completeness of disclosure and ensuring the Group's financial statements comply with applicable financial reporting standards.

As part of the Audit Committee review processes, the Audit Committee has obtained written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Annually, the Audit Committee also reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the AGM. The Audit Committee would convene meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary.

Risk Management

The Board acknowledges that risk management is an integral part of good management practices. Risk is inherent in all business activities. It is, however, not the Group's objective to eliminate risk totally, but to provide structural means to identify, prioritize and manage the risks involved in all the Group's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

The Board has established an internal audit function which is currently outsourced to a professional firm. Functionally, the Internal Auditors report to the Audit Committee directly and they are responsible for conducting periodic reviews and appraisals of the effectiveness of the governance, risk management and internal controls and processes within the Group. Further details of the Group's state of risk management and internal control systems are reported in the Statement on Risk Management and Internal Control on pages 20 to 21.

STATEMENT OF CORPORATE GOVERNANCE

Corporate Disclosure

Corporate disclosure and information are important for investors and shareholders. The Board is advised by the Management, Company Secretary, the External and Internal Auditors on the contents and timing of disclosure requirements of the Bursa Malaysia Listing Requirements on the financial results and various announcements.

Besides ensuring timely releases of quarterly financial results, circulars, annual reports, corporate announcement and press releases on Bursa's website, the Board leverages on its corporate website to communicate, disseminate and provide further information and details on the governance reporting. Further, pursuant to Paragraph 9.25 of the Listing Requirements, publication of those principal governance information such as charter and board committees' terms of reference are transferred from annual report to the Company's website in order to reduce dilution of impact of issues discussed in the annual report.

Sustainability

Based on the business, industry, and regulatory environment in which the Group's businesses operate in, the Executive Directors and Management require its business units comply with statutory regulations on safety and health and promote appropriate environmentally friendly practices in the Group.

Shareholders' Right

General meetings empower shareholder to exercise their rights. Shareholders are provided with opportunity to participate in the question and answer session in which shareholders may raise questions regarding the proposed resolutions at the general meeting and on matters relating to the Group's businesses and affairs. The Chairman and the Board members are present in the general meetings to respond to shareholders' queries.

Shareholders are advised that they have the right to demand a poll vote at general meetings provided they meet prescribed shareholdings. Also, effective 1 June 2013, poll voting is mandated for related party transactions that require shareholders' approval.

The Board would respond to meetings with institutional shareholders, analysts and members of the press to convey information regarding the Group's performance and strategic direction as and when requested. The Board would also ensure suitability of venue and timing of meeting and undertake other measures to encourage shareholders' participation in the meetings.

Directors' Responsibility Statement

The Directors are responsible for ensuring that:

I. The Annual Audited Financial Statements of the Group and of the Company are drawn up in accordance with applicable MFRS, International Financial Reporting Standards, the provisions of the Companies Act, 1965 and the Main Market Listing Requirements so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year and of the results and cash flows of the Group and of the Company for the financial year, and

II. Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the Financial Statements for the financial year ended 31 December 2013, the Directors have adopted appropriate accounting policies and have applied them consistently in the Financial Statement with reasonable and prudent judgments and estimates. The Directors are also satisfied that the statements are prepared on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future and all relevant approved accounting standards have been followed in the preparation of the Financial Statements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control is made pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") with regard to the disclosure of the Group's state of risk management and internal control. In making this Statement, the Board is guided by the latest "Statement on Risk Management and Internal Control – Guideline for Directors of Listed Issuers" issued by the Task Force on Internal Control with the support and endorsement of the Bursa Securities.

BOARD RESPONSIBILITIES

The Board acknowledges that risk management and systems of internal control are integral parts of corporate governance and believes that its focus on effective risk oversight is critical to set the right tone and culture towards effective risk management and internal control systems in the Group.

Principally, the responsibilities of the Board as provided in the Guideline, for risk governance and controls are:

- Embed risk management in all aspects of the company's activities;
- Define and approve the board's acceptable risk appetite; and
- Review risk management framework, processes, responsibilities and assessing whether the present systems provide reasonable assurance that risks are managed within tolerable ranges.

The Board understands the principal risks of the business that the Group is engaged in and accepts that business decisions require the incurrence and balancing of risk and return in order to reward the shareholders. The Board has defined and approved the Group Risk Policy. The objective of this Group Risk Policy is to outline the principles of risk management, the Board's and the Management's risk management responsibilities and the expected objectives to be achieved from the formalization of the risk management in the Group.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board uses the following key controls and review mechanism to derive its comfort of the state of internal control and risk management in the Group:

- Board discussions with the Management during the Board meetings on business and operational issues as well as the measures taken by the Management to mitigate and manage risks associated with the business and operation issues;
- Delegation and separation of responsibilities between the Board and the Management. The Executive Directors report to the Board on the performance of the operations and its management while the Board scrutinizes the Management's performance to ensure its effectiveness and objectivity;
- The annual budget of the hotel operation and profit forecast of a key subsidiary were formulated. Quarterly, the Board reviews the operation performance and variances against these budget and forecast based on the management reports presented by the Executive Director and facilitation of the Audit Committee Chairman during the deliberation of the variances;
- The Audit Committee's review and consultation with the Management on the unaudited quarterly financial results to monitor the Group's progress towards achieving the Group's objectives; and
- The present of internal audit function to assist the Audit Committee and the Board in conducting independent assessment on the internal control systems and the governance practices. The Internal Auditors undertake their periodic reviews in accordance with the Audit Plan and scope approved by Audit Committee.

In February 2014, the Board has conducted a special risk assessment discussion with the Management. The focus of this discussion was on the sustainability of revenue from the hotel and complex businesses and the progress of the property development project. Several critical actions were concluded in this discussion and the Board would establish a Board Working Committee comprising of selected executive and non-executive members of the Board to evaluate, decide and carry out actions needed to strengthen the business and cash flows positions of the Group expeditiously.

Going forward, the Board will define the terms of reference and the risk management responsibilities for the Board Working Committee accordingly in order to empower this Committee to carry out its functions effectively.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa Securities' Guidelines, Management is responsible to the Board for identifying risks relevant to the business of the Group's objectives and strategies implementing, maintaining sound systems of risk management and internal control and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objective and performance.

When producing this Statement, the Board has received assurance from the Managing Director / Chief Executive Officer who is also responsible for the financial affairs of the Group, that to the best of his knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

BOARD ASSURANCE AND LIMITATION

For the financial year under review, the Board is satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses that require separate disclosure in the Annual Report.

The Board recognises that the systems of risk management and internal control should be continuously improved in line with the evolving business development. Nonetheless, it should be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

Review of Statement on Internal Control by External Auditors

The External Auditors have reviewed this Statement and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board and Management have adopted in reviewing of the adequacy and integrity of internal controls of the Group.

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. UTILISATION OF PROCEEDS

(i) On 12 September 2013, the Company announced a proposed private placement of up to 22,333,400 new ordinary share of RM0.50 each, representing approximately 10% of the issued and paid up Share Capital, to independent third party investors.

The proposal was submitted to Bursa Malaysia Securities Berhad and obtained its approval on 24 September 2013. The private placement was completed on 11 October 2013 following the listing of and quotation for 22,333,400 placement shares on the Main Market of Bursa Malaysia Securities Berhad.

A total of RM 11,501,701 was raised. The fund was fully utilised as of 20 January 2014, the breakdown of the utilisation is as follow:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Utilisation Timeframe	Deviation Amount RM'000	Deviation %
Payment to contractor	9,867	10,306	within 12 months	439	4.45
Working capital	1,000	1,000	within 6 months	–	–
Expenses relating to the Proposed Private Placement	300	196	within 1 month	(104)	(34.67)
	11,167	11,502		335	

Note:

The actual fund raised is RM11,501,701 which is in excess of RM334,701 compared to indicated sum. The excess was used for payment to contractor.

There are also excess of fund allocated for expenses relating to the private placement exercise amounting to RM104,437. The excess fund has been used for payment to contractor.

2. SHARE BUY BACKS

The Company did not enter into any share buyback transactions during the financial year ended 31 December 2013.

3. OPTIONS OR CONVERTIBLE SECURITIES

The Company did not issue any options or convertible securities during the financial year ended 31 December 2013.

4. DEPOSITORY RECEIPT PROGRAMME

There were no depository receipt programme sponsored by the Company.

5. SANCTIONS AND/OR PENALTIES

Since there were no sanctions and/or penalties imposed on the Company, its subsidiaries, Directors and management by the relevant regulatory bodies which have material impact on the operations or financial position of the Group during the financial year ended 31 December 2013.

6. NON-AUDIT FEE

Non-audit fees amounting to RM8,000 were incurred during the financial year ended 31 December 2013 in respect to the review of Statement of Risk Management and Internal Controls and review of Supplemental Information on the Disclosure of Realised and Unrealised Profit or Loss by the Company's auditors.

7. VARIATION IN RESULTS

There were no variation in the financial results of 10% or more from unaudited results announced.

8. MATERIAL CONTRACTS

There were no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2013 or entered into since the end of the previous financial year.

9. PROFIT GUARANTEES

The Group did not receive any profit guarantee during the financial year ended 31 December 2013.

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Continued)

Corporate Social Responsibility

In year 2013, the Group continued to express its care for environment and to society at large. The Group participated in various program through Renaissance Hotel Kota Bharu Spirit to Serve Our Community activities. Among others, the following programs had been carried out in year 2013 :

1. **Helping the Needy**
   - In a joint event with Lions Club Kota Bharu, Digi Telecommunications and Kumpulan Perumahan Rakyat Kelantan Bhd (KPRK), school-bags and necessities were presented to 42 orphans from PEKA YATIM, Rumah Anak Yatim Darul Aitam and Rumah Harapan Pakatan Kasih.

   - In "**Painting the Orphans House**" project; the Hotel helped painted the orphan's house at Yayasan Kebajikan Anak-Anak Yatim (YAATIM) Kelantan where 175 orphans lived. The Hotel also provided ice-cream, snacks and drinks for the orphans.

   - The Hotel was involved in the Free Fabricant of Artificial Legs Charity Project organized by Che Leng Khor Moral Uplifting Society Kelantan, by contributing food and refreshments to the volunteers.

2. **Blood Donation Drive**
   - Collaborated with Hospital Raja (P) Zainab 2, Kota Bharu and Hospital Universiti Sains Malaysia (Kubang Kerian) for blood donation campaigns. A total of 103 pints of blood were collected.

3. **Make My Wish Come True**
   - 294 poor school children selected from 4 schools namely Sekolah Keb Abdul Hadi, Sekolah Keb Kedai Buloh, Sekolah Keb Kota Jembal and Sekolah Rendah Jenis Keb (Cina) Chung Cheng were given financial assistance handout.

   - In the spirit of Christmas, wish cards collected from 241 underprivileged school children selected from 4 schools namely Sekolah Kebangsaan Pendek, Sekolah Kebangsaan Tanjong Mas, Pusat Jagaan Kesayangan Mumtahanah and SJK (C) Poy Hwa, were hung up at the Hotel's Christmas tree at the lobby. Each wish card carried the name of the child with details of items needed. With the support of guests and well wishers the Hotel managed to distribute to the children packages containing school necessities.

4. **Breaking of Fast with Orphans**
   - Sponsored 201 orphans from 'Yayasan Kebajikan Anak-Anak Yatim Kelantan' (YAATIM), 'Pertubuhan Kebajikan Anak Yatim Kelantan' (PEKA YATIM) and 'Rumah Tunas Harapan Pakatan Kasih' for breaking of fast at the Hotel. The orphans were also given Duit Raya at the event.

The Group is committed to continue the tradition of being a good corporate citizen who appreciate the environment and care for the community at large.

Financial Statements

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 13 and 14 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(loss) for the financial year	5,073,939	(487,636)
Other comprehensive income	(39,832)	(39,832)
	5,034,107	(527,468)
Attributable to:-		
Owners of the Company	5,034,107	(527,468)

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2013.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liabilities or other liabilities of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 22,333,400 new ordinary shares of RM0.50 each at RM0.515 per ordinary share via a private placement to eligible investors for a total cash consideration of RM11,501,701/-.

The new ordinary shares issued during the financial year rank pari passu in all respect with the existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.

DIRECTORS

The directors in office since the date of the last report are:-

Dato' Faruk Bin Othman		
Dato' Lim Hong Sang		
Lim Thian Loong		
Sydney Lim Tau Chin		
Dr. Chu Jan Tow	–	Appointed on 17.7.2013
Mau Kam Wai	–	Appointed on 17.7.2013
Melvinyeo Kiandee	–	Appointed on 17.7.2013
Petrus Gimbad	–	Appointed on 17.7.2013
Tan Chin Hong	–	Appointed on 17.7.2013
Lim Kwee Ong	–	Resigned on 17.7.2013
Yang Ching Leng @ Chan Ah Kow	–	Resigned on 17.7.2013
Yong Yeow Wah	–	Resigned on 17.7.2013

Dato' Lim Hong Sang, Lim Thian Loong and Sydney Lim Tau Chin who retire in accordance with Article 84 of the Company's Articles of Association have expressed their intention not to seek re-election. Hence, they will retain office until the conclusion of the forthcoming Annual General Meeting.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 31 December 2013 are as follows:-

	Numbe r of ordinary share s of RM0.50/- each			
	At 1.1.2013	Bought	Sold	At 31.12.2013
The Company				
Direct interest				
Dato' Lim Hong Sang	1,999,200	162,200	–	2,161,400
Dr Chu Jan Tow	–	8,734,813	–	8,734,813
Melvinyeo Kiandee	–	8,397,500	–	8,397,500
Indirect interest				
Sydney Lim Tau Chin (i)	17,966,430	–	–	17,966,430
Tan Chin Hong (ii)	–	25,778,700	–	25,778,700

(i) Indirect interest by virtue of his directorship and shareholding in Maylex Ventures Sdn. Bhd.
(ii) Indirect interest by virtue of his interest in Prestige Pavillion Sdn. Bhd and Danhwa Holdings Sdn Bhd.

Other than as stated above, the other directors in office at the end of the financial year had no interest in shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The details of the significant events that occurred during the financial year is disclosed in Note 36 to the financial statements.

DIRECTORS' REPORT

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

…………………………………..	……………………………..
DATO' LIM HONG SANG	TAN CHIN HONG
Director	Director

Kuala Lumpur

Date: 14 April 2014

STATEMENT BY DIRECTORS

We, **DATO' LIM HONG SANG** and **TAN CHIN HONG**, being two of the directors of Eastland Equity Bhd., do hereby state that in the opinion of the directors, the financial statements set out on pages 33 to 97 are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the financial year ended on that date in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The supplementary information set out on Page 98 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

…………………………………………..
DATO' LIM HONG SANG
Director

…………………………………………..
TAN CHIN HONG
Director

Kuala Lumpur

Date: 14 April 2014

STATUTORY DECLARATION

I, **SYDNEY LIM TAU CHIN,** being the director primarily responsible for the financial management of Eastland Equity Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 33 to 97 and the supplementary information set out on page 98 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960 in Malaysia.

....
SYDNEY LIM TAU CHIN

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 14 April 2014.

Before me,

ARSHAD ABDULLAH (No. W550)
Commissioner for Oaths
Kuala Lumpur, Wilayah Persekutuan

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTLAND EQUITY BHD.

Report on the Financial Statements

We have audited the financial statements of EASTLAND EQUITY BHD., which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 97.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) Our auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTLAND EQUITY BHD.

Other Reporting Responsibilities

The supplementary information set out in page 98 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Ng Boon Hiang
No. 2916/03/16 (J)
Chartered Accountant

Kuala Lumpur

Date: 14 April 2014

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Revenue	4	39,342,068	36,091,457	–	36,000
Other operating income					
– Allowance for impairment no longer required		671,387	–	7,473,371	20,428
– Rental income		38,183	–	–	–
– Waiver of debts		3,648,819	–	–	–
– Others		151,241	8,067	261	69,563
Staff costs					
– Hotel operations		(4,540,402)	(4,373,915)	–	–
– Others		1,358,568	1,296,018	430,974	(471,351)
Directors' remuneration		1,602,765	1,386,055	909,915	(535,200)
Finance costs (net)	6	(583,919)	(333,329)	6,064	26,768
Property development expenditure	17	(8,997,193)	(4,468,841)	–	–
Consumables used		(3,053,854)	(3,129,910)	–	–
Depreciation of property, plant and equipment		(493,949)	(619,021)	(205,472)	(328,408)
Provision for liabilities		(2,491,623)	(730,720)	–	–
Other operating expenses		(14,064,408)	(16,070,902)	(6,420,971)	(1,343,293)
Profit/(Loss) before income tax expense	7	6,665,017	3,690,813	(487,636)	(2,525,493)
Income tax expense	8	(1,591,078)	(2,155,661)	–	–
Share of result of associate		–	(228,300)	–	–
Profit/(Loss) for the financial year		5,073,939	1,306,852	(487,636)	(2,525,493)
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Net loss on fair value changes on available for sale financial assets		(39,832)	(19,196)	(39,832)	(19,196)
Total comprehensive income/(loss) for the financial year		**5,034,107**	**1,287,656**	**(527,468)**	**(2,544,689)**

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (Continued)

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Profit/(Loss) attributable to:-					
Owners of the Company		5,073,939	1,306,852	(487,636)	(2,525,493)
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		5,034,107	1,287,656	(527,468)	(2,544,689)
Earning per ordinary share attributable to Owners of the Company (Sen)					
Basic, for profit for the financial year	9(a)	2.22	0.59		
Diluted	9(b)	2.22	0.59		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	136,083,841	15,520,603	148,631	352,530
Investment properties	11	83,607,000	83,607,000	–	–
Prepaid land lease payments	12	7,004,176	7,100,020	–	–
Investment in subsidiaries	13	–	–	197,519,658	197,524,996
Investment in associate	14	–	–	–	–
Other investments	15	435,105	474,937	435,105	474,937
Land held for development	16	2,000,000	2,000,000	–	–
Total Non-Current Assets		229,130,122	108,702,560	198,103,394	198,352,463
Current Assets					
Property development expenditure	17	42,725,085	23,574,124	–	–
Inventories	18	5,690,575	5,484,163	–	–
Financing receivables	19	3,637,142	11,769,642	–	–
Trade and other receivables	20	20,694,681	22,719,764	38,850	79,118
Accrued billing		646,292	–	–	–
Tax recoverable		1,133,483	984,370	–	–
Amount owing by subsidiaries	21	–	–	37,224,238	27,264,012
Deposits placed with licensed banks	22	889,561	3,096,815	-	1,672,500
Cash and bank balances	23	3,965,392	3,612,751	101,862	41,755
Total Current Assets		79,382,211	71,241,629	37,364,950	29,057,385
Non-current assets held for sale	24	850,000	121,325,206	850,000	850,000
		80,232,211	192,566,835	38,214,950	29,907,385
TOTAL ASSETS		309,362,333	301,269,395	236,318,344	228,259,848

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013 (Continued)

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
EQUITY AND LIABILITIES					
Equity attributable to Owners of the Company					
Share capital	25	122,833,988	111,667,288	122,833,988	111,667,288
Share premium	26 (a)	335,001	–	335,001	–
Capital reserve	26 (b)	110,238,037	110,238,037	110,238,037	110,238,037
Fair value reserve	26 (c)	(22,696)	17,136	(22,696)	17,136
Revaluation reserve	26 (d)	524,794	–	–	–
Accumulated losses		(53,281,428)	(58,355,367)	(23,324,330)	(22,836,694)
Total Equity		180,627,696	163,567,094	210,060,000	199,085,767
Non-Current Liabilities					
Loans and borrowings	27	2,410,681	4,548,307	53,730	143,365
Deferred tax liabilities	28	14,311,067	13,791,333	–	–
Total Non-Current Liabilities		16,721,748	18,339,640	53,730	143,365
Current Liabilities					
Trade and other payables	29	79,816,685	78,483,154	381,772	105,199
Amount owing to a subsidiary	21	–	–	69,851	79,351
Loan and borrowings	27	2,745,390	4,109,654	89,635	160,666
Progress billing		–	3,438,789	–	–
Term loan instruments	30	1,784,200	3,137,247	–	–
Tax payable		–	519,876	–	–
Provisions for liabilities	31	27,666,614	29,673,941	25,663,356	28,685,500
Total Current Liabilities		112,012,889	119,362,661	26,204,614	29,030,716
Total Liabilities		128,734,637	137,702,301	26,258,344	29,174,081
TOTAL EQUITY AND LIABILITIES		309,362,333	301,269,395	236,318,344	228,259,848

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Attributable to Owner of the Company						
		Non-Distributable					Distributable	
Group	**Note**	**Share Capital RM**	**Share Premium RM**	**Capital Reserve RM**	**Fair value Reserve RM**	**Revaluation Reserve RM**	**Accumulated Losses RM**	**Total Equity RM**
At 1 January 2012		111,667,288	–	110,238,037	36,332	–	(59,662,219)	162,279,438
Total comprehensive income for the financial year		–	–	–	(19,196)	–	1,306,852	1,287,656
At 31 December 2012		111,667,288	–	110,238,037	17,136	–	(58,355,367)	163,567,094
Total comprehensive income for the financial year		–	–	–	(39,832)	–	5,073,939	5,034,107
Revaluation of land and building		–	–	–	–	524,794	–	524,794
Issuance of shares	25	11,166,700	335,001	–	–	–	–	11,501,701
At 31 December 2013		122,833,988	335,001	110,238,037	(22,696)	524,794	(53,281,428)	180,627,696

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (Continued)

		← Attributable to Owner of the Company →					
					Non-Distributable	Distributable	
Group	**Note**	**Share Capital RM**	**Share Premium RM**	**Capital Reserve RM**	**Fair value Reserve RM**	**Accumulated Losses RM**	**Total Equity RM**
At 1 January 2012		111,667,288	–	110,238,037	36,332	(20,311,201)	201,630,456
Total comprehensive loss for the financial year		–	–	–	(19,196)	(2,525,493)	(2,544,689)
At 31 December 2012		111,667,288	–	110,238,037	17,136	(22,836,694)	199,085,767
Total comprehensive income for the financial year		–	–	–	(39,832)	(487,636)	(527,468)
Issuance of shares	25	11,166,700	335,001	–	–	–	11,501,701
At 31 December 2013		122,833,988	335,001	110,238,037	(22,696)	(23,324,330)	210,060,000

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit/(Loss) before income tax expense	6,665,017	3,690,813	(487,636)	(2,525,493)
Adjustments for:				
Allowance no longer required				
– Financing receivables	(671,387)	–	–	(20,428)
– Subsidiaries	–	–	(7,473,371)	–
Waiver of debt	(3,648,819)	–	–	–
Interest income	(59,309)	(103,916)	(21,186)	(53,919)
Impairment loss:				
– Investment in subsidiaries	–	–	5,338	4,275
– Investment in associates	–	–	–	400,000
Interest expenses	643,228	437,245	15,122	27,151
Allowance for impairment	24,877	1,564,858	5,190,685	243,909
Depreciation of property, plant and equipment	493,949	619,021	205,472	328,408
Amortisation of prepaid lease payments	95,844	95,844	–	–
	3,543,400	6,303,865	(2,565,576)	(1,596,097)
Changes in Working Capital :				
Property development expenditure	(23,236,042)	1,532,548	–	–
Inventories	(206,412)	4,614	–	–
Lease and hire-purchase receivables	8,803,887	(245,393)	–	–
Trade and other receivables	2,000,206	(8,172,659)	40,268	16,537
Trade and other payables	4,982,350	545,442	276,573	(56,013)
Provision for liabilities	(2,007,327)	(713,620)	(3,022,144)	(280,000)
	(6,119,938)	(745,203)	(5,270,879)	(1,915,573)
Income tax paid	(1,997,908)	(1,281,379)	–	–
Income tax refunded	257,575	–	–	–
Net Operating Cash Flows	(7,860,271)	(2,026,582)	(5,270,879)	(1,915,573)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (Continued)

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment	(57,187)	(96,332)	(1,573)	(840)
Deposits held as security value	–	(27,264)	–	–
Interest received	59,309	103,916	21,186	53,919
Amount owing by subsidiaries	–	–	(7,687,040)	2,124,849
Net Investing Cash Flows	2,122	(19,680)	(7,667,427)	2,177,928
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment of term loan instruments	(1,353,047)	(28,558)	–	–
Repayment of term loans	(3,436,677)	(2,797,961)	–	–
Drawdown of term loans	–	4,395,944	–	–
Interest paid	(643,228)	(437,245)	(15,122)	(27,151)
Issuance of ordinary shares	11,501,701	–	11,501,701	–
Payment of hire-purchase payables	(160,666)	(227,687)	(160,666)	(227,687)
Net Financing Cash Flows	5,908,083	904,493	11,325,913	(254,838)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,950,066)	(1,141,769)	(1,612,393)	7,517
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	5,847,171	6,988,940	1,714,255	1,706,738
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	3,897,105	5,847,171	101,862	1,714,255
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	3,748,766	3,400,335	101,862	41,755
Housing Development Account	216,626	212,416	–	–
Deposits placed with licensed banks	889,561	3,096,815	–	1,672,500
Bank overdrafts	(95,453)	–	–	–
	4,759,500	6,709,566	101,862	1,714,255
Less: Deposits held as security value	(862,395)	(862,395)	–	–
	3,897,105	5,847,171	101,862	1,714,255

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The Company is principally involved in investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 13 and 14 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The registered office of the Company is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at No.24, Jalan 8/23E, Taman Danau Kota, Setapak, 53300 Kuala Lumpur, Malaysia.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 14 April 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.3.

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs")

(a) Adoption of Revised FRS, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int

The Group and the Company had adopted the following revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:

New FRSs

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement

Revised FRSs

FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investments in Associates and Joint Ventures

Amendments/Improvements to FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 7	Financial Instruments: Disclosures
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 101	Presentation of Financial Statements
FRS 116	Property, Plant and Equipment
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting

New IC Int

IC Int 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to IC Int

IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments

The adoption of the above new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

FRS 10 Consolidated Financial Statements

The Group adopted FRS 10 in the current financial year. This resulted in changes to the accounting policies as disclosed in Note 2.3(a). The adoption of FRS10 has no significant impact to the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

(a) Adoption of Revised FRS, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int (Continued)

FRS 11 Joint Arrangements

FRS 11 supersedes the former FRS 131 Interests in Joint Ventures. Under FRS 11, an entity accounts for its interest in a jointly controlled entity based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement. There are two types of joint arrangement namely joint venture or joint operation as specified in this new standard. A joint venturer recognises its interest in the joint venture as an investment and account for it using the equity method. The proportionate consolidation method is disallowed in such joint arrangement. A joint operator accounts for the assets, liabilities, revenue and expenses related to its interest directly.

The Group adopted FRS 11 in the current financial year. The adoption of FRS11 has no significant impact to the financial statements of the Group.

FRS 12 Disclosures of Interests in Other Entities

FRS 12 is a single disclosure standard for interests in subsidiaries, jointly controlled entities, associates and unconsolidated structured entities. The disclosure requirements in this FRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. The requirements in FRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries.

FRS 13 Fair Value Measurement

FRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a result of the guidance in FRS 13, the Group reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair values measurement of liabilities.

Application of FRS13 has not materially impacted the fair value measurements of the Group. FRS 13 requires more extensive disclosures. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

Amendments to FRS 101 Presentation of Financial Statements

The amendments to FRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified to profit or loss at future point in time have to be presented separately from items that will not be reclassified.

These amendments also clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1 January 2012.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

(a) Adoption of Revised FRS, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int (Continued)

***Amendments to FRS 101 Presentation of Financial Statements* (Continued)**

The amendments also introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'.

The above amendments affect presentation only and have no impact on the Group's financial position or performance.

FRS 128 Investments in Associates and Joint Ventures (Revised)

FRS 128 (Revised) incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associates, as the equity method was applicable for both investments in joint ventures and associates. However, the revised standard exempts the investor from applying equity accounting where the investment in the associate or joint venture is held indirectly via venture capital organisations or mutual funds, unit trusts and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with FRS 139 *Financial Instruments: Recognition and Measurement*.

Amendments to FRS 1 First-time Adoption of Financial Reporting Standards

Amendments to FRS 1 requires first-time adopters to apply the requirements FRS 139 *Financial Instruments: Recognition and Measurement* and FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to FRSs and shall not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Entities may choose to apply the requirements of FRS 139 *Financial Instruments: Recognition and Measurement* and FRS 120 to any government loans originated before the date of transition to FRSs retrospectively provided that the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give the first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest.

Amendments to FRS 1 also clarifies that an entity that has applied IFRSs in a previous reporting period, but whose most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with IFRSs, has the option to apply this FRS 1 or apply FRSs retrospectively in accordance with FRS108 *Accounting Policies, Changes in Accounting Estimates and Errors* as if it had never stopped applying IFRSs.

Amendments to FRS 7 Financial Instruments: Disclosures

Amendments to FRS 7 addresses disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

Amendment to FRS 116 Property, Plant and Equipment

Amendment to FRS 116 clarifies that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

(a) Adoption of Revised FRS, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int (Continued)

Amendments to FRS 10 Consolidated Financial Statements, FRS 11 Joint Arrangements and FRS 12 Disclosure of Interests in Other Entities

Amendments to FRS 10 clarifies that the date of initial application is the beginning of the annual reporting period for which this FRS is applied for the first time. Consequently, an entity is not required to make adjustments to the previous accounting if the consolidation conclusion reached upon the application of FRS 10 is the same as previous accounting or the entity had disposed of its interests in investees during a comparative period. When applying FRS10, these amendments also limit the requirement to present quantitative information required by Paragraph 28(f) of FRS108 *Accounting Policies, Changes in Accounting Estimates and Errors* to the annual period immediately preceding the date of initial application. A similar relief is also provided in FRS 11 and FRS 12. Additionally, entities would no longer be required to provide disclosures for unconsolidated structure entities in periods prior to the first annual period that FRS 12 is applied.

If, upon applying FRS 10, an entity conclude that it shall consolidate an investee that was not previously consolidated and that control was obtained before the effective date of the revised versions of these standards issued by the Malaysian Accounting Standards Board in November 2011, these amendments also clarify that an entity can apply the earlier versions of FRS 3 *Business Combinations* and FRS 127.

These amendments are not expected to have any significant impact on the financial results and position of the Group and the Company.

Amendment to FRS 132 Financial Instruments: Presentation

Amendment to FRS 132 clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with FRS 112 Income Taxes.

Amendment to FRS 134 Interim Financial Reporting

To be consistent with the requirements in FRS 8 *Operating Segments,* the amendment to FRS 134 clarifies that an entity shall disclose the total assets and liabilities for a particular reportable segment only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

(b) New FRSs, Amendments/Improvements to FRSs and New IC Int that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new FRS, amendments/improvements to FRSs and new IC Int hat have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
New FRS		
FRS 9	Financial Instruments	To be announced by the MASB
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2014
FRS 2	Share-based Payment	1 July 2014
FRS 3	Business Combinations	1 July 2014
FRS 7	Financial Instruments: Disclosures	Applies when FRS 9 is applied
FRS 8	Operating Segments	1 July 2014
FRS 9	Financial Instruments	To be announced by the MASB
FRS 10	Consolidated Financial Statements	1 January 2014
FRS 12	Disclosure of Interests in Other Entities	1 January 2014
FRS 13	Fair Value Measurement	1 July 2014
FRS 116	Property, Plant and Equipment	1 July 2014
FRS 119	Employee Benefits	1 July 2014
FRS 124	Related Party Disclosures	1 July 2014
FRS 127	Separate Financial Statements	1 January 2014
FRS 132	Financial Instruments: Presentation	1 January 2014
FRS 136	Impairment of Assets	1 January 2014
FRS 138	Intangible Assets	1 July 2014
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
FRS 139	Financial Instruments: Recognition and Measurement	Applies when FRS 9 is applied
FRS 140	Investment Property	1 July 2014
New IC Int		
IC Int 21	Levies	1 January 2014

A brief discussion on the above significant new FRS, amendments/improvements to FRSs and new IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations (“IC Int”), Amendments to IC Int and New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards, Malaysian Financial Reporting Standards (“MFRSs”) (Continued)

(b) New FRSs, Amendments/Improvements to FRSs and New IC Int that are issued, but not yet effective and have not been early adopted (Continued)

FRS 9 Financial Instruments

FRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former FRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

FRS 9 Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139)

The new hedge accounting model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. The most significant improvements apply to those that hedge non-financial risk, and they are expected to be of particular interest to non-financial institutions. As a result of these changes, users of the financial statements will be provided with better information about risk management and about the effect of hedge accounting on the financial statements. The FRS 9 hedge accounting model, if adopted, applies prospectively with limited exceptions.

As part of the Amendments, an entity is now allowed to change the accounting for liabilities that it has elected to measure at fair value, before applying any of the other requirements in FRS 9. This change in accounting would mean that gains caused by a worsening in the entity’s own credit risk on such liabilities are no longer recognised in profit or loss. The Amendments will facilitate earlier application of this long-awaited improvement to financial reporting.

The Amendments also remove the mandatory effective date from FRS 9.

Amendments to FRS 1 First-time Adoption of Financial Reporting Standards

Amendments to FRS 1 relates to the IASB’s Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

Amendments to FRS 2 Share-based Payment

Amendments to FRS 2 clarifies the definition of ‘vesting conditions’ by separately defining ‘performance condition’ and ‘service condition’ to ensure consistent classification of conditions attached to a share-based payment.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

(b) New FRSs, Amendments/Improvements to FRSs and New IC Int that are issued, but not yet effective and have not been early adopted (Continued)

Amendments to FRS 3 Business Combinations

Amendments to FRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to FRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to FRS 3 clarifies that FRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in FRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

Amendments to FRS 8 Operating Segments

Amendments to FRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosure of Interests in Other Entities and FRS 127 Separate Financial Statements

Amendments to FRS 10 introduces an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value thorough profit or loss in accordance with FRS 139 *Financial Instruments: Recognition and Measurement* instead of consolidating those subsidiaries in its consolidated financial statements. Consequently, new disclosure requirements related to investment entities are introduced in amendments to FRS 12 and FRS 127.

In addition, amendments to FRS 127 also clarifies that if a parent is required, in accordance with paragraph 31 of FRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with FRS139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

Amendments to FRS 13 Fair Value Measurement

Amendments to FRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of FRS 13 includes all contracts accounted for within the scope of FRS 139 *Financial Instruments: Recognition and Measurement* or FRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in FRS 132 *Financial Instruments: Presentation*.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

(b) New FRSs, Amendments/Improvements to FRSs and New IC Int that are issued, but not yet effective and have not been early adopted (Continued)

Amendments to FRS 116 Property, Plant and Equipment and FRS 138 Intangible Assets

Amendments to FRS 116 and FRS 138 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to FRS 119 Employee Benefits

Amendments to FRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by FRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

Amendments to FRS 124 Related Party Disclosures

Amendments to FRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to FRS 132 Financial Instruments: Presentation

Amendments to FRS 132 does not change the current offsetting model in FRS 132. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the FRS 132 offsetting criteria.

Amendments to FRS 136 Impairment of Assets

Amendments to FRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

(b) New FRSs, Amendments/Improvements to FRSs and New IC Int that are issued, but not yet effective and have not been early adopted (Continued)

Amendments to FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendments, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

Amendments to FRS 140 Investment Property

Amendments to FRS 140 clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in FRS 3 and investment property as defined in FRS 140 requires the separate application of both Standards independently of each other.

IC Int 21 Levies

IC Int 21 addresses the accounting for a liability to pay a government levy (other than income taxes and fine or other penalties that imposed for breaches of the legislation) if that liability is within the scope of FRS 137 *Provisions, Contingent Liabilities and Contingent Assets.* This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers the payment of the levy, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is recognised progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specific minimum threshold is reached.

(c) MASB Approved Accounting Standards, MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issue a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework and continue to adopt the existing FRSs framework until the MFRSs framework is mandated by the MASB. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs. The Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework when the MFRSs framework is mandated by the MASB.

As at 31 December 2013, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 *Agriculture* and IC Int 15 *Agreements for the Construction of Real Estate* as well as differences in effective dates contained in certain of the existing FRSs. As such, other than those as discussed below, the main effects arising from the transition to the MFRSs Framework has been discussed in Note 2.2(b). The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effect may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

(c) MASB Approved Accounting Standards, MFRSs (Continued)

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 141 Agriculture

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises. The Group does not expect any impact on the financial statements arising from the adoption of this standard.

IC Int 15 Agreements for the Construction of Real Estate

IC Int 15 establishes that the developer will have to evaluate whether control and significant risks and rewards of the ownership of work in progress, can be transferred to the buyer as construction progresses before revenue can be recognised. The Group is currently assessing the impact of the adoption of this Interpretation.

2.3 Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

(a) Basis of Consolidation and Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year. The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

The Group adopted FRS 10, Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, controls exists when the Group has the entity to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.

- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(a) Basis of Consolidation and Subsidiaries (continued)

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of FRS 10. The adoption of FRS 10 has no significant impact to the financial statements of the Group.

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

The financial statements of the subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Intra-group transactions and balances, and resulting unrealised gains are eliminated on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated on consolidation to the extent of the cost of the asset that can be recovered. The extent of the costs that cannot be recovered is treated as write downs or impairment losses as appropriate. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency with the accounting policies adopted by the Group.

In accordance with FRS 127, Consolidated and Separate Financial Statements (revised), upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Non-controlling interest at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interest in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(b) Associates

Associates are those corporations, partnerships or other entities in which the Group exercises influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of associates but not the power to exercise control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(p).

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(b) Associates (continued)

Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated statement of comprehensive income. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of Group's interest in the associate, and the unrealised losses are eliminated to the extent of the costs that can be recovered. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

After the application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

(c) Goodwill on Consolidation

For acquisition on or after 1st January 2011, the Group measures goodwill at the acquisition date as the fair value of the consideration transferred plus the recognised amount of any non-controlling interest in the acquiree plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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

Any contingent consideration payable is recognised at fair value at the acquisition dare. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(d) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognised revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Revenue from financing receivables

Revenue represents interest income from financing receivables which is recognised on an accruals basis, except when a financial receivable becomes non- performing. Interest income on non-performing loans is suspended unless it is recoverable. The non-recoverability of the loan shall arise should the repayments are in arrears for more than 3 months from the first day of default or after the maturity date or when the outstanding balance is greater than the value of the collateral pledged, interest is ceased being accrued.

(ii) Revenue from hotel operations

Revenue from hotel operations consists mainly of hotel room rental, telephone call income, restaurant and bar income, laundry income, amusement park collection, car park collection, food court collection and other related services, which is recognised when the services have been rendered.

(iii) Rental income

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

(iv) Revenue from property development

Revenue from sale of completed properties is recognised when the risks and rewards of ownership have passed to the buyers.

Revenue from the sale of property development projects is recognised progressively as the project activity progresses and is in respect of sales when the agreements have been finalised. The recognition of revenue is based on the stage of completion method and is consistent with the method adopted for profit recognition. Provision for foreseeable losses is made when estimated future revenue realisable is lower than the carrying amount of the project.

(v) Other income

– Administrative charges receivable is recognised on an accruals basis.
– Interest income is recognised as it accrues using effective interest method in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(e) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, bonuses, social security contribution and non-monetary benefits are recognised as an expense in the financial year in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non- accumulating compensated absences sick leave, maternity and paternity leave are recognised when absences occur.

(ii) Post-Employment Benefits

The Group make statutory contributions to an approved provident fund and contributions are charged to the income statement. Once the contributions have been paid, the Group have no further payment obligations.

(f) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(g) Taxation

(i) Current tax

The tax expense in the statements of comprehensive income represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

(ii) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets, if any, is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(g) Taxation (Continued)

(ii) Deferred tax (Continued)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and current tax liabilities on a net basis.

(h) Property, Plant and Equipment

Property, plant and equipment were initially stated at cost. Certain buildings were subsequently shown at market value, based on valuations of external independent valuers, less subsequent accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(p).

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss as incurred.

No depreciation is provided on freehold land. All other property, plant and equipment are depreciated on the straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are as follows:-

Hotel building	2%
Office premises	2%
Shophouses	2%
Plant and machinery	5%
Motor vehicles	10% to 25%
Furniture, fittings and renovations	5% to 30%
Computers and office equipment	10% to 33%

Capital work- in- progress are not depreciated as these assets are not intended for use.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(i) Revaluation of Assets

Land and buildings at valuation are revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market values.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any surplus or deficit arising from the revaluations will be dealt with in the Revaluation Reserve Account. Any deficit is set-off against the Revaluation Reserve Account only to the extent of the surplus credited from the previous revaluation of the land and buildings and the excess of the deficit is charged to profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits.

(j) Leases

(i) Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance cost, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(ii) Operating leases

Leases of assets were a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

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

(k) Investment Properties

Investment properties, comprising certain freehold land, leasehold land and buildings, are properties held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at fair value, representing open-market value determined by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated) from the statement of financial position. The difference between the net disposal proceeds and its carrying amount is charged or credited to profit or loss in the financial year of the retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(l) Property Development Activities

(i) Land held for development

Land held for property development is stated at cost less any accumulated impairment losses, if any and classified as non-current asset where no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(p).

Cost comprises the cost of land and all related costs incurred on activities necessary to prepare the land for its intended use. Where the Group had previously recorded the land at a revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201 Property Development Activities.

Land held for property development is transferred to property development costs and included under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or costs that can be allocated on a reasonable basis to these activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in profit or loss.

Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of development, the unsold completed development properties are transferred to inventories.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of food and beverages include purchase price and the incidental expenses incurred. Costs of land and completed properties comprises all direct construction cost and land cost, and direct development expenditure which is determined by the specific identification basis.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(n) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near future.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains and losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loan and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Held-to-Maturity Investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(n) Financial Assets (Continued)

(iv) Available-for-Sale Financial Assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(o) Financial Guarantee Contracts

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

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss over the contractual period or, upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(p) Impairment of Assets

(i) Impairment of Financial Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(p) Impairment of Assets (continued)

(i) Impairment of Financial Assets (continued)

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

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

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

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

(ii) Impairment of Non-financial Assets

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

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(q) Assets held for sale

Asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the assets is brought up-to-date in accordance with FRS 5 that is at the lower of carrying amount and fair value less cost to sell. Any differences are included in the profit or loss.

(r) Financial Liabilities

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

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

(i) Financial Liabilities at Fair Value through Profit or Loss

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

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

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

(ii) Other Financial Liabilities

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

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

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(s) Provisions for Liabilities

Provision for liabilities are recognised when the Group has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(t) Equity Instruments

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the financial year end. A dividend proposed or declared after the financial year end, but before the financial statements are authorised for issue, is not recognised as a liability at the financial year end.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(u) Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, demand deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.

(v) Operating Segment

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

(w) Fair value measurements

From 1 January 2013, the Group adopted FRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

In accordance with the transitional provision of FRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of FRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the director and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements made in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2 to the financial statements, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

<u>Investment properties and land held for development</u>

As several of the Group's directors are professionals who are experienced in the construction and property development industry, periodic assessments are made on the current market values of the Group's property assets. In determining the fair values of these properties, the management takes into consideration valuations carried out by professional valuers, replacement costs and transaction prices of similar assets in comparable locations.

<u>Impairment of property, plant and equipment</u>

The Group assesses impairment of assets whenever the events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

<u>Allowance for inventories</u>

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

<u>Fair value estimation of financial instruments</u>

For financial instruments measured at fair value, where the fair values cannot be derived from active markets, these fair values are determined using a variety of valuation techniques, including the use of mathematical models. Whilst the Group and the Bank generally use widely recognised valuation models with market observable inputs, judgement is required where market observable data are not available. Such judgement normally incorporate assumptions that other market participants would use in their valuations, including assumptions about interest rate yield curves, exchange rates, volatilities and prepayment and default rates.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Key sources of estimation uncertainty (Continued)

Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial assets is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Impairment of investment in subsidiaries and recoverability of amount owing by subsidiaries

The Company carried out the impairment test based on a variety of estimates including the value-in-use of the cash generating unit. Estimating the value-in-use requires the Company to estimate the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Provision for Liquidated and Ascertained Damages

Provision for liquidated and ascertained damages ("LAD") is in respect of projects undertaken by certain subsidiaries and is recognised for expected LAD claims based on the terms of the applicable sale and purchase agreements. Significant judgement is required in determining the amount of provision for LAD to be made. The Group evaluates the amount of provision required based on past experience, the industry norm and the results from continuous dialogs held with affected purchasers who are seeking indulgence and extension of time to complete the affected projects and waive their LAD claim.

4. REVENUE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Rental income from:-				
– Hotel operations	13,234,419	13,420,122	–	–
– Property investment	5,944,974	6,194,983	–	36,000
Other income from hotel operations	10,274,873	10,937,352	–	–
Leasing, hire-purchase and other interest income	–	724	–	–
Sale of development properties	10,031,128	5,538,276	–	–
Sale of completed properties	(143,326)	–	–	–
	39,342,068	36,091,457	–	36,000

5. SEGMENTAL INFORMATION

FRS 8 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

(a) General information

The Group's operating business is classified according to the following operating divisions:-

(i) Investment holding;
(ii) Leasing and financing;
(iii) Hospitality;
(iv) Investment properties; and
(v) Property development.

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION (Continued)

(b) Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on an arm's length basis in a manner similar to transactions with third parties.

Segment results is measured based on segment profit before tax that are reviewed by the Group's chief operating decision maker. There are no significant changes from prior financial year in the measurement methods used to determine reported segment results.

The total of segment asset is measured based on all assets of a segment other than current and deferred tax assets.

The total of segment liability is measured based on all liabilities of a segment other than current and deferred tax liabilities.

(c) Geographical Information

No segmental information by geographical segment has been presented as the Group principally operates in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION (Continued)

The segmental information of the Group are as follows:-

Group 2013	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Total RM
Segment profit/(loss)	(2,782,222)	557,410	6,556,207	832,737	(1,504,910)	3,589,714	7,248,936
Included in the measure of segment profit/(loss) are:							
Revenue from external customers	–	–	23,626,761	5,801,648	10,031,127	–	39,459,536
Inter-segment revenue	–	–	117,468	–	–	–	117,468
Reversal of impairment of financing receivables no longer required	–	671,387	–	–	–	–	671,387
Waiver of debts	–	–	–	–	–	3,648,819	3,648,819
Allowance for impairment on trade receivables	–	–	(18,854)	–	(6,023)	–	(24,877)
Provision for liabilities	–	–	(708,803)	(1,782,820)	–	–	(2,491,623)
Not included in the measure of segment profit but provided to Chief Executive Officer:							
Depreciation and amortisation	(205,470)	–	–	(361,850)	(22,473)	–	(589,793)
Finance cost	(15,122)	–	–	(481,153)	(146,953)	–	(643,228)
Finance income	21,186	–	–	27,167	10,956	–	59,309
Tax expense	–	–	–	(1,554,828)	(36,250)	–	(1,591,078)

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION (Continued)

The segmental information of the Group are as follows:-

Group 2013	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Total RM
Segment assets	241,194,906	4,876,560	4,255,347	332,953,861	1,833,096	2,071,153	587,184,923
Included in the measure of segment assets are:							
Additions to non-current assets other than financial instruments and deferred tax assets	1,573	–	–	54,774	840	–	57,187
Segment liabilities	47,505,096	25,170	3,623,448	71,334,770	65,921,103	3,200	188,412,787

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION (Continued)

The segmental information of the Group are as follows:-

Group 2012	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Total RM
Segment profit/(loss)	(1,958,360)	(1,553,763)	7,302,948	335,546	32,239	(69,990)	4,024,142
Included in the measure of segment profit/(loss) are:							
Revenue from external customers	36,000	724	24,357,474	6,158,983	5,538,276	–	36,091,457
Inter-segment revenue	–	–	114,480	–	–	–	114,480
Allowance for impairment:							
– Financing receivables	–	(1,522,500)	–	–	–	–	(1,522,500)
– Trade receivables	–	–	(14,318)	–	(3,655)	–	(17,973)
– Other receivables	(24,385)	–	–	–	–	–	(24,385)
Provision for liabilities	–	–	(730,720)	–	–	–	(730,720)
Share of result of associate	(228,300)	–	–	–	–	–	(228,300)
Not included in the measure of segment profit but provided to Chief Executive Officer:							
Depreciation and amortisation	(328,408)	–	–	(364,042)	(22,415)	–	(714,865)
Finance cost	(27,151)	–	–	(409,502)	(592)	–	(437,245)
Finance income	53,919	–	–	27,602	22,395	–	103,916
Tax expense	–	–	–	(1,063,959)	–	–	(1,063,959)

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION (Continued)

The segmental information of the Group are as follows:-

Group 2012	**Investment holding RM**	**Leasing and financing RM**	**Hospitality RM**	**Investment properties RM**	**Property development RM**	**Others RM**	**Total RM**
Segment assets	240,054,374	8	4,980,422	277,253,913	2,752,059	79,991	525,120,767
Included in the measure of segment assets are:							
Additions to non-current assets other than financial instruments and deferred tax assets	840	–	–	92,020	3,472	–	96,332
Segment liabilities	57,891,467	19,334	3,916,297	72,730,826	65,911,796	8,000	200,477,720

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION (Continued)

Reconciliation of reportable segment revenue, profit or loss, assets and other material items:-

	Group	
	2013 RM	2012 RM
Total profit or loss for reportable segments	7,248,936	4,024,142
Other non-reportable segments	–	–
Finance cost	(643,228)	(437,245)
Finance income	59,309	103,916
Consolidated profit before tax	6,665,017	3,690,813

	Group	
	2013 RM	2012 RM
Total reportable segments assets	587,184,923	525,120,767
Elimination of inter-segment transactions or balances	(277,822,590)	(223,851,372)
Consolidated total	309,362,333	301,269,395

	Group	
	2013 RM	2012 RM
Total reportable segments liabilities	188,412,787	200,477,720
Elimination of inter-segment transactions or balances	(59,678,150)	(62,775,419)
Consolidated total	128,734,637	137,702,301

6. FINANCE COSTS (net)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest income				
– Deposits placed with licensed banks	54,512	102,599	21,186	53,919
– Overdue interest	4,797	1,317	–	–
	59,309	103,916	21,186	53,919
Interest expenses				
– Short term borrowings	(1,153)	(9)	–	–
– Term loans	(626,953)	(410,085)	–	–
– Hire-purchase payables	(15,122)	(27,151)	(15,122)	(27,151)
	(643,228)	(437,245)	(15,122)	(27,151)
	(583,919)	(333,329)	6,064	26,768

NOTES TO THE FINANCIAL STATEMENTS

7. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

Profit/(loss) before income tax expense is arrived at:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
After crediting:-				
Allowance for impairment no longer required:				
– Lease and hire purchase receivables	671,387	–	–	–
– Subsidiaries	–	–	7,473,371	20,428
Rental income	38,183	–	–	–
Waiver of debt	3,648,819	–	–	–
and charging:-				
Audit fee	(109,200)	(98,000)	(38,000)	(38,000)
Allowance for impairment:				
– Financing receivables	–	(1,522,500)	–	–
– Trade receivables	(24,877)	(17,973)	–	–
– Other receivables	–	(24,385)	–	(24,385)
– Subsidiaries	–	–	(5,190,685)	(219,524)
Amortisation of prepaid lease payments	(95,844)	(95,844)	–	–
Depreciation of property, plant and equipment	(493,949)	(619,021)	(205,472)	(328,408)
Impairment loss on:				
– Subsidiaries	–	–	(5,338)	(4,275)
– Associates	–	–	–	(400,000)
Provision for liabilities	(2,491,623)	(730,720)	–	–
Realised loss on foreign exchange	(62,900)	(12,638)	–	–
Rental of:				
– Parking	(18,000)	(18,000)	–	–
– Hostel	(75,713)	(84,000)	–	–
– Equipment	(7,300)	(86,317)	–	–
Royalty fee payable to third party	(472,535)	(487,147)	–	–
Staff costs:				
– Employees' Provident Fund	(532,478)	(475,908)	(41,484)	(49,392)
– SOCSO	(85,830)	(87,012)	(4,645)	(4,867)
– Salaries and allowance	(5,057,144)	(4,893,331)	(384,845)	(417,092)
– Other staff related costs	(223,518)	(213,682)	–	–

NOTES TO THE FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Income tax				
– current year	(1,580,758)	(1,063,959)	–	–
– over/(under) accrual in prior year	509,414	(25,362)	–	–
	(1,071,344)	(1,089,321)	–	–
Deferred tax liabilities (Note 28)				
– current year	(507,419)	(981,901)	–	–
– under accrual in prior year	(12,315)	(84,439)	–	–
	(519,734)	(1,066,340)	–	–
	(1,591,078)	(2,155,661)	–	–

The income tax is calculated at the statutory rate of 25% of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit/(loss) before income tax expense at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:-

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Profit/(Loss) before income tax expense	6,665,017	3,690,813	(487,636)	(2,525,493)
Taxation at applicable statutory tax rate of 25%	(1,666,254)	(922,703)	121,909	631,373
Tax effects arising from:-				
– non-deductible expenses	(1,581,061)	(660,123)	(1,356,449)	(321,433)
– non-taxable income	1,873,640	113,511	1,873,640	5,107
– reversal/(origination) of deferred tax assets not recognised in the financial statements	(714,502)	(576,545)	(639,100)	(315,047)
– over/(under) accrual in prior years	497,099	(109,801)	–	–
Tax expense for the financial year	(1,591,078)	(2,155,661)	–	–

Deferred tax assets have not been recognised for the following items:-

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Deductible temporary differences	566,056	555,515	548,306	542,924
Unutilised tax losses	197,553,220	194,705,753	27,146,306	24,595,289
Net deferred tax assets	198,119,276	195,261,268	20,694,612	25,138,213
Potential deferred tax assets not recognised at 25%	49,529,819	48,815,317	6,923,653	6,284,553

NOTES TO THE FINANCIAL STATEMENTS

9. EARNING PER SHARE

(a) Basic

The basic earnings per share which has been calculated based on the profit for the financial year attributable to the owners of the Company of RM5,073,939/- (2012: RM1,306,852/-) are disclosed as follows:-

	Group	
	2013 RM	2012 RM
Earning attributable to owners of the Company		
Profit for the financial year	5,073,939	1,306,852
Weighted average number of ordinary shares in issue	228,413,129	223,334,575
Basic earnings per share (sen)	2.22	0.59

(b) Diluted

There is no diluted earning per share as the Company does not have any dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT

Group **2013** **Cost (unless otherwise stated)**	**Freehold Land at valuation**	**Building at valuation**	**Capital Work in progress**	**Plant and machinery**	**Motor vehicles**	**Furniture, fittings and renovations**	**Computers and office equipment**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 January 2013	–	–	13,181,428	2,808,066	2,290,047	2,036,100	324,738	20,640,379
Additions	–	–	–	–	–	55,509	1,678	57,187
Reclassification from non-current asset held for sale	3,916,467	116,558,739	–	–	–	–	–	120,475,206
Revaluation of land and building	524,794	–	–	–	–	–	–	524,794
Disposals/Write-off	–	–	–	–	–	(320)	–	(320)
At 31 December 2013	4,441,261	116,558,739	13,181,428	2,808,066	2,290,047	2,091,289	326,416	141,697,246
Accumulated Depreciation								
At 1 January 2013	–	–	–	1,651,128	1,938,424	1,230,390	299,834	5,119,776
Depreciation for the financial year	–	–	–	140,403	212,105	129,918	11,523	493,949
Disposals/Write-off	–	–	–	–	–	(320)	–	(320)
At 31 December 2013	–	–	–	1,791,531	2,150,529	1,359,988	311,357	5,613,405
Net Carrying Amount at 31 December 2013	4,441,261	116,558,739	13,181,428	1,016,535	139,518	731,301	15,059	136,083,841

NOTES TO THE FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2012 Cost (unless otherwise stated)	Capital Work in progress RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and renovations RM	Computers and office equipment RM	Total RM
At 1 January 2012	13,181,428	2,808,066	2,290,047	1,944,079	323,969	20,547,589
Additions	–	–	–	92,021	4,311	96,332
Disposals/Write-off	–	–	–	–	(3,542)	(3,542)
At 31 December 2012	13,181,428	2,808,066	2,290,047	2,036,100	324,738	20,640,379
Accumulated Depreciation						
At 1 January 2012	–	1,510,725	1,597,484	1,105,705	290,383	4,504,297
Depreciation for the financial year	–	140,403	340,940	124,685	12,993	619,021
Disposals/Write-off	–	–	–	–	(3,542)	(3,542)
Reclassification	–	–	–	–	–	–
At 31 December 2012	–	1,651,128	1,938,424	1,230,390	299,834	5,119,776
Net Carrying Amount at 31 December 2012	13,181,428	1,156,938	351,623	805,710	24,904	15,520,603

NOTES TO THE FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Motor vehicles	Furniture, fittings and renovations	Computers and office equipment	Total
2013	RM	RM	RM	RM
Cost				
At 1 January 2013	1,981,620	27,812	107,422	2,116,854
Additions	–	275	1,298	1,573
Disposals/Write-off	–	–	–	–
At 31 December 2013	1,981,620	28,087	108,720	2,118,427
Accumulated Depreciation				
At 1 January 2013	1,641,727	24,114	98,483	1,764,324
Depreciation for the financial year	200,351	1,581	3,540	205,472
Disposals/Write-off	–	–	–	–
At 31 December 2013	1,842,078	25,695	102,023	1,969,796
Net Carrying Amount at 31 December 2013	139,542	2,392	6,697	148,631
2012				
Cost				
At 1 January 2012	1,981,620	27,812	107,139	2,116,571
Additions	–	–	840	840
Disposals/Write-off	–	–	(557)	(557)
At 31 December 2012	1,981,620	27,812	107,422	2,116,854
Accumulated Depreciation				
At 1 January 2012	1,322,539	19,916	94,018	1,436,473
Depreciation for the financial year	319,188	4,198	5,022	328,408
Disposals/Write-off	–	–	(557)	(557)
At 31 December 2012	1,641,727	24,114	98,483	1,764,324
Net Carrying Amount at 31 December 2012	339,893	3,698	8,939	352,530

Included in property and equipment of the Group and Company are motor vehicles with a net carrying amount of RM138,894/- (2012 : RM338,135/-) and RM138,894/-(2012 : RM338,135/-) respectively which are acquired under hire-purchase arrangements.

NOTES TO THE FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

On 31 December 2013, the Group has reclassified hotel land and building of RM120,475,206/- from non-current asset held for sale to property, plant and equipment due to intended disposal has been delayed. The hotel land and building was revalued at RM121,000,000/- and categorised as level 3, which fair values of hotel land and building has been arrived at on the basis of valuations carried by Messrs. CH Williams Talhar & Wong, an independent valuer. Valuation were based on the profit methods entails estimating annual income that can be derived from the running of the property as a business concern and at a suitable rate of return consistent with the type and quality of investment to arrive at the market value. The comparison method is used as a check. Recent transaction and asking prices of similar properties in locality are analysed for comparison purposes. The surplus arising from the revaluation amounting to RM524,794/- has been credited to the revaluation reserve account as disclosed in the notes to the financial statements.

The hotel land and building have been charged to financial institutions as securities for credit facilities granted to the Group as disclosed in Note 27 to the financial statements.

11. INVESTMENT PROPERTIES

	Group	
	2013 RM	2012 RM
Shopping complex, at fair value		
At the beginning/end of the financial year	83,607,000	83,607,000

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2013 RM	2012 RM
Rental income	4,601,534	5,815,367
Direct operating expenses:		
– income generating investment properties	199,946	188,730

Fair value information

Fair value of investment properties are categorised as level 2, which fair values of shopping complex has been arrived at on the basis of valuations carried out by an independent valuer. Valuations were based on current prices in an active market for the properties.

The shopping complex has been charged to a financial institution as securities for the term loan facilities granted to a subsidiary and a former subsidiary, FBO Leasing Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS

12. PREPAID LAND LEASE PAYMENTS

Prepaid land lease payments relate to the lease of land for the Group's office premise in Kuala Lumpur and land in Kelantan. These leases will expire in 2085 and 2075 respectively and the Group does not have an option to purchase the leasehold land at the expiry of the lease period. Prepaid land lease payments are amortised over the lease term of the land.

	Group	
	2013 RM	**2012 RM**
At Cost		
At the beginning/end of the financial year	7,718,045	7,718,045
Accumulated Amortisation		
At the beginning of the financial year	(493,665)	(397,821)
Amortisation charge for the financial year	(95,844)	(95,844)
At the end of the financial year	(589,509)	(493,665)
Accumulated Impairment Loss		
At the beginning/end of the financial year	(124,360)	(124,360)
	7,004,176	7,100,020

13. INVESTMENT IN SUBSIDIARIES

	Group	
	2013 RM	**2012 RM**
Unquoted shares, at cost	197,753,003	197,753,003
Less: Allowance for impairment	(233,345)	(228,007)
	197,519,658	197,524,996

The subsidiaries, which are incorporated in Malaysia unless otherwise stated, are as follows:-

	Effective Equity Interest		
Name of Company	**2013 %**	**2012 %**	**Principal Activities**
Direct Subsidiaries			
Eastern Biscuit Factory Sdn. Bhd.	100	100	Property development, investment in properties and hotel operations
FBO Land (Setapak) Sdn. Bhd.	100	100	Property development
FBO Properties Sdn. Bhd.	100	100	Dormant
Perfect Diamond Capital Sdn. Bhd.	100	100	Investment holding
EBF Land Sdn. Bhd.	100	100	Investment holding
Subsidiary of Eastern Biscuit Factory Sdn. Bhd.			
FBO Land (Serendah) Sdn. Bhd.	100	100	Property investment
Subsidiary of Perfect Diamond Capital Sdn. Bhd.			
Rimaflex Sdn. Bhd.	100	100	Money lending
Subsidiary of EBF Land Sdn. Bhd.			
Exquisite Properties Sdn. Bhd.	100	100	Dormant
Subsidiary of Rimaflex Sdn. Bhd.			
Rimaflex Nominees (Tempatan) Sdn. Bhd.	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENT IN ASSOCIATE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unquoted shares, at cost	400,000	400,000	400,000	400,000
Less: Allowance for impairment	–	–	(400,000)	(400,000)
Share of post-acquisition result	(400,000)	(400,000)	–	–
	–	–	–	–

Details of the associate which is incorporated in Malaysia, is as follows:-

Name of Company	Effective Equity Interest 2013 %	2012 %	Principal Activities
P.A. Projects Sdn. Bhd. # *	20	20	Design, supply, fabricating and installation of aluminium products

Audited by a firm other than Baker Tilly Monteiro Heng.

* The management account of the associate company is used for the purpose of equity-accounting. The Group has no share of losses in associates during the financial year due to Group's interest to nil and recognition of further losses is discontinued.

The summarised financial information of the associate is as follow:-

	Group	
	2013 RM	2012 RM
ASSETS AND LIABILITIES		
Current Assets	7,928,133	8,307,504
Non-Current Assets	931,765	935,009
Total Assets	8,859,898	9,242,513
Current Liabilities	13,001,543	10,385,019
Total Liabilities	13,001,543	10,385,019
RESULTS		
Revenue	1,080,746	6,735,090
Loss for the financial year	(3,236)	(1,928,191)

NOTES TO THE FINANCIAL STATEMENTS

15. OTHER INVESTMENTS

	Group		Group	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-current				
Available -for-sale financial assets				
– Equity instruments (quoted outside Malaysia)				
At the beginning of the financial year	474,937	494,133	474,937	494,133
Net loss on fair value changes recognised in other comprehensive income	(39,832)	(19,196)	(39,832)	(19,196)
At the end of financial year	435,105	474,937	435,105	474,937

16. LAND HELD FOR DEVELOPMENT

	Group	
	2013 RM	2012 RM
Long leasehold land, at cost	2,800,000	2,800,000
Less: Allowance for impairment	(800,000)	(800,000)
	2,000,000	2,000,000

17. PROPERTY DEVELOPMENT EXPENDITURE

	Group	
	2013 RM	2012 RM
At the beginning of the financial year		
Property development expenditure		
– Leasehold land, at cost	3,438,476	3,680,372
– Development costs	20,135,648	16,593,340
	23,574,124	20,273,712
Cost incurred during the financial year		
– Development costs	28,148,154	7,769,253
	28,148,154	7,769,253
Costs recognised as expense in profit or loss		
– Leasehold land, at cost	(68,498)	(241,896)
– Development costs	(8,928,695)	(4,226,945)
	(8,997,193)	(4,468,841)
At the end of the financial year	42,725,085	23,574,124
Represented by :		
– Leasehold land, at cost	3,369,978	3,438,476
– Development costs	39,355,107	20,135,648
	42,725,085	23,574,124

NOTES TO THE FINANCIAL STATEMENTS

18. INVENTORIES

	Group 2013 RM	Group 2012 RM
At cost,		
Completed properties		
– Apartments	596,000	451,000
– Condominium	4,676,793	4,579,509
Food and beverages	417,782	453,654
	5,690,575	5,484,163

The condominiums of the Group have been charged to local licensed banks as security for term loans and other credit facilities granted to a former subsidiary, FBO Leasing Sdn. Bhd.

The apartments, are amounts totalling RM300,000/- (2012: RM300,000/-) which have been charged as securities for term loan instruments of the subsidiary as disclosed in Note 30 to the financial statements.

19. FINANCING RECEIVABLES - SECURED

	Group 2013 RM	Group 2012 RM
Financing receivables	24,117,349	32,520,037
Less: Unearned interest	(4,005,189)	(3,603,990)
	20,112,160	28,916,047
Less: Allowance for impairment	(16,475,018)	(17,146,405)
	3,637,142	11,769,642
Receivable:-		
Within twelve months	3,637,142	11,769,642

NOTES TO THE FINANCIAL STATEMENTS

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables	11,565,854	13,761,245	–	–
Less: Allowance for impairment	(1,419,805)	(1,394,928)	–	–
	10,146,049	12,366,317	–	–
Other receivables	14,629,736	14,485,821	24,385	38,265
Less: Allowance for impairment	(4,547,341)	(4,571,726)	(24,385)	(24,385)
	10,082,395	9,914,095	–	13,880
Deposits	317,453	247,507	11,499	1,795
Prepayments	148,784	191,845	27,351	63,443
Total trade and other receivables	20,694,681	22,719,764	38,850	79,118

Group
The trade credit term ranges from 7 to 90 days (2012: 7 to 90 days). Other credit terms are assessed and approved on a case by case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(a) Trade receivables

Ageing analysis of trade receivables

The analysis of the Group's trade receivables is as follows:

	Group	
	2013 RM	2012 RM
Neither past due nor impaired	3,171,781	5,335,900
1 to 30 days past due not impaired	830,795	2,658,808
31 to 60 days past due not impaired	393,897	3,030,933
61 to 90 days past due not impaired	4,386,741	62,621
91 to 120 days past due not impaired	50	60,534
More than 121 days past due not impaired	–	329,178
	5,611,483	6,142,074
Impaired	2,782,590	2,283,271
	11,565,854	13,761,245

NOTES TO THE FINANCIAL STATEMENTS

20. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Receivables that are past due but not impaired

At the reporting date, the Group has trade receivables amounting to RM5,611,483/- (2012: RM6,142,074/-) that are past due but not impaired.

Receivables that are past due but not impaired

Trade receivables that were past due but not impaired relate to customers that have good track records with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2013 RM	**2012 RM**
Collectively impaired		
Trade receivables – nominal amounts	2,782,590	2,283,271
Less: Allowance for impaiment	(1,419,805)	(1,394,928)
	1,362,785	888,343

Movement in allowance accounts:

	Group	
	2013 RM	**2012 RM**
At the beginning of the financial year	(1,394,928)	(1,376,955)
Impairment for the financial year	(24,877)	(17,973)
At the end of the financial year	(1,419,805)	(1,394,928)

(b) Other receivables

Group

Included in other receivables is an amount totalling RM9,360,000/- (2012: RM9,360,000/-) which represents advances to a former contractor. The outstanding amount is to be settle based on the debts restructuring agreement as detailed in Note 36 to the financial statements.

21. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2013 RM	**2012 RM**
Amount owing by subsidiaries	64,087,034	56,409,494
Less: Allowance for impairment	(26,862,796)	(29,145,482)
	37,224,238	27,264,012
Amount owing to a subsidiary	(69,851)	(79,351)

Amount owing by/(to) subsidiaries is non-trade in nature, unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

22. DEPOSITS PLACED WITH LICENSED BANKS

Group

Deposits placed with licensed banks of RM889,561/- (2012: RM862,395/-) are pledged to the banks for banking facilities granted to the Group.

23. CASH AND BANK BALANCES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash and bank balances	3,748,766	3,400,335	101,862	41,755
Cash held under Housing Development Account	216,626	212,416	–	–
	3,965,392	3,612,751	101,862	41,755

Group

Cash held under Housing Development Account are opened and maintained under Section 7A of the Housing Development (Control and Licensing) Act, 1966.

24. NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At the beginning of the financial year	121,325,206	121,325,206	850,000	850,000
Reclassified to Property, plant and equipment:				
– Hotel land and building	(120,475,206)	–	–	–
At the end of the financial year	850,000	121,325,206	850,000	850,000

On 31 December 2013, the Group has reclassified hotel land and building from non-current asset held for sale to property, plant and equipment due to intended disposal has been delayed.

The balance of the assets represents shop lots. The assets had been disposed off subsequent to the financial year.

25. SHARE CAPITAL

	Group and Company			
	2013		2012	
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares of RM0.50/- each Authorised				
At the beginning/end of the financial year	2,000,000,000	1,000,000,000	2,000,000,000	1,000,000,000
Issued and fully paid				
At the beginning of the financial year	223,334,575	111,667,288	223,334,575	111,667,288
Issuance of shares	22,333,400	11,166,700	–	–
At the end of the financial year	245,667,975	122,833,988	223,334,575	111,667,288

During the financial year, the Company issued 22,333,400 new ordinary shares of RM0.50 each at RM0.515 per ordinary share via a private placement to eligible investors for a total cash consideration of RM11,501,701/-.

NOTES TO THE FINANCIAL STATEMENTS

26. (a) SHARE PREMIUM

	Group and Company	
	2013	2012
	RM	RM
At the beginning of the financial year	–	–
Issuance of share via private placement	335,001	–
At the end of the financial year	335,001	–

The share premium is arrived at after accounting for the premium received over the nominal value of the shares issued.

(b) CAPITAL RESERVE

Capital reserve arose from the par value reduction exercise undertaken by the Company in year 2009. It represents surplus arising after the off-setting of the Company's issued and paid up capital against its accumulated losses at the date when the reduction of share capital became effective.

The capital reserve is a non-distributable reserve.

(c) FAIR VALUE RESERVE

Fair value reserve represents the cumulative fair value changes, net of tax, of available- for-sale financial assets until they are disposed of or impaired.

(d) REVALUATION RESERVE

The revaluation reserve represents the surplus arising from revaluation of hotel building.

27. LOANS AND BORROWINGS

		Group		Company	
		2013	2012	2013	2012
		RM	RM	RM	RM
Current					
Bank overdraft- secured	(a)	95,453	–	–	–
Hire purchase payables	(b)	89,635	160,666	89,635	160,666
Term loans	(c)	2,560,302	3,948,988	–	–
		2,745,390	4,109,654	89,635	160,666
Non-current					
Hire purchase payables	(b)	53,730	143,365	53,730	143,365
Term loans	(c)	2,356,951	4,404,942	–	–
		2,410,681	4,548,307	53,730	143,365
Total borrowings		5,156,071	8,657,961	143,365	304,031

Group and Company

(a) Bank overdraft

The weighted average effective interest rate of the bank overdraft was at 9.10% (2012: 9.1%) per annum.

The bank overdraft of the Group is secured by way of deposit placed with licensed bank.

NOTES TO THE FINANCIAL STATEMENTS

27. LOANS AND BORROWINGS (Continued)

(b) Hire purchase payables

	Group and Company 2013 RM	2012 RM
Future minimum hire-purchase payables		
– not later than one year	96,368	175,788
– later than one year but not later than five years	54,976	151,344
	151,344	327,132
Less: Future finance charges	(7,979)	(23,101)
	143,365	304,031
Represented by		
– Current	89,635	160,666
– Non-current	53,730	143,365
	143,365	304,031

The hire-purchase payables of the Group and of the Company bore interest ranging from 4.05% to 6.33% (2012: 3.34% to 6.85%) per annum.

(c) Term loans - secured

	Group 2013 RM	2012 RM
Total outstanding	4,917,253	8,353,930
Less: Portion due within one year	(2,560,302)	(3,948,988)
Portion repayable after one year	2,356,951	4,404,942

Securities/Repayment terms	Term Loans 2013 RM	2012 RM
Secured by legal charge over a subsidiary's property, plant and equipment and corporate guarantee from the Company. The term loans are repayable by 120 monthly instalments of RM237,251/- each.	1,175,852	3,943,486
Secured by legal charge over a subsidiary's project land and investment properties, deed of assignment on the rental proceeds and corporate guarantee from the Company. The term loans are repayable by 35 monthly instalments of RM132,500/- each and final instalment of RM15,132,500/-.	3,741,401	4,410,444
	4,917,253	8,353,930

The term loans bear interest at effective interest rates of 8.60 % (2012: 8.60%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

28. DEFERRED TAX LIABILITIES

	Group	
	2013 RM	2012 RM
At the beginning of the financial year	13,791,333	12,724,992
Transferred from profit or loss (Note 8)	519,734	1,066,341
At the end of the financial year	14,311,067	13,791,333
Representing the tax effect of:-		
Temporary differences between net book value and corresponding tax written value	14,311,067	13,791,333

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade payables	10,949,113	3,890,739	–	–
Other payables	4,631,239	4,417,074	17,624	32,951
Amount owing to former subsidiaries	58,773,771	65,322,590	–	–
Accrued expenses	3,095,796	2,773,584	41,900	70,000
Deposits received	2,167,969	1,880,181	322,248	2,248
Advances received from potential purchasers	198,797	198,986	–	–
	79,816,685	78,483,154	381,772	105,199

The normal trade credit term granted to the Group ranges from 30 to 60 days (2012: 30 to 60 days).

Amount owing to former subsidiary

The amount owing to former subsidiary is unsecured, interest free and to be settled based on debts restructuring agreement as detailed in Note 37 to the financial statements.

30. TERM LOAN INSTRUMENTS

(a) Term loan instruments, issued on 30th December 2002 as an integral part of the Restructuring Scheme, are as follows:-

	Group	
	2013 RM	2012 RM
Guaranteed secured term loan (“GSTL”)	709,630	1,391,542
Non-guaranteed convertible secured term loan (“NGCSTL”)	1,074,570	1,745,705
	1,784,200	3,137,247

(b) The salient features of the GSTL include the following:-

- The GSTL bears interest at a fixed interest rate ranging from 2% to 4% per annum and an additional fixed cumulative interest at rates ranging from 2% to 8% per annum. Any unpaid cumulative interest shall be accumulated but not capitalised and shall be payable at the next or subsequent interest payment date.
- Bullet payment on the fifth anniversary from the date of issuance or at an earlier date, depending on the sale of the secured assets.
- The principal payment and interest outstanding of the entire GSTL is guaranteed by the Company.

NOTES TO THE FINANCIAL STATEMENTS

30. TERM LOAN INSTRUMENTS (Continued)

(c) The salient features of the NGCSTL include the following:-

- The NGCSTL will constitute direct and unconditional obligations of the issuer ranking pari pasu without priority amongst themselves and subject only to other direct and unconditional obligations preferred by mandatory provision of law.
- The NGCSTL bears interest at a fixed interest rate ranging from 2% to 4% per annum and an additional fixed cumulative interest at rates of 2% to 8% per annum on the total amount of NGCSTL. Any unpaid cumulative interest shall be accumulated but not capitalised and shall be payable at the next or subsequent interest payment date.
- Bullet payment on the fifth anniversary from the date of issuance or at an earlier date, depending on the sale of the secured assets. In the event the disposal proceeds are not sufficient to fully settle the NGCSTL, the respective issuer shall issue its shares to the holders of the NGCSTL on the basis of one new ordinary share of RM1 each in the respective issuer for every RM1 principal and interest outstanding on the NGCSTL.

(d) CIMB through the letter dated 4 February 2013, agreed to the proposed settlement of the GSTL and NGCSTL by way of upfront payment of RM500,000/- due by 18 February 2013 and followed by monthly instalment repayment of RM90,000/- commencing 1 March 2013 to be paid until the entire outstanding sum is repaid to CIMB in full.

(e) The GSTL and NGCSTL are denominated in Ringgit Malaysia and are secured by way of charges over certain non-current assets held for sale and inventories of the Group.

31. PROVISIONS FOR LIABILITIES

	(a) Provision for commitments RM	(b) Provision for furniture, fittings and equipments RM	(c) Provision for liquidated and ascertained damages RM	Total RM
Group				
At 1 January 2012	28,965,500	1,422,061	–	30,387,561
Add: Additional	–	730,720	–	730,720
Less: Utilisation of provision	(280,000)	(1,164,340)	–	(1,444,340)
At 31 December 2012	28,685,500	988,441	–	29,673,941
Add: Additional	–	708,803	1,782,820	2,491,623
Less: Utilisation of provision	(3,022,144)	(1,476,806)	–	(4,498,950)
At 31 December 2013	25,663,356	220,438	1,782,820	27,666,614

Company	Provision for commitments RM
At 1 January 2012	28,965,500
Add: Additional	–
Less: Utilisation of provision	(280,000)
At 31 December 2012	28,685,500
Add: Additional	–
Less: Utilisation of provision	(3,022,144)
At 31 December 2013	25,663,356

NOTES TO THE FINANCIAL STATEMENTS

31. PROVISIONS FOR LIABILITIES (Continued)

(a) *Provision for commitments*

This is in respect of anticipated losses arising from a corporate guarantee given to a financial institution for loan granted to a former subsidiary, FBO Leasing Sdn. Bhd. In year 2003. Bank Rakyat through the letter dated 23 June 2011, agreed RM28.5 million as the total settlement amount. The repayment of the outstanding amount will be through the sales proceeds from its subsidiary's development project.

(b) *Provision for furniture, fittings and equipment*

The provisions for furniture, fittings and equipment are the funds used and expended for the following:-

(i) To pay the costs of renewals, revisions, replacements, substitutions, refurbishment and additions to the furnishings and equipment; and
(ii) Refurbishment and extraordinary repairs to the building.

(c) *Provision for liquidated and ascertained damages*

This was in respect of anticipated loss arising from late deliveries of property development projects to the buyers.

32. RELATED PARTIES

(a) Identification of related parties

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the Company or that has an interest in the Group and the Company that gives it significant influence over the Group's and the Company's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the Group and the Company resides with, directly or indirectly.

The nature of the relationship with the related parties is as follows:

Related Parties	Nature of Relationship
Eastern Biscuit Factory Sdn. Bhd. ("EBF")	Subsidiary company
FBO Land (Setapak) Sdn. Bhd. ("FBOLSTP")	Subsidiary company
FBO Properties Sdn. Bhd. ("FBOP")	Subsidiary company
Perfect Diamond Capital Sdn. Bhd. ("PDC")	Subsidiary company
EBF Land Sdn. Bhd. ("EBFL")	Subsidiary company
FBO Land (Serendah) Sdn. Bhd. ("FBOLSRD")	Subsidiary company
Rimaflex Sdn. Bhd. ("RMF")	Subsidiary company
Rimaflex Nominees (Tempatan) Sdn. Bhd. ("RMFNT")	Subsidiary company
Exquisite Properties Sdn. Bhd. ("EP")	Subsidiary company
P.A. Projects Sdn. Bhd. ("PAP")	Associate company

(b) Significant Related Party Transactions and Balances

In the normal course of business, the Group and the Company undertake transactions with some of its related parties listed above. Set out below are the significant related party transactions for the financial year.

	Company	
	2013 RM	2012 RM
Rental of motor vehicle from subsidiary		
– EBF	–	66,726

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTIES (continued)

(c) Key Management Personnel Compensation

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive Directors				
Fees	32,000	48,000	–	–
Salaries and allowances	1,265,807	1,062,000	675,807	360,000
Other emoluments	151,958	144,055	81,108	43,200
Non-Executive Directors				
Fees	153,000	132,000	153,000	132,000
	1,602,765	1,386,055	909,915	535,200

The estimated monetary value of Directors' benefit-in-kind is RM34,230/- (2012: RM30,000/-).

Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. There is no disclosure for the compensation to other key management personnel of the Company as the authority and responsibility for planning, directing and controlling the activities of the entity is performed by the directors.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

(i) Loan and receivables (LR);
(ii) Held for trading (HFT);
(iii) Fair value through profit or loss (FVTPL);
(iv) Available-for-sale (AFS); and
(v) Other financial liabilities measured at amortised cost (OL).

	LR RM	HFT RM	FVTPL RM	AFS RM	OL RM	Total RM
2013						
Group						
Financial Assets						
Other investment	–	–	–	435,105	–	435,105
Trade and other receivables (exclude refunable deposits and prepayments)	20,228,444	–	–	–	–	20,228,444
Financing receivables	3,637,142	–	–	–	–	3,637,142
Deposits, cash and bank balances	4,854,953	–	–	–	–	4,854,953
Financial Liabilities						
Trade and other payables (exclude accrued operating expenses and deposits received)	–	–	–	–	(74,552,920)	(74,552,920)
Term loan instruments	–	–	–	–	(1,784,200)	(1,784,200)
Loans and borrowings	–	–	–	–	(5,156,071)	(5,156,071)
Company						
Financial Assets						
Other investment	–	–	–	435,105	–	435,105
Deposits, cash and bank balances	101,862	–	–	–	–	101,862
Financial Liabilities						
Trade and other payables (exclude accrued operating expenses and deposits received)	–	–	–	–	(17,624)	(17,624)
Loans and borrowings	–	–	–	–	(143,365)	(143,365)

NOTES TO THE FINANCIAL STATEMENTS

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Categories of financial instruments (Continued)

	LR RM	HFT RM	FVTPL RM	AFS RM	OL RM	Total RM
2012						
Group						
Financial Assets						
Other investment	–	–	–	474,937	–	474,937
Trade and other receivables (exclude refundable deposits and prepayments)	22,280,412	–	–	–	–	22,280,412
Financing receivables	11,769,642	–	–	–	–	11,769,642
Deposits, cash and bank balances	6,709,566	–	–	–	–	6,709,566
Financial Liabilities						
Trade and other payables (exclude accrued operating expenses and deposits received)	–	–	–	–	(73,829,389)	(73,829,389)
Term loan instruments	–	–	–	–	(3,137,247)	(3,137,247)
Loans and borrowings	–	–	–	–	(8,657,961)	(8,657,961)
Company						
Financial Assets						
Other investment	–	–	–	474,937	–	474,937
Trade and other receivables (exclude refundable deposits and prepayments)	13,880	–	–	–	–	13,880
Deposits, cash and bank balances	1,714,255	–	–	–	–	1,714,255
Financial Liabilities						
Trade and other payables (exclude accrued operating expenses and deposits received)	–	–	–	–	(32,951)	(32,951)
Loans and borrowings	–	–	–	–	(304,031)	(304,031)

(b) Fair value information

The carrying amount of the financial instruments are reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

There were no unrecognised financial instruments as at 31 December 2013 that we are required to be disclosed.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, foreign currency risk, and market price risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligation. The Group's and the Company's exposure to credit risk arises primarily from trade receivables. It is the Group's policy to monitor the financial standing of these receivables on an on-going basis to ensure that the Group is exposed to minimal credit risk.

Trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these receivables on an on-going basis to ensure that the Group is exposed to minimal credit risk.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit Risk (Continued)

Exposure to credit risk

The Group is exposed to credit risk mainly from financing receivables and trade receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. The Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

The Group's exposure to credit risk in relation to its financing receivables and trade receivables, should all its customers fail to perform their obligations as of 31st December 2013, is the carrying amount of these receivables as disclosed in the statement of financial position.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions and investment securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 20.

Inter - company balances

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries.

The maximum exposure to credit risk amounts to RM31,290,239/- (2012: RM38,430,972/-) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) Liquidity Risk

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

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

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity Risk (Continued)

	Within 1 Year RM	1 - 5 Years RM	> 5 Years RM	Total RM
2013				
Group				
Financial Liabilities				
Trade and other payables	79,816,685	–	–	79,816,685
Bank overdraft	95,453	–	–	95,453
Hire purchase payables	96,368	54,976	–	151,344
Term loans	2,560,302	2,356,951	–	4,917,253
Term loans instrument	1,784,200	–	–	1,784,200
Company				
Trade and other payables	381,772	–	–	381,772
Hire purchase payable	96,368	54,976	–	151,344
2012				
Group				
Financial Liabilities				
Trade and other payables	78,483,154	–	–	78,483,154
Hire purchase payables	175,788	151,344	–	327,132
Term loans	3,948,988	4,404,942	–	8,353,930
Term loans instrument	3,137,247	–	–	3,137,247
Company				
Trade and other payables	105,199	–	–	105,199
Hire purchase payable	175,788	151,344	–	327,132

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its risk.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an on-going basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Interest Rate Risk (Continued)

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
Floating rate instruments				
Financial Liabilities				
Bank overdrafts	95,453	–	–	–
Term loan	4,917,253	8,353,930	–	–
Term loan instruments	1,784,200	3,137,247	–	–
Fixed rate instruments				
Financial Asset				
Deposits placed with licensed banks	889,561	3,096,815	–	1,672,500
Financial Liabilities				
Hire purchase payables	143,365	304,031	143,365	304,031

Sensitivity analysis for interest rate risk

(i) *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss and equity. Therefore a change in interest rates at the reporting date would not affect profit or loss and equity.

(ii) *Fair value sensitivity analysis for floating rate instruments*

A change of 1% in interest rates at the end of reporting period would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables remain unchanged.

	Profit before tax			
	Increase 1%		Decrease 1%	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Group				
Floating rate instruments				
Financial Liabilities	67,969	114,912	(67,969)	(114,912)

(d) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments outside Malaysia are listed on ASX in Australia. These instruments are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

(e) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the Group's functional currency.

NOTES TO THE FINANCIAL STATEMENTS

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure by monitoring the capital and net debt on an on-going basis. To maintain the capital structure, the group may adjust the dividend payment to shareholders.

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

	Group	
	2013 RM	**2012 RM**
Total borrowings	6,940,271	11,795,208
Less : Cash and cash equivalents	4,854,953	6,709,566
Net debt	2,085,318	5,085,642
Total equity	180,627,696	163,567,094
Debt-to-equity ratio	0.01	0.03

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Private placement

During the financial year, the Company has completed a private placement of up to 22,333,400 new ordinary share of RM0.50 each in the Company, representing approximately 10% of the issued and paid up share capital. A total fund of RM11,501,701/- was raised.

(b) Debts restructuring agreement

During the financial year, the Company had made an announcement on the Debt Restructuring Agreement entered into between Eastern Biscuit Factory Sdn. Bhd. ("EBF"), Fazwin Construction Sdn. Bhd. ("Fazwin"), FBO Land (Setapak) Sdn. Bhd. ("FBOL") and a former subsidiary, Explicit Vantage Sdn. Bhd. ("EVSB").

The Parties agreed to the following:-

(i) with the consent of Fazwin, EBF assigns absolutely Fazwin's Debt to Explicit Vantage amount of RM9,360,000/-, and EVSB accepts such assignment;

(ii) Fazwin shall repay to EVSB within 24 months from the date of the agreement;

(iii) EBF shall transfer a piece of land in Kota Bharu, Kelantan which valued at RM18.12 million and 3 parcels of condominium ("Condos") in Kota Bharu, Kelantan to EVSB and shall sign and execute all necessary and relevant documents for the Transfer of Properties and to execute a valid and irrevocably Deed of Power of Attorney in favour of EVSB for the said land and Condos;

(iv) In consideration of item (i) and (ii), EVSB irrevocably waives and forgives entirely and absolutely FBOL's Debt amount of RM58,773,771/-.

As at the end of the financial year, the debt restructuring agreement is not completed, pending approval from the relevant local authorities for the transfer of properties and release of charge from the Bank for the condominium units. The gain on debt restructuring would be taken up in the next financial year upon fulfilment of all the conditions.

NOTES TO THE FINANCIAL STATEMENTS

37. CONTINGENT LIABILITIES

As at 31 December 2013, the contingent liabilities were as follows:-.

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Corporate guarantees given by the Company to secure for credit facilities granted to:				
– Certain subsidiaries				
– Principal payment	–	–	6,871,527	9,745,472
– Former subsidiary				
– Principal payment	–	20,278,964	–	20,278,964
– Accrued interest	–	20,544,021	–	20,544,021
	–	40,822,985	6,871,527	50,568,457

In the previous financial year, the contingent liabilities represent the remaining outstanding balance of the Guaranteed Non-Secured Term Loan of a former subsidiary, Cyrstal Oblique Sdn. Bhd. ("COSB") for the balance of the term loans and term loan interests amounting to RM20,278,964/- and RM20,544,021/- respectively.

During the financial year, the solicitor advised the Company that the entire Scheme which ties COSB and the Company had been barred by limitation and no action can be maintained against COSB or its assignee and/ or the Company. On the basis of the evidence available when the financial statements were approved, there is no obligation as a results of past event and the probability of any outflow is regarded as remote. Therefore, based on the legal advice the Directors are of the view that the Company is no longer contingently liable on the credit facilities granted to COSB.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the accumulated losses of the Group and the Company as at 31 December 2013 are as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained profits/(accumulated losses) of the Company and its subsidiaries:				
– Realised	74,349,489	70,268,617	2,339,026	5,848,806
– Unrealised	12,565,944	9,295,529	(25,663,356)	(28,685,500)
	86,915,433	79,564,146	(23,324,330)	(22,836,694)
Total share of accumulated losses from an associate:				
– Realised	(400,000)	(400,000)	–	–
	86,515,433	79,164,146	(23,324,330)	(22,836,694)
Less : Consolidation adjustments	(139,796,861)	(137,519,513)	–	–
Total group accumulated losses as per statements of financial position	(53,281,428)	(58,355,367)	(23,324,330)	(22,836,694)

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

The disclosure of realised and unrealised profits or losses is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

PROPERTIES OWNED BY THE COMPANY AND ITS SUBSIDIARIES

Registered Beneficial Owner	Description and existing use	Location	Tenure	Land Area/ Floor Area	Age of Building (Year)	Net Book Value RM	Date of Acquisition/ Revaluation
FBO Land (Setapak) Sdn Bhd	12 units of flat 2 units of condominium	Taman Danau Kota Setapak Kuala Lumpur	Leasehold (Expiring on 2085 and 2086)	10,559 square feet	8 8	596,000	18/01/2013 27/03/2008
FBO Land (Setapak) Sdn Bhd	Office	No. 24, Jalan 8/23E Taman Danau Kota Setapak 53300 Kuala Lumpur	Leasehold (Expiring on 2085)	1,650 square feet	16	794,080	09/01/2008
Exquisite Properties Sdn Bhd	Property development land	Lot 56908 Mukim Pulai Johor	Leasehold (Expiring on 20 Oct 2096)	6,540 square metres	N/A	2,000,000	26/4/2011
Eastern Biscuit Factory Sdn Bhd	2-Level Basement Carpark, 7-Storey Podium Shopping Centre and an 11-storey International Class 5-Star Hotel	Kota Sri Mutiara Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan	Freehold	8,058 square metres	16	204,607,000	22/01/2014
Eastern Biscuit Factory Sdn Bhd	Completed condominium 15 units Completed shop lots 20 units	Kota Sri Mutiara Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan	Freehold	25,381 square feet	16	5,094,575	27/04/2009
Eastern Biscuit Factory Sdn Bhd	Property development land	Lot 99, Section 21 Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan	Leasehold (Expiring on 1 Mar 2075)	5,767 square metres	N/A	4,910,094	27/04/2009
Eastern Biscuit Factory Sdn Bhd	Property development land	Lot No. 82 GN No. 8158 Seksyen 21 Bandar Kota Bharu Jajahan Kota Bharu, Kelantan	Freehold	1,606 square metres	N/A	1,300,000	20/08/2009
Eastern Biscuit Factory Sdn Bhd	Property development land	Mukim Kuala Lemal Jajahan Pasir Mas Kelantan	Leasehold (Expiring on 22 July 2074)	31.72 acres	N/A	3,822,902	27/04/2009

ANALYSIS OF SHAREHOLDINGS AS AT 4 APRIL 2014

Authorised Share Capital	:	RM1,000,000,000
Issued and Paid-up Capital	:	RM 122,833,988
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per ordinary share
No. of Shareholders	:	16,011

DISTRIBUTION OF SHAREHOLDINGS AS AT 4 APRIL 2014

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Issued Share Capital
1 to 99 shares	7,817	48.82%	327,446	0.13%
100 to 1,000 shares	4,766	29.77%	1,469,845	0.60%
1,001 to 10,000 shares	2,312	14.44%	10,606,609	4.32%
10,001 to 100,000 shares	953	5.95%	30,549,470	12.44%
100,001 to 12,283,397 shares	161	1.01%	167,648,675	68.24%
12,283,398 and above	2	0.01%	35,065,930	14.27%
TOTAL	**16,011**	**100%**	**245,667,975**	**100%**

DIRECTORS' SHAREHOLDINGS AS AT 4 APRIL 2014 (as per Register of Directors' Holdings)

Name of Directors	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Dato' Lim Hong Sang	2,161,400	0.88	–	–
Sydney Lim Tau Chin	–	–	17,966,430 [(1)]	7.31
Melvinyeo Kiandee	8,397,500	3.42	–	–
Dr Chu Jan Tow	8,734,813	3.56	–	–
Tan Chin Hong	–	–	22,678,700 [(2)]	9.23

SUBSTANTIAL SHAREHOLDERS AS AT 4 APRIL 2014 (as per Register of Substantial Security Holders)

Name of Substantial Shareholders	No. of Shares Shareholders (Direct)	%	No. of Shares (Indirect)	%
Sydney Lim Tau Chin	–	–	17,966,430 [(1)]	7.31
Tan Kok Aun	1,763,200	0.72	17,966,430 [(1)]	7.31
Maylex Ventures Sdn. Bhd.	17,966,430	7.31	–	–
Prestige Pavilion Sdn. Bhd.	22,190,000	9.03	–	–
Tan Chin Hong	–	–	22,678,700 [(2)]	9.23
Tan Chin Hao	–	–	22,678,700 [(2)]	9.23

[(1)] Indirect interest by virtue of his directorship and shareholding in Maylex Ventures Sdn. Bhd.
[(2)] Indirect interest by virtue of his directorship and shareholding in Prestige Pavilion Sdn. Bhd. and Danhwa Holding Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS AS AT 4 APRIL 2014

THIRTY LARGEST SHAREHOLDERS

No.	Name	Shareholdings No. of Shares	Shareholdings Percentage (%)
1	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB BANK FOR PRESTIGE PAVILION SDN BHD	22,190,000	9.03
2	**RHB NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MAYLEX VENTURES SDN BHD	12,875,930	5.24
3	**NG VUI KEE @ VICKY NG**	10,766,900	4.38
4	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB FOR CHU SHENG TAUR	9,119,533	3.71
5	**RICKOH CORPORATION SDN BHD**	9,000,000	3.66
6	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB FOR CHU JAN TOW	8,734,813	3.56
7	**CHONG OI LING**	8,678,000	3.53
8	**MELVINYEO KIANDEE**	8,397,500	3.42
9	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR CHIN KIM FEN	6,670,700	2.72
10	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR THONG MENG CHIL	6,398,800	2.60
11	**AIBB NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR GOLDMATRIX RESOURCES SDN. BHD.	6,006,200	2.44
12	**LOO WAY MEN**	5,700,000	2.32
13	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MAYLEX VENTURES SDN. BHD.	5,090,500	2.07
14	**POH SHIOW WOAN**	5,078,521	2.07
15	**TEY CHEE THONG**	5,070,000	2.06
16	**LEONG WEE MING**	4,661,700	1.90
17	**LING HUNG TAH**	4,659,700	1.90

ANALYSIS OF SHAREHOLDINGS
AS AT 4 APRIL 2014

No.	Name	Shareholdings	
		No. of Shares	Percentage (%)
18	**CONNIE LEE FEN LING**	4,564,200	1.86
19	**YONG VUN JIN**	3,543,400	1.44
20	**CHEW KENG SIEW**	3,100,000	1.26
21	**SURAYA ELLAND YUSOFF**	2,310,700	0.94
22	**WAQAF AN-NUR CORPORATION BERHAD**	2,250,000	0.92
23	**LIM HONG SANG**	2,161,400	0.88
24	**UNIVERSAL TRUSTEE (MALAYSIA) BERHAD**	1,918,032	0.78
25	**WONG YAPP FAH @ CECELLIA WONG**	1,886,700	0.77
26	**WONG LUN LEONG @ HELEN**	1,778,300	0.72
27	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR TAN KOK AUN	1,463,200	0.60
28	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN. BHD.	1,333,100	0.54
29	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** LEE CHIANG SHING	1,118,000	0.46
30	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG POH HWA	1,050,000	0.43
	Total	**167,575,829**	**68.21**

EASTLAND EQUITY BHD. (515965-A)

Incorporated in Malaysia

CDS ACCOUNT NO.

PROXY FORM

I/We ____(name of shareholder as per NRIC, in capital letters)

IC No./ID No./Company No. _________________________________ (new)________________________________ (old)

of ____(full address)

being a member of the above mentioned Company, hereby appoint ____

(name of proxy as per NRIC, in capital letters) NRIC No. __________________________(new)______________________(old)

of ____ (full address)

or failing him/her _________________________________ (name of proxy as per NRIC, in capital letters) NRIC No.

_________________________ (old) or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Merbok Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan on Tuesday, 20 May 2014 at 2.30p.m. or at any adjournment thereof.

NO.	AGENDA	Ordinary Resolution	FOR	AGAINST
1.	To receive the Audited Financial Statements for the year ended 31 December 2013			
2.	To approve the payment of Directors' fees for the financial year ended 31 December 2013	1		
3.	To approve the payment of Directors' fees for the financial year ending 31 December 2014	2		
4.	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the directors to fix their remuneration	3		
5.	To authorise the Directors to issue shares	4		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

____

Signature/Common Seal

Number of Shares held: ______________________ Contact No: ______________________

Date: ______________________

Notes:-

1. A member entitled to attend and vote at the general meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a memberappoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securitiesaccount ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each account it holds.
3. A proxy may but need not be a member of the Company and need not be any of the persons prescribed by Section 149(1)(b) of the Companies Act, 1965.
4. The instrument appointing a proxy must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxyis executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor DarulEhsan, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournmentthereof.
6. For the purpose of determining a member who shall be entitled to attend and vote at the forthcoming Fourteenth Annual General Meeting of the Company, theCompany shall be requesting Bursa Malaysia Depository SdnBhd in accordance with Article 62(1) of the Company's Article of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 9 May 2014. Only a depositor whose name appears on the Record of Depositors as at 9 May 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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The Share Registrars

BOARDROOM CORPORATE SERVICES (KL) SDN. BHD.
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Selangor DarulEhsan
Malaysia

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