eastland

EASTLAND EQUITY BHD. (515965-A)

ANNUAL REPORT 2014

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth 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 Bharu, Kelantan on Monday, 15 June 2015 at 8.30 a.m. to transact the following businesses:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 1 of the Explanatory Notes)**

2. To re-elect Mr Tan Chin Hong as Director who is retiring under Article 84 of the Articles of Association of the Company. **Ordinary Resolution 1**

3. To re-elect Datuk Yunus @ Mohd Yunus bin Awang Hashim as Director who is retiring under Article 91 of the Articles of Association of the Company. **Ordinary Resolution 2**

4. To approve the payment of Directors' Fees not exceeding RM265,000.00 for the financial year ending 31 December 2015 to be paid monthly in arrears. **Ordinary Resolution 3**

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 4**

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 5**

BY ORDER OF THE BOARD
TAI YIT CHAN (MAICSA 7009143)
CHAN YOKE PENG (MAICSA 7053966)
Company Secretaries

Selangor Darul Ehsan
Date: 22 May 2015

NOTICE OF 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/her stead. Where a member appoints two (2) or more proxies, he/she shall specify the proportion of his/her 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/her 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 Registrars' Office at Boardroom Corporate Services (KL) Sdn. Bhd., Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the Fifteenth Annual General Meeting or at any adjournment thereof.

6. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 8 June 2015 shall be eligible to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote on his/her behalf.

7. Encik Mohamed Akwal bin Sultan Mohamad retires pursuant to Article 91 of the Articles of Association at the Fifteenth Annual General Meeting of the Company. He has expressed that he does not wish to seek for re-election at the Fifteenth Annual General Meeting of the Company and therefore shall retire at the conclusion of the Fifteenth Annual General Meeting of the Company.

EXPLANATORY NOTES

1. Item 1 of the Agenda

Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act,1965 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Item 6 of the Agenda

The Company had, during its Fourteenth Annual General Meeting held on 20 May 2014, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act,1965. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The proposed Ordinary Resolution 5, if passed, will empower the Directors from the conclusion of this Annual General Meeting, to allot and issue up to a maximum of 10% of the issued share capital of the Company (excluding treasury shares) at the time of issue (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

This authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding investment project(s), working capital and/or acquisition. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

DETAILS OF THE ANNUAL GENERAL MEETING

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

Date	Time	Place
15 June 2015 Monday	8.30 a.m	Merbok Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan

RE-ELECTION OF DIRECTORS

Director who is standing for re-election in accordance with Article 84 of the Company's Articles of Association:-

- Tan Chin Hong

Director who is standing for re-election in accordance with Article 91 of the Company's Articles of Association:-

- Datuk Yunus @ Mohd Yunus bin Awang Hashim

Further details of the Directors standing for re-election are set out in the Profile of the Board of Directors appearing in this Annual Report.

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				
		2014	**2013**	**2012**	**2011**	**2010**
Revenue	RM	33,799,456	39,342,068	36,091,457	77,205,054	31,732,821
EBITDA	RM	10,733,844	7,838,729	4,739,007	20,410,050	12,443,281
Profit before tax	RM	6,898,127	6,665,017	3,690,813	18,893,694	9,431,929
Profit from continuing operations	RM	6,703,963	5,073,939	1,306,852	16,882,227	7,309,727
Discontinued operations	RM	-	-	-	29,681	(146,474)
Net Profit attributable to equity holders	RM	6,703,963	5,073,939	1,306,852	16,911,908	7,163,253
Total Assets	RM	317,501,364	309,362,333	301,269,395	294,288,548	351,194,740
Total Liabilities	RM	130,169,705	128,734,637	137,702,301	132,009,110	205,741,698
Total Net Assets/Total Equity	RM	187,331,659	180,627,696	163,567,094	162,279,438	145,453,042
Return on Equity (ROE)	%	3.58	2.81	0.80	10.42	4.92
Return on Total Assets (ROTA)	%	2.11	1.64	0.43	5.75	2.04
Gearing Ratio	Times	0.69	0.71	0.84	0.81	1.41
Interest Coverage Ratio	Times	25.40	12.41	12.07	24.55	5.07
Earnings per share (EPS)	SEN	2.73	2.22	0.59	7.57	3.21
Net Tangible Asset per share	RM	0.76	0.74	0.73	0.73	0.65
Price Earning (PE) Ratio	Times	13.55	21.17	74.58	3.04	4.36
Share Price as at the Financial Year End	RM	0.37	0.47	0.44	0.23	0.14

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 2014 ("FY14").

OVERVIEW

The Malaysian economy recorded a stronger growth of 6.0% in 2014 (2013: 4.7%) which is driven primarily by the continued strength of private domestic demand and supported by an improvement in external trade performance. Globally the economy expanded at a moderate pace in 2014, with uneven growth across and within regions. In the advanced economies, while growth in the US continued to show broader signs of improvement, economic activity in the euro area and Japan remained subdued. In Asia, most economies benefitted from higher external demand, particularly from the US.

In the State of Kelantan where our major operations is located, domestic tourism industry and property development industry is still promising. Even though there are several new players in these industry, we remain competitive and optimistic about the business outlook in Kelantan. We are pleased to present to you our financial performance for the financial year 2014.

FINANCIAL PERFORMANCE

The Group recorded a revenue of RM33.80 million for FY14 as compared to RM39.34 million for financial year ended 31 December 2013 ("FY13"). The revenue for FY14 was derived mainly from hospitality, investment properties, property development and leasing and financing sectors with revenue of RM23.07 million, RM5.90 million, RM3.49 million and RM1.34 million respectively. The deferment on the Phase 2 construction of Bandar Tasek Raja project in Pasir Mas Kelantan until completion of Phase 1 has resulted in the drop in revenue in FY14.

Profit before tax for FY14 was RM6.90 million as compared to RM6.67 million of FY13. The higher profit was mainly attributed to the RM3.84 million of revaluation on investment properties offset by the RM3.07 million depreciation of the hotel building which commenced depreciating with effect from 1 January 2014. The overall financial position of the Group remains healthy. Earnings per share stands at 2.73 sen. Net asset per share improved from 74 sen in FY13 to 76 sen in FY14.

FUTURE PROSPECTS

Phase 1 of Bandar Tasek Raja township development which consists of bus and taxi terminal, market and commercial area is scheduled to be completed and hand over soon in 2015. The handing over of Phase 1 is expected to have a positive impact on our phase 2 project development and sales.

The overall outlook for Malaysian economy for 2015 is positive, and the economy is expected to remain on a steady growth path of 4.5 – 5.5%. The positive economic outlook in Kelantan has brought in a number of competitors to hotel and complex segments. While seeking to diversify into other geographical areas, we will continue to focus and improve our hotel and complex operations to remain competitive. We are also exploring the possibility of developing the surrounding land of Bandar Tasek Raja as residential development project in the future.

DIVIDEND

The Board does not recommend any dividend in respect to FY14.

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.

Datuk Yunus @ Mohd Yunus bin Awang Hashim
Independent Non-Executive Chairman

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Yunus @ Mohd Yunus bin Awang Hashim
(Independent Non-Executive Chairman)

Melvinyeo Kiandee (a.k.a. Melvin Kiandee)
(Executive Director)

Mau Kam Wai
(Executive Director)

Tan Chin Hong
(Executive Director)

Petrus Gimbad
(Independent Non-Executive Director)

Mohamed Akwal bin Sultan Mohamad
(Independent Non-Executive Director)

AUDIT COMMITTEE

Petrus Gimbad *(Chairman)*
Datuk Yunus @ Mohd Yunus bin Awang Hashim
Mohamed Akwal bin Sultan Mohamad

REMUNERATION COMMITTEE

Mohamed Akwal bin Sultan Mohamad *(Chairman)*
Datuk Yunus @ Mohd Yunus bin Awang Hashim
Petrus Gimbad

NOMINATING COMMITTEE

Datuk Yunus @ Mohd Yunus bin Awang Hashim *(Chairman)*
Mohamed Akwal bin Sultan Mohamad
Petrus Gimbad

COMPANY SECRETARIES

Tai Yit Chan *(MAICSA 7009143)*
Chan Yoke Peng *(MAICSA 7053966)*

PRINCIPAL PLACE OF BUSINESS

No. 24, Jalan 8/23E
Taman Danau Kota
53300 Setapak
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

DATUK YUNUS @ MOHD YUNUS BIN AWANG HASHIM
Independent Non-Executive Chairman, Malaysian, Age 67

Datuk Yunus @ Mohd Yunus bin Awang Hashim was appointed as an Independent Non-Executive Chairman of the Company on 20 May 2014.

Datuk Yunus holds a Bachelor of Arts (Hons) in International Relationship from University of Malaya. Datuk Yunus began his career in 1973 with Sabah Economic Development Corporation (SEDCO) as Property Manager and subsequently joined Ministry of Local Government Sabah as Administrative Officer in 1974. He was then appointed as Private Secretary to the Yang Dipertua Negeri Sabah in 1975 and appointed as Deputy Permanent Secretary of Ministry of Communication and Works, Sabah from April 1976 to June 1978.

During year 1978, he was appointed as Deputy Permanent Secretary Ministry of Finance Sabah and then assigned as Secretary of Internal Affair and Research of Chief Minister's Department, Sabah in January 1990.

Datuk Yunus was Director of Department of Islamic Affairs Sabah and Secretary of Majlis Ugama Islam Sabah during year 1996. Subsequently, he was appointed as Director of Department of Human Resource Development, Sabah in December 1997. In 2000, Datuk Yunus was appointed as Permanent Secretary of Ministry of Infrastructure Development, Sabah and joined Federal Public Service Commission in year 2005 and retired in 2009.

Datuk Yunus was appointed as the Chairman of the Nominating Committee and Member of Audit Committee and Remuneration Committee on 20 May 2014.

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

He attended all three (3) Board meetings held in the financial year ended 31 December 2014 since his date of appoinment.

MELVIN KIANDEE
Executive Director, Malaysian, Aged 52

Ar Kiandee was appointed as an Executive Director of the Company 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 26 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 and high rise buildings. Driven by his entrepreneurship, he has also been instrumental in implementing several development projects as a Property Developer.

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 or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

He attended all of the five (5) Board Meetings held in the financial year ended 31 December 2014.

PROFILE OF THE BOARD OF DIRECTORS

MAU KAM WAI
Executive Director, Malaysian, Aged 51

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 director of several private companies.

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 or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

He attended all of the five (5) Board Meetings held in the financial year ended 31 December 2014.

TAN CHIN HONG
Executive Director, Malaysian, Aged 38

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. Chin Hong 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.

His family member has interest in Prestige Pavilion Sdn Bhd, a substantial shareholder of the Company. He also has an indirect interest of 18,290,000 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. Chin Hong also have indirect interest of 91,228 ordinary shares of RM0.50 each via his sister, Adeline Tan Wan Chen by virtue of Section 122A of the Companies Act, 1965.

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 attended all of the five (5) Board meetings held in the financial year ended 31 December 2014.

PROFILE OF THE BOARD OF DIRECTORS

PETRUS GIMBAD
Independent Non-Executive Director, Malaysian, Aged 58

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

Petrus 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 and Advanced Business Practice. He was a partner of Ernst & Young, based in the advisory practices of Malaysia and Vietnam. He has acted as Quality Director of Ernst & Young advisory practices for the Far East region. Prior to Ernst & Young, he was an accountant with Petronas.

He is a member of the Energy Commission and also sits on the board of Sabah Development Bank Berhad, Progressive Insurance Bhd, two Sabah GLCs, Yayasan Innovasi Malaysia and other private companies.

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 or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

Petrus was appointed as the Chairman of the Audit Committee and member of Nominating Committee and Remuneration Committee on 31 July 2013.

He attended all of the five (5) Board meetings held in the financial year ended 31 December 2014.

MOHAMED AKWAL BIN SULTAN MOHAMAD
Independent Non-Executive Director, Malaysian, Aged 61

Mohamed Akwal bin Sultan Mohamad was appointed as an Independent Non-Executive Director of the Company on 20 May 2014.

Akwal has wide experience in corporate banking and debt recovery. He has extensive experience in SME lending, debt management and personal financial literacy, providing advisory services to corporates, SMEs and individuals.

Akwal started his career with Citibank and has over 30 years of experience in the financial sector with significant experience in debt resolution, having served the National Debt Management Agency (Danaharta, set up by the government during the 1997 financial crisis) as a Deputy General Manager. Seconded to the Development Finance and Enterprise Department of the Central Bank in 2003, he also assisted in setting up the SME Special Unit and was instrumental in the setting up of Small Debt Resolution Scheme.

He was formerly the Chief Executive Officer of the Credit Counselling and Debt Management Agency (AKPK), a company owned by the Central Bank of Malaysia.

Akwal presently is the Chief Executive Officer of My Tech Division Sdn Bhd, a company involved in the Human Resource solution.

Akwal was appointed as the Chairman of the Remuneration Committee and member of Audit Committee and Nominating Committee on 20 May 2014.

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

He attended all three (3) Board meetings held in the financial year ended 31 December 2014 since his date of appoinment.

AUDIT COMMITTEE REPORT

COMPOSITION AND DESIGNATION

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

Datuk Yunus @ Mohd Yunus bin Awang Hashim
Audit Committee Member
(Independent Non-Executive Director)

Mohamed Akwal bin Sultan Mohamad
Audit Committee Member
(Independent Non-Executive Director)

TERMS OF REFERENCE OF AUDIT COMMITTEE

The Terms of Reference of the Audit Committee remain 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 website (www.eeb.com.my) for shareholders' reference.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2014, the Audit Committee:-

(i) Reviewed and approved the internal audit plan;

(ii) Reviewed the internal audit reports, which highlighted the audit issues, recommendations and management 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 2014 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 works 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;

(vii) Reviewed the Board policies on corporate disclosure, management succession, whistle blowing and share trading; and

(viii) Reviewed the Statement of Corporate Governance, Audit Committee Report and Statement on Risk Management and Internal Control and recommended to the Board for consideration and approval for inclusion in the 2013 annual report.

AUDIT COMMITTEE REPORT

ATTENDANCE

Four (4) Audit Committee Meetings were held during the financial year ended 31 December 2014 and the attendance record is tabulated as follows :-

Director	Number of Meetings Attended	Percentage of Attendance (%)
Petrus Gimbad *(Chairman)* Independent Non-Executive Director	4/4	100%
Datuk Yunus @ Mohd Yunus bin Awang Hashim *(Member)* Independent Non-Executive Director *(Appointed on 20 May 2014)*	2/2	100%
Mohamed Akwal bin Sultan Mohamad *(Member)* Independent Non-Executive Director *(Appointed on 20 May 2014)*	2/2	100%
Lim Thian Loong Independent Non-Executive Director *(Retired on 20 May 2014)*	2/2	100%
Dato' Faruk bin Othman *(Chairman)* Independent Non-Executive Director *(Resigned on 30 April 2014)*	2/2	100%

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 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.

During the financial year, the Internal Auditors presented their Internal Audit Plan and conducted internal control reviews in the following operations:

i. Renaissance Kota Bharu Hotel;
ii. Property Development in Bandar Tasek Raja at Pasir Mas; and
iii. Kota Sri Mutiara Complex.

The internal audit report containing audit findings, recommendations and management's responses for the findings and recommendations and target implementation dates for the recommendations was circulated to all members of the Audit Committee. The internal audit report is also provided to the management for recommendations and improvement. Follow-up reviews are performed to ascertain the status of management's implementation of the recommended actions.

The fee incurred for the internal audit function in respect of the financial year ended 31 December 2014 was RM60,000 (2013:RM60,000).

STATEMENT BY NOMINATING COMMITTEE

The following statement is made by the Nominating Committee of the Board in accordance with Paragraph 15.08A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") which requires all public listed companies to disclose a statement about the activities of the Nominating Committee.

Composition of the Nominating Committee
The members of Nominating Committee comprise exclusively of Non-Executive Directors, all of whom are independent. Presently, these members are:

Chairman	: Datuk Yunus @ Mohd Yunus bin Awang Hashim
Member	: Petrus Gimbad
Member	: Mohamed Akwal bin Sultan Mohamad

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 Nominating Committee is empowered to review annually the required mix of skills and experience of Directors, 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.

The performance evaluation of the Board is conducted by way of self-assessment. The performance criteria used in this evaluation includes integrity, availability, meeting preparation and attendance, Board participation, business planning contribution, management relation and teamwork. 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 Nominating Committee for review and deliberation.

All directors are required to retire but are eligible to offer 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 Nominating 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 Nominating Committee conducted two (2) meetings. These meetings were attended by all members of the Committee. At these meetings, the Nominating Committee:

i. Reviewed the annual assessment of the Board, Board Committees and individual director ;

ii. Discussed and recommended to the Board for re-election of retiring directors in the Annual General Meeting; and

iii. Brought up the need for directors' trainings and the importance of succession plan for directors.

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. The Board is pleased to present herewith its statement articulating how the Board has observed the principles and recommendations suggested in the Code in pursuance of Paragraph 15.25 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The Board of Directors

The overall governance responsibility of the Board is to lead and control the Group. The Board oversees the business direction, development and control of the Group and has taken initiatives to embrace the responsibilities listed in the Code in discharging the Board's stewardship responsibilities.

The Board Charter and schedule of matters outlined its roles, responsibilities, processes and operations of the Board proceedings and matters reserved for Board's approval.

The Board recognises the importance of reviewing and adopting a strategic plan and overseeing the conduct of the business in order to ensure that the business is being properly managed. When implementing the business plan, the Executive Directors are responsible for executing corporate decisions made by the Board while the Non-Executive Directors scrutinize the management performance by providing independent views and advice in the interests of the shareholders at large.

In its selection of Board members, the Board provides equal opportunity to all candidates who meet the criteria and qualities vis-a-vis the Group's present business portfolios and prospective investments. Candidates for directorship are nominated based on their skills, knowledge, professionalism, character and experience in line with the needs of the Group. The detail profiles of nominated directors will be presented to the Board by the Nominating Committee to assist the Board in making their selection decision.

The Board has six (6) members, presently comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. This composition satisfies the Listing Requirements which specify that at least two (2) Directors or one-third of the Board, whichever is higher, must be independent. While the Board does not have female director, the Board has formalised its boardroom Diversity Policy and acknowledges the importance of gender diversity and would ensure that women candidates are sought when considering future candidate for the Board. In addition, the Board has defined its policy on management succession to ensure orderly succession of key executive and senior management.

A description of the background of each director is presented in their profiles.

Besides Board Charter, the Board has also set out a Code of Ethics and Whistleblowing Policy to provide guidance to stakeholders on the ethical behaviours expected from the Group and the procedures for reporting violation of the Code or any wrongdoings. Both the Board Charter and Code of Ethics are published on the Company's website at www.eeb.com.my. The Board will review these Board Charter and Code of Ethics periodically to ensure that they remain relevant with the Board's objective, current law and practices.

Access to Management and Information

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 to provide explanations to the Board on the operations of the Group. 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 and assistance necessary for the discharge of its responsibilities. Subject to Board's approval, all Board members could seek independent professional advice in discharging their responsibilities, at the expense of the Group.

When accessing to the management, Board members ensure that such access is done through the Executive Committee which comprise the Executive Directors and would not distract the business operation of the Group. When contacting with the management in writing, a copy of the correspondence shall be copied to all Executive Directors.

Board Commitment

The underlying factors of Directors' commitment to the Group are devotion of time and continuous improvement of knowledge and skill sets.

STATEMENT OF CORPORATE GOVERNANCE

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, 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 in order to provide the Board members with timely information, to enable them to deliberate issues more effectively during the Board meetings.

During the financial year, five (5) Board meetings were held. Details of attendance of the Directors are set out below.

Director	Number of Meetings Attended	Percentage of Attendance (%)
Datuk Yunus @ Mohd Yunus bin Awang Hashim *Independent Non-Executive Chairman* *(Appointed on 20 May 2014)*	3/3	100%
Melvin Kiandee *Executive Director*	5/5	100%
Mau Kam Wai *Executive Director*	5/5	100%
Tan Chin Hong *Executive Director*	5/5	100%
Petrus Gimbad *Independent Non-Executive Director*	5/5	100%
Mohamed Akwal Bin Sultan Mohamad *Independent Non-Executive Director* *(Appointed on 20 May 2014)*	3/3	100%
Dr. Chu Jan Tow *Executive Director* *(Resigned on 16 June 2014)*	2/3	>50%
Dato' Lim Hong Sang *Executive Deputy Chairman* *(Retired on 20 May 2014)*	1/2	50%
Sydney Lim Tau Chin *Managing Director/CEO* *(Retired on 20 May 2014)*	2/2	100%
Lim Thian Loong *Independent Non-Executive Director* *(Retired on 20 May 2014)*	2/2	100%
Dato' Faruk Bin Othman *Independent Non-Executive Chairman* *(Resigned on 30 April 2014)*	2/2	100%

The Company Secretary

All Board members have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business. The appointment and removal of Company Secretary or Secretaries of the Board is the prerogative of the Board as a whole. The appointed Company Secretary shall be a qualified and competent professional in order to be able to support the Board in carrying out its roles and responsibilities.

The Company Secretary is responsible for ensuring that Board procedures are followed, the applicable rules and regulations for the conduct of the affairs of the Board are complied with and all matters associated with the maintenance of the Board are performed effectively.

STATEMENT OF CORPORATE GOVERNANCE

In addition, the Company Secretary ensures minutes are duly entered into the books for all resolutions and proceedings of all meetings of the Board and Board committees. These minutes of meetings record the decisions taken and the views of individual Board members. Such minutes are confirmed by the respective Board committees and signed by Chairman of the meeting.

Board Committees

The Board maintains specific Board committees namely Audit Committee, Nominating Committee and Remuneration Committee. These Committees are established to ensure greater attention, objectivity and independence in the deliberation 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 and salient matters deliberated in the committees' meetings.

During the year, the Board had established an Executive Committee. All the Executive Directors of the Board members are members of the Executive Committee. The primary objective of the Executive Committee is to serve as the ultimate decision making body for the Company and its subsidiary companies. In addition, the Executive Committee will :-

i) review the performance of the Group's business operations; and
ii) review the Group's strategic and operational plans;

Appointment to the Board

The Nominating Committee is established 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 all Independent Non-Executive Directors.

Functionally, the Nominating Committee is responsible for reviewing and making recommendation of any appointments to the Board for approval. The Nominating Committee shall consider the appropriate size and composition of the Board in terms of the mix of skills, experience and other qualities of the candidate to ensure that the board is able to function competently.

During the financial year, the Nominating Committee conducted two (2) meetings. Further details on the activities carried out by the Nominating Committee are reported in the Statement by Nominating Committee.

Board Independence

Independence is important for ensuring objectivity and fairness in Board's decision making.

The Chairman of the Board is an independent director. Shareholders are encouraged to express their concerns to and seek clarification from the Chairman. Alternatively, they could also direct their concerns to Petrus Gimbad who is the named Senior Independent Director, by emailing to petrusgimbad@eeb.com.my.

In order to uphold the independence of Independent Directors, the Board continues to adopt the following policies and practices as recommended by the Code:-

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

ii. Annual assessment of the independence of Independent Directors focusing on events that would affect the ability of Independent Directors to make independent and objective judgment to Board deliberation and to comply with the regulatory definition of Independent Directors.

STATEMENT OF CORPORATE GOVERNANCE

Directors' Training

The Board members recognise the need to be up-to-date to enable them to discharge their duties effectively. The present Board members have attended the following trainings :

Director	Training Attended
Datuk Yunus @ Mohd Yunus bin Awang Hashim *Independent Non-Executive Chairman*	1. Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies. 2. Risk Management and Internal Control Workshop for Audit Committee.
Melvin Kiandee *Executive Director*	1. Personal Data Protection Act and Competition Act : Impact to Business & Directors' Responsibilities. 2. Corporate Risk Management & Assessment Workshop.
Mau Kam Wai *Executive Director*	1. Personal Data Protection Act and Competition Act : Impact to Business & Directors' Responsibilities. 2. Corporate Risk Management & Assessment Workshop.
Tan Chin Hong *Executive Director*	1. Personal Data Protection Act and Competition Act : Impact to Business & Directors' Responsibilities. 2. Corporate Risk Management & Assessment Workshop. 3. GST Impact on Property Developers, Construction and its Related Services.
Petrus Gimbad *Independent Non-Executive Director*	1. Personal Data Protection Act and Competition Act : Impact to Business & Directors' Responsibilities. 2. Corporate Risk Management & Assessment Workshop. 3. The Credit Regulatory Framework under the Financial Services Act 2013. 4. IIA International Conference – London. 5. GST Conference 2014. 6. Goods and Service Tax (GST): A preparatory course for GST Consultants and Accountants Session 1. 7. Breakfast at Bursa Malaysia on Enhancing Internal Audit Practice. 8. Board Evaluation Effectiveness for Members of the Nominating Committee. 9. FIDE Elective Programme – Advanced Corporate Governance. 10. FIDE Core Programme Module A (Insurance) - 'Governance and Risk Management Practice'. 11. Goods & Service Tax for Specific Industries Workshop 1: GST impact on Property Developers, Construction and its related industries. 12. Goods and Service Tax (GST): A preparatory course for GST Consultants and Accountants Session. 13. MSWG's Appreciation & Application of ASEAN Corporate Governance Scorecard. 14. Risk Management and Internal Control Workshop for Audit Committee. 15. 2014 IIA All Star Conference; The Winds of Change'. Also participated as panellist in two plenary sessions: 'CAE as agent for change' and 'The Chief Audit Executive's Role in enabling good Governance'. 16. FIDE Core Programme Module A (Insurance) - 'Governance and Risk Management Practice'.

STATEMENT OF CORPORATE GOVERNANCE

Director	Training Attended
Mohamed Akwal Bin Sultan Mohamad *Independent Non-Executive Director*	1. Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies. 2. Breakfast at Bursa Malaysia on Enhancing Internal Audit Practice. 3. Risk Management and Internal Control Workshop for Audit Committee. 4. Risk Awareness Training.

Re-election of Directors

Directors' re-election provides an opportunity for shareholders to review the director's performance and renew their mandate conferred to the Directors. All directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM") in accordance with the provisions of the Articles of Association of the Company.

Pursuant to Section 129(6) of the Companies Act 1965, Directors over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM. This requirement has been adhered to by the Board in every 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.

In determining the directors' remuneration, the Committee considers the principles recommended by the Code. 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 one meeting.

The remuneration of the directors are summarised along the following income bands:

Remuneration Bands	Number of Executive Directors*	Number of Non-Executive Directors*
RM50,000 and below	-	3
RM50,001 – RM100,000	-	2
RM100,001 – RM200,000	3	-
RM200,001 – RM300,000	3	-
Total	6	5

*Including former directors

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 (RM)	Total (RM)
Executive Directors	-	1,159,491	44,692	1,204,183
Non-Executive Directors	171,000	-	-	171,000
Total	171,000	1,159,491	44,692	1,375,183

STATEMENT OF CORPORATE GOVERNANCE

Financial Reporting
The Board is responsible to ensure the financial statements of the Company presents a fair and balanced view of the Group's financial position, performance and prospects and that 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.

Relationship with External Auditors
Annually, the Audit Committee reviews the appointment, performance and remuneration of the External Auditor before recommending them to the shareholders for re-appointment in the AGM.

The Audit Committee also convene meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and management of the Group to enable an objective and independent exchange, in particular to raise matters of concern which require the Audit Committee's attention.

Risk Management & Internal Audit
The Board acknowledges that risk management is an integral part of good management practices. During the financial year, the Board has put in place the Risk Management Policy covering the risk management responsibilities of the Board and management. The Executive Committee assists the Board in reviewing, monitoring and tracking operational challenges as well as aligning timely action plans in order to achieve the desired financial performance targets.

The Board is assisted by an Internal Audit function, which is currently outsourced to a professional firm. Functionally, the Internal Auditors report to the Audit Committee directly and are responsible for conducting periodic reviews and appraisals on the effectiveness of governance, risk management and internal control 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.

Corporate Disclosure
Corporate disclosure and information are important for investors and shareholders. The Board has put in place a Corporate Disclosure Policy and Share Trading Policy for its members and management. The Board is advised by the management, Company Secretary, the External and Internal Auditors on the content and timing of disclosure requirements of Listing Requirements on the financial results and various other announcements.

Besides ensuring timely releases of quarterly financial results, circulars, annual reports, corporate announcement and press releases on Bursa Malaysia's website, the Board leverages on its corporate website to communicate, disseminate and provide further information and details on governance reporting and information such as Board Charter and Board Committees' Terms of Reference. Investor information, financial information and corporate announcements can also be accessed on the Company's website.

Sustainability
In accordance with the spirit of the Board's Sustainability Policy, the Executive Directors and management require the business units in the Group to comply with statutory regulations on safety and health, and to promote appropriate environmental practices.

Shareholders' Right
General meetings empower shareholders 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 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 and poll voting is mandated for related party transactions that require shareholders' approval.

STATEMENT OF CORPORATE GOVERNANCE

Items of special business included in the notice of AGM will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for separate issues at the meeting and the Chairman would declare the number of proxy votes received both for and against each separate resolution where appropriate.

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.

In order to encourage shareholders' participation in the general meetings, the Board would ensure that the Notice of the AGM is sent to shareholders at least 21 days ahead of the date of general meeting and to provide sufficient time and opportunity to the shareholders to seek clarification during general meetings on any matters pertaining to the business activities and financial performance of the Company.

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 Malaysian Financial Reporting Standards, 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 2014, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements 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 that 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 in pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 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 – Guidelines for Directors of Listed Issuers" issued by the Task Force on Internal Control on 31 December 2012 with the support and endorsement of the Bursa Malaysia.

BOARD RESPONSIBILITIES

The principal responsibilities of the Board as provided in the Guidelines, for risk governance and controls are:

- Embedding risk management in all aspects of the company's activities;
- Defining and approving the Board's acceptable risk appetite; and
- Reviewing risk management framework, processes, responsibilities and assessing whether the present systems provide reasonable assurance that risks are managed within tolerable ranges.

On 17 February 2014, the Board had 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 objectives the Board expects to achieve from the formalization of the risk management in the Group.

RISK MANAGEMENT AND INTERNAL CONTROL

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.

In February 2014, the Board had conducted a risk assessment workshop together with the management. The focus of this discussion was on the progress of the property development project and the sustainability of revenue from the hotel and complex businesses. Several critical actions were concluded in this discussion which include the subsequent establishment of the Executive Committee, which comprise all 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. The progress of the Pasir Mas Project had also been speeded up, facilitated by extended facilities following a loan refinancing exercise.

To ensure follow up on the progress of the actions identified and to derive its comfort on the state of internal control and risk management in the Group, the Board continues to use the following key controls, processes, information and review mechanism:

- Board discussions with management during the Board meetings on business and operational issues as well as the measures taken by management to mitigate and manage risks associated with the business and operation issues;
- Delegation and separation of responsibilities between the Board and management. The Executive Directors report to the Board on the performance of the operations and its management while the Board scrutinizes the management performance to ensure its effectiveness and objectivity;
- Executive Committee conducts periodic meetings to review Group's cash flows, financial and business units' performances, funding and operational issues in order to ensure that challenges and risks are addressed timely and appropriately;

The Audit Committee reviews and discuss with the management on the unaudited quarterly financial results to monitor the Group's progress towards achieving the Group's objectives;

- Legal advices are sought to ensure that contractual risks are addressed and managed before entering into material contracts or agreements;
- Management assurance that the Group's risk management and internal control systems have been operating adequately and effectively, in all material respects through constant and open communication between the management and Executive Committee on operational matters; and
- The internal audit function assists the Audit Committee and the Board in conducting assessment on the internal control systems and the governance practices. The Internal Auditors conduct periodic reviews in accordance with the audit plan and scope approved by the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa Malaysia's Guidelines, management is responsible to the Board for identifying risks relevant to the business of the Group's objectives, implementing strategies, maintaining sound systems of risk management and internal control, and monitoring and reporting to the Board on significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objective and performance. As mentioned, the management had participated in a Risk Assessment together with the Board in February 2014.

When producing this Statement, the Board has received assurance from the Executive Directors, tasked with managing the day to day operations, and the Chief Financial Officer that to the best of their 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 risk management and internal control systems are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses that require additional 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 and operating environment. 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 risk management and internal control 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.

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

1. **UTILISATION OF PROCEEDS**
   There were no proceeds raised from corporate proposals during the financial year.

2. **SHARE BUY-BACK**
   There were no share buy-back carried out during the financial year ended 31 December 2014.

3. **OPTIONS OR CONVERTIBLE SECURITIES**
   There were no options or convertible securities issued by the Company during the financial year ended 31 December 2014.

4. **DEPOSITORY RECEIPT PROGRAMME**
   There were no depository receipt programme sponsored by the Company during the financial year ended 31 December 2014.

5. **SANCTIONS AND/OR PENALTIES**
   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 2014.

6. **NON-AUDIT FEES**
   The non-audit fees paid or payable to the external Auditors and its affiliates by the Group during the financial year ended 31 December 2014 in respect of the review on the Statement on Risk Management and Internal Controls and Supplementary Information on the Disclosure of Realised and Unrealised Profit or Loss amounted to RM8,000.

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 contracts 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 2014 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 2014.

10. **CONTRACTS RELATING TO LOANS**
    There were no contracts relating to loans by the Group involving the interests of Directors and major shareholders during the financial year ended 31 December 2014.

11. **RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**
    The Company did not enter into any recurrent related party transactions during the financial year ended 31 December 2014.

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

Corporate Social Responsibility

In year 2014, 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" activities. Among others, the following programs had been carried out in year 2014 :

1. **Helping the Needy**
   - In conjunction with the International Chefs Day on 23rd October 2014, Renaissance Kota Bharu had invited the underprivileged children from Pusat Jagaan Kesayangan Mumtahanah to a kitchen tour, lunch and live demonstration on making omelettes and decorating cupcakes.

2. **Funds for Cancer**
   - Renaissance Kota Bharu Hotel participated in and contributed food items to a Food Fair which was jointly organized by the Fatima Convent and the Reproductive Health Association of Kelantan to raise awareness and collect funds for Cancer victims.

3. **Donation to Malaysian AIDS Foundation**
   - Malaysian AIDS Foundation (MAF) in collaboration with Renaissance Kota Bharu Hotel, had organized an exclusive Fund Raising Dinner, "Majlis Resepsi Amal bersama Aaron Aziz" with the aim to raise funds for the HIV and AIDS victims in Kelantan. Renaissance Kota Bharu Hotel hosted the event and about 100 invited guests had attended. Apart from the performances from the Red Ribbon Youth Club (RRYC) celebrities namely Aaron Aziz, Fahrin Ahmad, Bob Yusuf and Hafiz Hamidun; there was also an auction held during the event. The event had successfully raised RM84,000 which will be channeled to the respective organizations to reduce the burden of the HIV and AIDS victims and to build a new shelter for them.

4. **Donation to Flood Humanitarian Mission**
   - Renaissance Kota Bharu Hotel had carried out "Flood Humanitarian Mission" as our "Spirit to Serve Our Community" project in conjunction with 2014 Global Customer Appreciation Week (GCAW). The project covered Pulau Beluru, Pulau Cendol, Pulau Tongkang and Pulau 100, Tumpat, Kelantan. This project provided aid in the form of basic necessities such as drinking water, dry food, personal care set. There were 145 families that benefited from this mission.
   - Sponsored food items to IPK Kelantan Charity Sale event organized by PDRM to raise funds for the flood victims of Kuala Krai, Kelantan. The fund raised is to help the flood victims rebuild their houses that was destroyed by the flood.
   - Sponsored food items and money through collaboration with the Menteri Besar of Kelantan in his flood relief effort to help the flood victims.

5. **Make My Wish Come True**
   - The Hotel organized "Make My Wish Come True" charity project where guests and business partners supported by adopting wish cards that were hung on a Christmas Tree in the Hotel Lobby and fulfilled the request in the wish cards. Four schools were selected for this program namely Sekolah Kebangsaan Kampung Laut, Sekolah Kebangsaan Kampung Sireh, Sekolah Kebangsaan Bukit Marak and Sekolah Kebangsaan Bekelam. A total of 250 school children had been selected for this project.

6. **Breaking of Fast with orphans**
   - Sponsored 120 under-privileged children and orphans from Sekolah Menengah Kebangsaan Jelawat, Bachok and Sekolah Menengah Kebangsaan Padang Kala orphanage 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

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 2014.

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 for the financial year	6,703,963	4,668,988
Other comprehensive income	-	-
Total comprehensive income for the financial year	6,703,963	4,668,988
Attributable to:-		
Owners of the Company	6,703,963	4,668,988

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 2014.

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 has not issued any shares or debentures.

DIRECTORS

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

Melvinyeo Kiandee	
Mau Kam Wai	
Petrus Gimbad	
Tan Chin Hong	
Datuk Yunus @ Mohd Yunus Bin Awang Hashim	- Appointed on 20.5.014
Mohamed Akwal Bin Sultan Mohamad	- Appointed on 20.5.014
Dato' Faruk Bin Othman	- Resigned on 30.4.2014
Dato' Lim Hong Sang	- Retired on 20.5.2014
Lim Thian Loong	- Retired on 20.5.2014
Sydney Lim Tau Chin	- Retired on 20.5.2014
Dr. Chu Jan Tow	- Resigned on 16.6.2014

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 2014 are as follows:-

	Number of ordinary shares of RM0.50/- each			
	At 1.1.2014	Bought	Sold	At 31.12.2014
The Company				
Direct interest				
Melvinyeo Kiandee	8,397,500	-	-	8,397,500
Indirect interest				
Tan Chin Hong *	25,778,700	-	6,908,772	18,869,928

*Indirect interest by virtue of Section 6A of the Companies Act, 1965 in Malaysia.

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 EVENT AFTER THE FINANCIAL YEAR

The details of the significant event that occurred after 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,

…………………………………..
Mau Kam Wai
Director

…………………………………..
Tan Chin Hong
Director

Kuala Lumpur

Date: 16 April 2015

STATEMENT BY DIRECTORS

We, Mau Kam Wai 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 34 to 96 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 2014 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 97 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,

…………………………………………..
Mau Kam Wai
Director

…………………………………………..
Tan Chin Hong
Director

Kuala Lumpur

Date: 16 April 2015

STATUTORY DECLARATION

I, Tan Chin Hong, 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 34 to 96 and the supplementary information set out on page 97 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.

…………………………………………..
Tan Chin Hong

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 16 April 2015.

Before me,

…………………………………………..
ZULKIFLA MOHD DAHLIM (No.W541)
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 2014 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 34 to 96.

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 2014 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 97 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: 16 April 2015

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Revenue	4	33,799,456	39,342,068	435,598	-
Other operating income		8,884,516	4,509,630	8,866,403	7,473,632
Staff costs					
- Hotel operations		(4,918,777)	(4,540,402)	-	-
- Others		(1,515,237)	(1,358,568)	(489,746)	(430,974)
Directors' remuneration		(1,535,590)	(1,602,765)	(1,090,099)	(909,915)
Finance costs (net)	6	(227,456)	(583,919)	(6,733)	6,064
Property development expenditure	17	(4,786,107)	(8,997,193)	-	-
Consumables used		(3,076,732)	(3,053,854)	-	-
Depreciation of property, plant and equipment		(3,512,417)	(493,949)	(121,655)	(205,472)
Provision for liabilities		(2,093,741)	(2,491,623)	-	-
Other operating expenses		(14,119,788)	(14,064,408)	(2,924,780)	(6,420,971)
Profit/(Loss) before income tax expense	7	6,898,127	6,665,017	4,668,988	(487,636)
Income tax expense	8	(194,164)	(1,591,078)	-	-
Profit/(Loss) for the financial year		6,703,963	5,073,939	4,668,988	(487,636)
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)	-	(39,832)
Total comprehensive income/(loss) for the financial year		6,703,963	5,034,107	4,668,988	(527,468)
Profit/(Loss) attributable to:-					
Owners of the Company		6,703,963	5,073,939	4,668,988	(487,636)
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		6,703,963	5,034,107	4,668,988	(527,468)
Earning per ordinary share attributable to Owners of the Company (Sen)					
Basic	9(a)	2.73	2.22		
Diluted	9(b)	2.73	2.22		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	133,215,018	136,083,841	175,237	148,631
Investment properties	11	87,450,000	83,607,000	-	-
Prepaid land lease payments	12	6,908,332	7,004,176	-	-
Investment in subsidiaries	13	-	-	197,514,070	197,519,658
Investment in associate	14	-	-	-	-
Other investments	15	435,105	435,105	435,105	435,105
Land held for development	16	2,000,000	2,000,000	-	-
Total Non-Current Assets		230,008,455	229,130,122	198,124,412	198,103,394
Current Assets					
Property development expenditure	17	52,547,274	42,725,085	-	-
Inventories	18	5,669,960	5,690,575	-	-
Financing receivables	19	-	3,637,142	-	-
Trade and other receivables	20	23,500,027	20,694,681	50,689	38,850
Accrued billing		-	646,292	-	-
Tax recoverable		1,515,811	1,133,483	-	-
Amount owing by subsidiaries	21	-	-	18,010,327	37,224,238
Deposits placed with licensed banks	22	1,093,582	889,561	-	-
Cash and bank balances	23	3,166,255	3,965,392	23,751	101,862
Total Current Assets		87,492,909	79,382,211	18,084,767	37,364,950
Non-current assets held for sale	24	-	850,000	-	850,000
		87,492,909	80,232,211	18,084,767	38,214,950
TOTAL ASSETS		317,501,364	309,362,333	216,209,179	236,318,344

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (Continued)

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
EQUITY AND LIABILITIES					
Equity attributable to Owners of the Company					
Share capital	25	122,833,988	122,833,988	122,833,988	122,833,988
Share premium	26 (a)	335,001	335,001	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)	(22,696)	(22,696)	(22,696)
Revaluation reserve	26 (d)	524,794	524,794	-	-
Accummulated losses		(46,577,465)	(53,281,428)	(18,655,342)	(23,324,330)
Total Equity		187,331,659	180,627,696	214,728,988	210,060,000
Non-Current Liabilities					
Loans and borrowings	27	21,933,006	2,410,681	-	53,730
Deferred tax liabilities	28	13,270,403	14,311,067	-	-
Total Non-Current Liabilities		35,203,409	16,721,748	-	53,730
Current Liabilities					
Trade and other payables	29	75,503,177	79,816,685	60,890	381,772
Amount owing to a subsidiary	21	-	-	65,163	69,851
Loan and borrowings	27	13,583,785	2,745,390	53,730	89,635
Progress billing		365,994	-	-	-
Term loan instruments	30	786,482	1,784,200	-	-
Provisions for liabilities	31	4,726,858	27,666,614	1,300,408	25,663,356
Total Current Liabilities		94,966,296	112,012,889	1,480,191	26,204,614
Total Liabilities		130,169,705	128,734,637	1,480,191	26,258,344
TOTAL EQUITY AND LIABILITIES		317,501,364	309,362,333	216,209,179	236,318,344

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Attributable to Owners of the Company						
		Non-distributable				Distributable		
	Note	Share Capital RM	Share Premium RM	Capital Reserve RM	Fair value Reserve RM	Revaluation Reserve RM	Accumulated Losses RM	Total Equity RM
Group								
At 1 January 2013		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
Total comprehensive income for the financial year		-	-	-	-	-	6,703,963	6,703,963
At 31 December 2014		122,833,988	335,001	110,238,037	(22,696)	524,794	(46,577,465)	187,331,659

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (Continued)

		Attributable to Owners of the Company					
		Non-distributable				Distributable	
	Note	Share Capital RM	Share Premium RM	Capital Reserve RM	Fair value Reserve RM	Accumulated Losses RM	Total Equity RM
Company							
At 1 January 2013		111,667,288	-	110,238,037	17,136	(22,836,694)	199,085,767
Total comprehensive loss 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
Total comprehensive income for the financial year		-	-	-	-	4,668,988	4,668,988
At 31 December 2014		122,833,988	335,001	110,238,037	(22,696)	(18,655,342)	214,728,988

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES :				
Profit/(Loss) before income tax expense	6,898,127	6,665,017	4,668,988	(487,636)
Adjustments for :				
Amortisation of prepaid lease payments	95,844	95,844	-	-
Depreciation of property, plant and equipment	3,512,417	493,949	121,655	205,472
Fair value gain on investment properties	(3,843,000)	-	-	-
Gain on disposal of :				
-property, plant and equipment	(95,000)	-	(95,000)	-
-non current asset held for sales	(750,000)	-	(750,000)	-
Interest income	(33,367)	(59,309)	-	(21,186)
Impairment loss on :				
- amount owing by subsidiaries	-	-	2,015,605	5,190,685
- investment in subsidiaries	-	-	5,588	5,338
- trade receivables	-	24,877	-	-
Interest expenses	260,823	643,228	6,733	15,122
Reversal of impairment loss on :				
- financing receivables	-	(671,387)	-	-
- amount owing by subsidiaries	-	-	(6,101,720)	(7,473,371)
- trade receivables	(4,027)	-	-	-
Waiver of debt	(1,363,686)	(3,648,819)	-	-
Waiver of term loan interest	(829,787)	-	-	-
	3,848,344	3,543,400	(128,151)	(2,565,576)
Changes in Working Capital :				
Property development expenditure	(8,809,903)	(23,236,042)	-	-
Inventories	20,615	(206,412)	-	-
Lease and hire-purchase receivables	3,637,142	8,803,887	-	-
Trade and other receivables	(2,801,319)	2,000,206	(11,839)	40,268
Trade and other payables	(2,779,747)	4,982,350	(320,882)	276,573
Provision for liabilities	(22,939,756)	(2,007,327)	(24,362,948)	(3,022,144)
	(29,824,624)	(6,119,938)	(24,823,820)	(5,270,879)
Income tax paid	(1,640,568)	(1,997,908)	-	-
Income tax refunded	23,412	257,575	-	-
Net Operating Cash Flows	(31,441,780)	(7,860,271)	(24,823,820)	(5,270,879)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES:				
Deposit placed with licensed banks	(175,187)	-	-	-
Purchase of property, plant and equipment	(643,594)	(57,187)	(148,261)	(1,573)
Interest received	33,367	59,309	-	21,186
Proceeds from disposal of property, plant and equipment	95,000	-	95,000	-
Proceeds from disposal of non current assets held for sales	1,600,000	-	1,600,000	-
Repayment from/ (to) subsidiaries	-	-	23,295,338	(7,687,040)
Net Investing Cash Flows	909,586	2,122	24,842,077	(7,667,427)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment of term loan instruments	(997,718)	(1,353,047)	-	-
Repayment of term loans	(1,783,848)	(3,436,677)	-	-
Drawdown of term loans	21,898,223	-	-	-
Interest paid	(260,823)	(643,228)	(6,733)	(15,122)
Issuance of ordinary shares	-	11,501,701	-	11,501,701
Payment of hire-purchase payables	(89,635)	(160,666)	(89,635)	(160,666)
Net Financing Cash Flows	18,766,199	5,908,083	(96,368)	11,325,913
NET CHANGE IN CASH AND CASH EQUIVALENTS	(11,765,995)	(1,950,066)	(78,111)	(1,612,393)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	3,897,105	5,847,171	101,862	1,714,255
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	(7,868,890)	3,897,105	23,751	101,862
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	2,945,176	3,748,766	23,751	101,862
Housing Development Account	221,079	216,626	-	-
Deposits placed with licensed banks	1,093,582	889,561	-	-
Bank overdrafts	(11,091,145)	(95,453)	-	-
	(6,831,308)	4,759,500	23,751	101,862
Less: Deposits held as security value	(1,037,582)	(862,395)	-	-
	(7,868,890)	3,897,105	23,751	101,862

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

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 16 April 2015.

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, other than 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 judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement 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.

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int")

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

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

<u>Amendments/Improvements to FRSs</u>

FRS 10	Consolidated Financial Statements
FRS 12	Disclosure of Interests in Other Entities
FRS 127	Separate Financial Statements
FRS 132	Financial Instruments: Presentation
FRS 136	Impairment of Assets
FRS 139	Financial Instruments: Recognition and Measurement

<u>New IC Int</u>

IC Int 21	Levies

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

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

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

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 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. This Amendments only impacts the presentation in the financial statements but has no impact on the financial results and positions of the Group and of the Company.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations (“IC Int”) (Continued)

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

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. The adoption of IC Int 21 has no significant impact to the financial statements of the Group and of the Company.

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

The Group and the Company have not adopted the following new FRSs and amendments/improvements to FRSs that 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 FRSs		
FRS 9	Financial Instruments	1 January 2018
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2014
	Share-based Payment	
FRS 2		1 July 2014
FRS 3	Business Combinations	1 July 2014
FRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 8	Operating Segments	1 July 2014
FRS 10	Consolidated Financial Statements	1 January 2016
FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosures of Interests in Other Entities	1 January 2016
FRS 13	Fair Value Measurement	1 July 2014
FRS 101	Presentation of Financial Statements	1 January 2016
FRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
FRS 119	Employee Benefits	1 July 2014/ 1 January 2016
FRS 124	Related Party Disclosures	1 July 2014
FRS 127	Separate financial statements	1 January 2016
FRS 128	Investments in Associates and Joint Ventures	1 January 2016
FRS 138	Intangible Assets	1 July 2014/ 1 January 2016
FRS 140	Investment Property	1 July 2014

A brief discussion on the above significant new FRSs and amendments/improvements to FRSs 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 FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

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

FRS 9 Financial Instruments

FRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

Classification and measurement
FRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

Impairment
FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Hedge accounting
FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

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 FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

(b) New FRSs and Amendments/Improvements to FRSs 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 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 5 introduces specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vise versa), or when held-for-distribution is discontinued.

Amendments to FRS 7 Financial Instruments: Disclosures

Amendments to FRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of FRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to FRS 7) to condensed interim financial statements.

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 11 Joint Arrangements

Amendments to FRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in FRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in FRS 3, and other FRSs, that do not conflict with FRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets / liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

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

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.

Amendments to FRS 101 Presentation of Financial Statements

Amendments to FRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to FRS 116 Property, Plant and Equipment

Amendments to FRS 116 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 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

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).

In addition, the Amendments clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

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

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 127 Separate Financial Statements

Amendments to FRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to FRS 138 Intangible Assets

Amendments to FRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to FRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

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.

Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in FRS 10 and those in FRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in FRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosures of Interests in Other Entities and FRS 128 Investments in Associates and Joint Ventures

These Amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements:- the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

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

Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosures of Interests in Other Entities and FRS 128 Investments in Associates and Joint Ventures (Continued)

- Consolidation of intermediate investment entities:- the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

- Policy choice for equity accounting for investments in associates and joint ventures:- the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

(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 issued 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 the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1 January 2017. Transitioning Entities also include 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 framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for financial year ended 31 December 2017. The main effects arising from the transition to the MFRSs Framework are discussed below.

The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effects 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

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

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Group is currently assessing the impact of the adoption of this standard.

Amendments to 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 adoption of this standard.

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the Amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

The Group does not expect any impact on the financial statements arising from adoption of this standard.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 controls an entity when it is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(b) Associates (Continued)

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(o).

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(c) Goodwill on Consolidation

Goodwill arises on business combinations are measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates and joint venture.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(d) Revenue Recognition (Continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(g) Taxation (Continued)

(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.

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(o).

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%

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(h) Property, Plant and Equipment (Continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(j) Leases (Continued)

(ii) Operating leases (Continued)

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.

(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(o).

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(l) Property Development Activities (Continued)

(ii) Property development costs (Continued)

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.

(n) Financial Instruments

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

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

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

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

(i) Financial Assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(n) Financial Instruments (Continued)

(i) Financial Assets (Continued)

Financial assets at fair value through profit or loss (Continued)

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in statement of comprehensive income.

Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market, trade and other receivables and cash and cash equivalents 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.

Held-to-maturity Investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group have the positive intention and ability to hold the investment to maturity is classified as held-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.

Available-for-sale financial assets

Available-for-sale financial 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 with the gain or loss recognised in other comprehensive income, except for 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.

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

(ii) Financial Liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(n) Financial Instruments (Continued)

(ii) Financial Liabilities (Continued)

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair value otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

(iii) Financial Guarantee Contracts

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

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

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

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.

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)

(o) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(o) Impairment of Assets (Continued)

(ii) Impairment of Non-financial Assets (Continued)

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.

(p) 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.

(q) 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.

(r) 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(s) 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.

(t) 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.

(u) Fair value measurements

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 and 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 asset in its highest and best use by selling it to another market participant that would use the asset in its highest and best use.

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

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(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:-

Investment properties and land held for development

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.

Impairment of property, plant and equipment

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.

Allowance for inventories

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.

Fair value estimation of financial instruments

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Key sources of estimation uncertainty (Continued)

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Rental income from:-				
- Hotel operations	12,759,813	13,234,419	-	-
- Property investment	5,897,734	5,944,974	-	-
Other income from hotel operations	10,315,591	10,274,873	-	-
Leasing, hire-purchase and other interest income	1,338,893	-	-	-
Sale of development properties	3,487,425	10,031,128	-	-
Sale of completed properties	-	(143,326)	-	-
Management fee	-	-	435,598	-
	33,799,456	39,342,068	435,598	-

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:-

	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Total RM
Group							
2014							
Segment profit/(loss)	582,833	1,235,736	2,544,442 *	3,660,889	(2,211,966)	1,313,649	7,125,583
Included in the measure of segment profit/(loss) are:							
Revenue from external customers	-	1,338,893	23,075,405	5,897,733	3,487,425	-	33,799,456
Inter-segment revenue	435,598	-	120,300	-	-	-	555,898
Fair value gain on investment properties	-	-	-	3,843,000	-	-	3,843,000
Reversal of impairment on trade receivables	-	-	4,027	-	-	-	4,027
Waiver of debts	-	-	-	-	-	1,363,686	1,363,686
Waiver of term loan interest	-	-	-	829,787	-	-	829,787
Provision for liabilities	-	-	(695,871)	(1,397,870)	-	-	(2,093,741)
Reversal of provision of liabilities	1,919,422	-	-	-	-	-	1,919,422
Depreciation and amortisation	(121,655)	-	(3,067,335)	(399,340)	(19,931)	-	(3,608,261)
Not included in the measure of segment profit but provided to Chief Executive Officer:							
Finance cost	(6,733)	-	-	(123,058)	(131,032)	-	(260,823)
Finance income	-	-	-	28,021	5,346	-	33,367
Tax expense	-	-	-	(217,579)	23,415	-	(194,164)
Segment assets	216,274,352	11,636	5,220,185	307,319,743	2,263,768	2,001,245	533,090,929
Included in the measure of segment assets are:							
Additions to non-current assets other than financial instruments and deferred tax assets	148,261	-	-	493,083	2,250	-	643,594
Segment liabilities	2,472,891	15,127,250	4,604,074	79,271,736	67,367,330	3,135,252	171,978,533

* Included in the measure of segment profit of hospitality is an amount totaling RM3,067,335/- which represents depreciation of hotel building.

NOTES TO THE FINANCIAL STATEMENTS

5. **SEGMENTAL INFORMATION (Continued)**

The segmental information of the Group are as follows:-

	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Total RM
Group							
2013							
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	5,684,180	10,031,127	-	39,342,068
Inter-segment revenue	-	-	117,468	-	-	-	117,468
Reversal of impairment loss on financing receivables	-	671,387	-	-	-	-	671,387
Waiver of debts	-	-	-	-	-	3,648,819	3,648,819
Impairment loss on trade receivables	-	-	(18,854)	-	(6,023)	-	(24,877)
Depreciation and amortisation	(205,470)	-	-	(361,850)	(22,473)	-	(589,793)
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:							
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)
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)

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

	Group 2014 RM	Group 2013 RM
Total revenue for reportable segments	34,355,354	39,459,536
Elimination of inter-segment revenue	(555,898)	(117,468)
Consolidated total	33,799,456	39,342,068

	Group 2014 RM	Group 2013 RM
Total profit for reportable segments	7,125,583	7,248,936
Finance cost	(260,823)	(643,228)
Finance income	33,367	59,309
Consolidated profit before income tax expense	6,898,127	6,665,017

	Group 2014 RM	Group 2013 RM
Total reportable segments assets	533,090,929	587,184,923
Elimination of inter-segment transactions or balances	(215,589,565)	(277,822,590)
Consolidated total	317,501,364	309,362,333

	Group 2014 RM	Group 2013 RM
Total reportable segments liabilities	171,978,533	188,412,787
Elimination of inter-segment transactions or balances	(41,808,828)	(59,678,150)
Consolidated total	130,169,705	128,734,637

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCE COSTS (net)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest income				
- Deposits placed with licensed banks	28,021	54,512	-	21,186
- Overdue interest	5,346	4,797	-	-
	33,367	59,309	-	21,186
Interest expenses				
- Short term borrowings	-	(1,153)	-	-
- Term loans	(254,090)	(626,953)	-	-
- Hire-purchase payables	(6,733)	(15,122)	(6,733)	(15,122)
	(260,823)	(643,228)	(6,733)	(15,122)
	(227,456)	(583,919)	(6,733)	6,064

7. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
After crediting:-				
Fair value gain on investment properties	3,843,000	-	-	-
Gain on disposal of:				
- Non current assets held for sale	750,000	-	750,000	-
- Property, plant and equipment	95,000	-	95,000	-
Rental income	17,370	38,183	-	-
Reversal of provision for commitments	1,919,422	-	1,919,422	-
Reversal of impairment loss on :				
- Financing receivables	-	671,387	-	-
- Amount owing by subsidiaries	-	-	6,101,720	7,473,371
- Trade receivables	4,027	-	-	-
Waiver of debt	1,363,686	3,648,819	-	-
Waiver of term loan interest	829,787	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

7. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE (Continued)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
and charging:-				
Auditor's remuneration				
- Statutory audit				
- current year	(107,500)	(109,200)	(40,000)	(38,000)
- prior year	(2,000)	-	(2,000)	-
-Non-stautory audit	(8,000)	(8,000)	(8,000)	(8,000)
Amortisation of prepaid lease payments	(95,844)	(95,844)	-	-
Depreciation of property, plant and equipment	(3,512,417)	(493,949)	(121,655)	(205,472)
Impairment loss on:				
- Amount owing by subsidiaries	-	-	(2,015,605)	(5,190,685)
- Investment in subidiaries	-	-	(5,588)	(5,338)
- Trade receivables	-	(24,877)	-	-
Provision for liabilities	(2,093,741)	(2,491,623)	-	-
Realised loss on foreign exchange	(77,408)	(62,900)	-	-
Rental of:				
- Parking	(18,000)	(18,000)	-	-
- Hostel	-	(75,713)	-	-
- Equipment	(650)	(7,300)	-	-
Royalty fee payable to third party	(463,914)	(472,535)	-	-
Staff costs:				
- Employees' Provident Fund	(740,316)	(532,478)	(49,988)	(41,484)
- SOCSO	(96,816)	(85,830)	(4,597)	(4,645)
- Salaries and allowance	(5,354,491)	(5,057,144)	(435,161)	(384,845)
- Other staff related costs	(242,391)	(223,518)	-	-

8. INCOME TAX EXPENSE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Income tax				
- current year	(1,175,009)	(1,580,758)	-	-
- (under)/over accrual in prior year	(59,819)	509,414	-	-
	(1,234,828)	(1,071,344)	-	-
Deferred tax liabilities (Note 28)				
- current year	467,035	(507,419)	-	-
- over/(under) accrual in prior year	573,629	(12,315)	-	-
	1,040,664	(519,734)	-	-
	(194,164)	(1,591,078)	-	-

Income tax is calculated at the statutory rate of 25% of the estimated taxable profit for the year. The Government announced that the corporate tax rate would be reduced to 24% from the current year of 25% effective year of assessment 2016. Accordingly, the deferred tax was re-measured to reflect these changes.

NOTES TO THE FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE (Continued)

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		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit/(Loss) before income tax expense	6,898,127	6,665,017	4,668,988	(487,636)
Taxation at applicable statutory tax rate of 25%	(1,724,531)	(1,666,254)	(1,167,247)	121,909
Tax effects arising from:-				
- non-deductible expenses	(211,165)	(1,581,061)	(75,331)	(1,356,449)
- non-taxable income	984,501	1,873,640	1,549,180	1,873,640
- revaluation of investment properties	(192,150)	-	-	-
- reversal of deferred tax assets not recognised in the financial statements	1,847,508	(714,502)	(43,207)	(639,100)
- effect of changes in tax rate	(1,412,137)	-	(263,395)	-
- over accrual in prior years	513,810	497,099	-	-
Tax expense for the financial year	(194,164)	(1,591,078)	-	-

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deductible temporary differences	529,279	550,883	526,974	517,777
Unutilised tax losses	195,177,156	194,717,323	25,812,500	24,595,289
Net deferred tax assets	195,706,435	195,268,206	26,339,474	25,113,066
Potential deferred tax assets not recognised at 24% (2013: 25%)	46,969,544	48,817,052	6,321,474	6,278,267

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 RM6,703,963/- (2013: RM5,073,939/-) are disclosed as follows:-

	Group	
	2014 RM	2013 RM
Earning attributable to owners of the Company		
Profit for the financial year	6,703,963	5,073,939
Weighted average number of ordinary shares in issue	245,667,975	228,413,129
Basic earnings per share (sen)	2.73	2.22

(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

	Freehold Land at valuation RM	Building at valuation RM	Capital Work in progress RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and renovations RM	Computers and office equipment RM	Total RM
Group								
2014								
Cost (unless otherwise stated)								
At 1 January 2014	4,441,261	116,558,739	13,181,428	2,808,066	2,290,047	2,091,289	326,416	141,697,246
Additions	-	-	-	491,825	-	128,805	22,964	643,594
Disposals/Write-off	-	-	-	-	-	(449,349)	-	(449,349)
At 31 December 2014	4,441,261	116,558,739	13,181,428	3,299,891	1,840,698	2,220,094	349,380	141,891,491
Accumulated Depreciation								
At 1 January 2014	-	-	-	1,791,531	2,150,529	1,359,988	311,357	5,613,405
Depreciation for the financial year	-	3,067,335	-	189,586	90,288	152,022	13,186	3,512,417
Disposals/Write-off	-	-	-	-	(449,349)	-	-	(449,349)
At 31 December 2014	-	3,067,335	-	1,981,117	1,791,468	1,512,010	324,543	8,676,473
Net Carrying Amount at 31 December 2014	4,441,261	113,491,404	13,181,428	1,318,774	49,230	708,084	24,837	133,215,018

NOTES TO THE FINANCIAL STATEMENTS

10. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

	Freehold Land at valuation RM	Building at valuation RM	Capital Work in progress RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and renovations RM	Computers and office equipment RM	Total RM
Group								
2013								
Cost (unless otherwise stated)								
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 (Note 24)	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)

	Motor vehicles RM	Furniture, fittings and renovations RM	Computers and office equipment RM	Total RM
Company				
2014				
Cost				
At 1 January 2014	1,981,620	28,087	108,720	2,118,427
Additions	-	127,546	20,715	148,261
Disposals/Write-off	(449,349)	-	-	(449,349)
At 31 December 2014	1,532,271	155,633	129,435	1,817,339
Accumulated Depreciation				
At 1 January 2014	1,842,078	25,695	102,023	1,969,796
Depreciation for the financial year	90,288	23,762	7,605	121,655
Disposals/Write-off	(449,349)	-	-	(449,349)
At 31 December 2014	1,483,017	49,457	109,628	1,642,102
Net Carrying Amount at 31 December 2014	49,254	106,176	19,807	175,237
2013				
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

Included in property, plant and equipment of the Group and the Company are motor vehicles with a net carrying amount of RM49,254/- (2013 : RM138,894/-) and RM49,254/- (2013 : RM138,894/-) respectively which are acquired under hire-purchase arrangements.

NOTES TO THE FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group

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 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, and 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	
	2014	**2013**
	RM	**RM**
Shopping complex, at fair value		
At the beginning	83,607,000	83,607,000
Net gain from fair value adjustment recognised in profit and loss	3,843,000	-
At the end of the financial year	87,450,000	83,607,000

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

	Group	
	2014	**2013**
	RM	**RM**
Rental income	5,554,293	5,601,534
Direct operating expenses	173,013	199,946

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..

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.

NOTES TO THE FINANCIAL STATEMENTS

12. PREPAID LAND LEASE PAYMENTS (Continued)

	Group 2014 RM	Group 2013 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	(589,509)	(493,665)
Amortisation charge for the financial year	(95,844)	(95,844)
At the end of the financial year	(685,353)	(589,509)
Accumulated Impairment Loss		
At the beginning/end of the financial year	(124,360)	(124,360)
	6,908,332	7,004,176

13. INVESTMENT IN SUBSIDIARIES

	Company 2014 RM	Company 2013 RM
Unquoted shares, at cost	197,753,003	197,753,003
Less: Allowance for impairment	(238,933)	(233,345)
	197,514,070	197,519,658

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

Name of Company	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	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 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 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 results	(400,000)	(400,000)	-	-
	-	-	-	-

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

Name of Company	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	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 accounts 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 the Group's interest reduced to nil and recognition of further losses is discontinued.

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

	Group 2014 RM	Group 2013 RM
ASSETS AND LIABILITIES		
Current Assets	15,270,254	7,928,133
Non-Current Assets	-	931,765
Total Assets	15,270,254	8,859,898
Current Liabilities	22,519,277	13,001,543
Total Liabilities	22,519,277	13,001,543
RESULTS		
Revenue	9,038,519	1,080,746
Loss for the financial year	(1,219,430)	(3,236)

NOTES TO THE FINANCIAL STATEMENTS

15. OTHER INVESTMENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-current				
Available-for-sale financial assets				
- Equity instruments (quoted outside Malaysia)				
At the beginning of the financial year	435,105	474,937	435,105	474,937
Net loss on fair value changes recognised in other comprehensive income	-	(39,832)	-	(39,832)
At the end of financial year	435,105	435,105	435,105	435,105

16. LAND HELD FOR DEVELOPMENT

	Group	
	2014 RM	2013 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	
	2014 RM	2013 RM
At the beginning of the financial year		
Property development expenditure		
- Leasehold land, at cost	3,369,978	3,438,476
- Development costs	39,355,107	20,135,648
	42,725,085	23,574,124
Cost incurred during the financial year		
- Development costs	14,608,296	28,148,154
	14,608,296	28,148,154
Costs recognised as expense in profit or loss		
- Leasehold land, at cost	(71,875)	(68,498)
- Development costs	(4,714,232)	(8,928,695)
	(4,786,107)	(8,997,193)
At the end of the financial year	52,547,274	42,725,085
Represented by :		
- Leasehold land, at cost	3,298,103	3,369,978
- Development costs	49,249,171	39,355,107
	52,547,274	42,725,085

NOTES TO THE FINANCIAL STATEMENTS

18. INVENTORIES

	Group 2014 RM	Group 2013 RM
At cost,		
Completed properties		
- Apartments	596,000	596,000
- Condominium	4,676,793	4,676,793
Food and beverages	397,167	417,782
	5,669,960	5,690,575

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/- (2013: 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 2014 RM	Group 2013 RM
Financing receivables	17,065,159	24,117,349
Less: Unearned interest	(590,141)	(4,005,189)
	16,475,018	20,112,160
Less: Allowance for impairment	(16,475,018)	(16,475,018)
	-	3,637,142
Receivable:-		
Within twelve months	-	3,637,142

20. TRADE AND OTHER RECEIVABLES

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Trade receivables	10,285,110	11,565,854	-	-
Less: Allowance for impairment	(1,415,778)	(1,419,805)	-	-
	8,869,332	10,146,049	-	-
Other receivables	17,664,675	14,629,736	-	24,385
Less: Allowance for impairment	(4,547,341)	(4,547,341)	-	(24,385)
	13,117,334	10,082,395	-	-
Deposits	355,556	317,453	30,955	11,499
Prepayments	1,157,805	148,784	19,734	27,351
Total trade and other receivables	23,500,027	20,694,681	50,689	38,850

NOTES TO THE FINANCIAL STATEMENTS

20. TRADE AND OTHER RECEIVABLES (Continued)

Group

The trade credit term ranges from 7 to 90 days (2013: 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 2014 RM	Group 2013 RM
Neither past due nor impaired	2,622,219	4,534,565
1 to 30 days past due not impaired	2,553,880	830,795
31 to 60 days past due not impaired	241,859	393,897
61 to 90 days past due not impaired	3,069,760	4,386,742
91 to 120 days past due not impaired	367,200	50
More than 121 days past due not impaired	14,414	-
	6,247,113	5,611,484
Impaired	1,415,778	1,419,805
	10,285,110	11,565,854

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 RM6,247,113/- (2013: RM5,611,483/-) 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 2014 RM	Group 2013 RM
Collectively impaired		
Trade receivables - nominal amounts	2,514,922	2,782,590
Less: Allowance for impairment	(1,415,778)	(1,419,805)
	1,099,144	1,362,785

NOTES TO THE FINANCIAL STATEMENTS

20. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

Movement in allowance accounts:

	Group	
	2014 RM	2013 RM
At the beginning of the financial year	(1,419,805)	(1,394,928)
Reversal/(Impairment) for the financial year	4,027	(24,877)
At the end of the financial year	(1,415,778)	(1,419,805)

(b) Other receivables

Group

Included in other receivables is an amount totalling RM9,360,000/- (2013: 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	
	2014 RM	2013 RM
Amount owing by subsidiaries	40,787,008	64,087,034
Less: Allowance for impairment	(22,776,681)	(26,862,796)
	18,010,327	37,224,238
Amount owing to a subsidiary	(65,163)	(69,851)

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

22. DEPOSITS PLACED WITH LICENSED BANKS

Group

Deposits placed with licensed banks of RM1,093,582/- (2013: RM889,561/-) are pledged to the banks for banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

23. CASH AND BANK BALANCES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	2,945,176	3,748,766	23,751	101,862
Cash held under Housing Development Account	221,079	216,626	-	-
	3,166,255	3,965,392	23,751	101,862

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	
	2014 RM	2013 RM	2014 RM	2013 RM
At the beginning of the financial year	850,000	121,325,206	850,000	850,000
Reclassified to Property, plant and equipment:				
- Hotel land and building (Note 10)	-	(120,475,206)	-	-
Disposals	(850,000)	-	(850,000)	-
At the end of the financial year	-	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			
	2014		2013	
	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	245,667,975	122,833,988	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	245,667,975	122,833,988

During the financial year 2013, 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	
	2014 RM	2013 RM
At the beginning of the financial year	335,001	-
Issuance of share via private placement	-	335,001
At the end of the financial year	335,001	335,001

The share premium arrival 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 off or impaired.

(d) REVALUATION RESERVE

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

27. LOANS AND BORROWINGS

		Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Current					
Bank overdraft- secured	(a)	11,091,145	95,453	-	-
Hire purchase payables	(b)	53,730	89,635	53,730	89,635
Term loans- secured	(c)	2,438,910	2,560,302	-	-
		13,583,785	2,745,390	53,730	89,635
Non-current					
Hire purchase payables	(b)	-	53,730	-	53,730
Term loans- secured	(c)	21,933,006	2,356,951	-	-
		21,933,006	2,410,681	-	53,730
Total borrowings		35,516,791	5,156,071	53,730	143,365

NOTES TO THE FINANCIAL STATEMENTS

27. LOANS AND BORROWINGS (Continued)

(a) Bank overdraft

The weighted average effective interest rate of the bank overdraft was at 8.35% (2013: 9.1%) per annum.

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

(b) Hire purchase payables

	Group and Company	
	2014	2013
	RM	RM
Future minimum hire-purchase payables		
- not later than one year	54,976	96,368
- later than one year but not later than five years	-	54,976
	54,976	151,344
Less: Future finance charges	(1,246)	(7,979)
	53,730	143,365
Represented by		
- Current	53,730	89,635
- Non-current	-	53,730
	53,730	143,365

The hire-purchase payables of the Group and of the Company bore interest ranging from 4.85% to 7.32% (2013: 4.05% to 6.33%) per annum.

(c) Term loans- secured

	Group	
	2014	2013
	RM	RM
Total outstanding	24,371,916	4,917,253
Less: Portion due within one year	(2,438,910)	(2,560,302)
Portion repayable after one year	21,933,006	2,356,951

NOTES TO THE FINANCIAL STATEMENTS

27. LOANS AND BORROWINGS (Continued)

(c) Term loans- secured (Continued)

Securities/Repayment terms	Term Loans 2014 RM	2013 RM
First party legal charge over 11 storey 5 star hotel known as Renaissance Kota Bharu Hotel of Kota Sri Mutiara complex. The term loans are repayables by 72 monthly instaments of RM31,209/- each.	1,668,406	-
First party second legal charge over 11 storey 5 star hotel known as Renaissance Kota Bharu Hotel of Kota Sri Mutiara complex. The term loans are repayables by 180 monthly instalments of RM189,505/- each.	20,003,918	-
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
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/-.	2,699,592	3,741,401
	24,371,916	4,917,253

The term loans bear interest at effective interest rates of 7.85 % (2013: 8.60%) per annum.

28. DEFERRED TAX LIABILITIES

	Group 2014 RM	2013 RM
At the beginning of the financial year	14,311,067	13,791,333
Transferred (to)/from profit or loss (Note 8)	(1,040,664)	519,734
At the end of the financial year	13,270,403	14,311,067
Representing the tax effect of:-		
Temporary differences between net book value and corresponding tax written value	13,270,403	14,311,067

NOTES TO THE FINANCIAL STATEMENTS

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade payables	5,549,458	10,949,113	-	-
Other payables	4,337,466	4,631,239	14,742	17,624
Amount owing to a former subsidiary	58,773,771	58,773,771	-	-
Accrued expenses	4,811,680	3,095,796	43,900	41,900
Deposits received	1,817,769	2,167,969	2,248	322,248
Advances received from potential purchasers	213,033	198,797	-	-
	75,503,177	79,816,685	60,890	381,772

The normal trade credit term granted to the Group ranges from 30 to 60 days (2013: 30 to 60 days).

Amount owing to a former subsidiary

The amount owing to a former subsidiary is unsecured, interest free and to be settled based on debts restructuring agreement as detailed in Note 36 to the financial statements.

30. TERM LOAN INSTRUMENTS

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

	Group	
	2014 RM	2013 RM
Guaranteed secured term loan ("GSTL")	330,299	709,630
Non-guaranteed convertible secured term loan ("NGCSTL")	456,183	1,074,570
	786,482	1,784,200

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

30. TERM LOAN INSTRUMENTS (Continued)

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

- 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 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 2013	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
Add: Additional	-	695,871	1,397,870	2,093,741
Less: Utilisation of provision	(22,443,526)	(670,549)	-	(23,114,075)
Reversal of provision	(1,919,422)	-	-	(1,919,422)
At 31 December 2014	1,300,408	245,760	3,180,690	4,726,858

	Provision for commitments RM
Company	
At 1 January 2013	28,685,500
Add: Additional	-
Less: Utilisation of provision	(3,022,144)
At 31 December 2013	25,663,356
Add: Additional	-
Less: Utilisation of provision	(22,443,526)
Reversal of provision	(1,919,422)
At 31 December 2014	1,300,408

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.

On 11 December 2014, Bank Rakyat has approved the early settlement proposed by the Group for the above facilities with final settlement amount of RM24 million. As at 31 December 2014, the Group has made payment of RM20 million and hence the provision for commitments no longer required of RM1,919,422/- has been reversed and RM829,787/- of waiver of term loan interest has been recognised. The balance of provision for commitments as at 31 December 2014 of RM1.3 million and term loan of RM2.7 million as disclosed in Note 27(c) has been fully paid off on 2 January 2015.

(b) Provision for furniture, fittings and equipment

The provisions for furniture, fittings and equipment of a subsidiary 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

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTIES (Continued)

(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	
	2014 RM	2013 RM
Management fees from subsidiaries		
- EBF	435,598	-

(c) Key Management Personnel Compensation

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive Directors				
Fees	-	32,000	-	-
Salaries and allowances	1,193,112	1,265,807	820,615	675,807
Other emoluments	171,478	151,958	98,484	81,108
Non-Executive Directors				
Fees	171,000	153,000	171,000	153,000
	1,535,590	1,602,765	1,090,099	909,915

The estimated monetary value of Directors' benefit-in-kind is RM44,692/-. (2013: RM34,230/-).

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).

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
2014						
Group						
Financial Assets						
Other investments	-	-	-	435,105	-	435,105
Trade and other receivables (exclude prepayments)	22,342,222	-	-	-	-	22,342,222
Deposits, cash and bank balances	4,259,837	-	-	-	-	4,259,837
Financial Liabilities						
Trade and other payables	-	-	-	-	(75,503,177)	(75,503,177)
Term loan instruments	-	-	-	-	(786,482)	(786,482)
Loans and borrowings	-	-	-	-	(35,516,791)	(35,516,791)
Company						
Financial Assets						
Other investments	-	-	-	435,105	-	435,105
Trade and other receivables (exclude prepayments)	30,955	-	-	-	-	30,955
Amount owing by subsidiaries	18,010,327	-	-	-	-	18,010,327
Deposits, cash and bank balances	23,751	-	-	-	-	23,751
Financial Liabilities						
Trade and other payables	-	-	-	-	(60,890)	(60,890)
Amount owing to a subsidiary	-	-	-	-	(65,163)	(65,163)
Loans and borrowings	-	-	-	-	(53,730)	(53,730)

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
2013						
Group						
Financial Assets						
Other investments	-	-	-	435,105	-	435,105
Trade and other receivables (exclude prepayments)	20,545,897	-	-	-	-	20,545,897
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	-	-	-	-	(79,816,685)	(79,816,685)
Term loan instruments	-	-	-	-	(1,784,200)	(1,784,200)
Loans and borrowings	-	-	-	-	(5,156,071)	(5,156,071)
Company						
Financial Assets						
Other investments	-	-	-	435,105	-	435,105
Trade and other receivables (exclude prepayments)	11,499	-	-	-	-	11,499
Amount owing by subsidiaries	37,224,238	-	-	-	-	37,224,238
Deposits, cash and bank balances	101,862	-	-	-	-	101,862
Financial Liabilities						
Trade and other payables	-	-	-	-	(381,772)	(381,772)
Amount owing to a subsidiary	-	-	-	-	(69,851)	(69,851)
Loans and borrowings	-	-	-	-	(143,365)	(143,365)

NOTES TO THE FINANCIAL STATEMENTS

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(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 2014 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.

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 31 December 2014, 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.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit Risk (Continued)

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 RM26,002,623/- (2013: RM31,290,239/-) 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.

	Within 1 Year RM	1 - 5 Years RM	> 5 Years RM	Total RM
2014				
Group				
Financial Liabilities				
Trade and other payables	75,503,177	-	-	75,503,177
Bank overdraft	11,091,145	-	-	11,091,145
Hire purchase payables	54,976	-	-	54,976
Term loans	4,239,969	11,497,120	23,105,445	38,842,534
Term loans instrument	786,482	-	-	786,482
Company				
Trade and other payables	60,890	-	-	60,890
Amount owing to a subsidiary	65,163	-	-	65,163
Hire purchase payable	54,976	-	-	54,976
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	2,791,578	2,487,246	-	5,278,824
Term loans instrument	1,784,200	-	-	1,784,200
Company				
Trade and other payables	381,722	-	-	381,722
Amount owing to a subsidiary	69,851	-	-	69,851
Hire purchase payable	96,368	54,976	-	151,344

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(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.

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Floating rate instruments				
Financial Liabilities				
Bank overdrafts	11,091,145	95,453	-	-
Term loan	24,371,916	4,917,253	-	-
Term loan instruments	786,482	1,784,200	-	-
Fixed rate instruments				
Financial Asset				
Deposits placed with licensed banks	1,093,582	889,561	-	-
Financial Liabilities				
Hire purchase payables	53,730	143,365	53,730	143,365

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%	
	2014 RM	2013 RM	2014 RM	2013 RM
Group				
Floating rate instruments				
Financial Liabilities	(362,495)	(67,969)	362,495	67,969

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(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.

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	
	2014	**2013**
	RM	**RM**
Total borrowings	* 36,303,273	6,940,271
Less : Cash and cash equivalents	(4,259,837)	(4,854,953)
Net debt	32,043,436	2,085,318
Total equity	187,331,659	180,627,696
Debt-to-equity ratio	0.17	0.01

* Included in the total borrowings of RM36.3 million as at 31 December 2014 is an amount of RM20 million repaid to Bank Rakyat as part of the RM24 million early settlement for provision for commitments as disclosed in Note 31(a).

NOTES TO THE FINANCIAL STATEMENTS

35. CAPITAL MANAGEMENT (Continued)

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 EVENT AFTER THE FINANCIAL YEAR

(a) Debts restructuring agreement

In 2013, 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 amounting to 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 is valued at RM18.12million 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 (iii), EVSB irrevocably waives and forgives entirely and absolutely FBOL's debt amount of RM58,773,771/-.

On 18 March 2015, the Company has received formal confirmation from the lawyer that the documents for the discharge of properties have been submitted to the Pejabat Pengarah Tanah Dan Galian Kelantan and the discharge process is deemed completed upon lodgment.

37 . CORPORATE GUARANTEE

	Company	
	2014 RM	2013 RM
Corporate guarantees given by the Company to secure for credit facilities granted to:		
- Certain subsidiaries		
- Principal payment	25,158,395	6,871,527
	25,158,395	6,871,527

38 . MATERIAL LITIGATION

FBO Land (Setapak) Sdn. Bhd. ("FBOL") vs Tow Kong Liang & 14 others

FBOL, a wholly owned subsidiary of the Company had on 3 March 2006 filed a suit against the previous management and nine other parties ("the defendants") for the return of 9 units of shoplots belonging to FBOL. On 30 April 2012, the High Court ruled in favour of FBOL allowing its claim with costs. The defendants had filed an appeal to the Court of Appeal against the High Court ruling. On 1 April 2015, the Court of Appeal held hearing and heard submissions from FBOL and the defendants. The Court of Appeal had fixed to deliver its decision on 15 May 2015. In addition to the above suit for the return of 9 units of shoplots, FBOL had also filed for Assessment of Damages to claim from the defendants for the recovery of rental income generated from the 9 units of shoplots from the time the shoplots were transferred from FBOL.

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 2014 are as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained profits/(accumulated losses) of the Company and its subsidiaries:				
- Realised	59,093,380	74,349,489	(17,354,934)	2,339,026
- Unrealised	38,606,543	12,565,944	(1,300,408)	(25,663,356)
	97,699,923	86,915,433	(18,655,342)	(23,324,330)
Total share of accumulated losses from an associate:				
- Realised	(400,000)	(400,000)	-	-
	97,299,923	86,515,433	(18,655,342)	(23,324,330)
Less : Consolidation adjustments	(143,877,388)	(139,796,861)	-	-
Total group accumulated losses as per statements of financial position	(46,577,465)	(53,281,428)	(18,655,342)	(23,324,330)

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	Taman Danau Kota Setapak Kuala Lumpur	Leasehold (Expiring on 2085)	8,400 square feet	9	300,000	18/01/2013
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	17	782,896	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	17	205,382,665	27/04/2009
Eastern Biscuit Factory Sdn Bhd	Completed condominium 12 units Completed shop lots 20 units	Kota Sri Mutiara Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan	Freehold	23,905 square feet	17	4,146,892	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	4,825,433	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 24 APRIL 2015

Authorised Share Capital	:	RM1,000,000,000
Issued and Paid-up Capital	:	RM122,833,988
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per ordinary share
No. of Shareholders	:	15,622

DISTRIBUTION OF SHAREHOLDINGS AS AT 24 APRIL 2015

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Issued Share Capital
1 to 99 shares	7,787	49.85%	325,857	0.13%
100 to 1,000 shares	4,607	29.49%	1,405,146	0.57%
1,001 to 10,000 shares	2,143	13.72%	9,677,920	3.94%
10,001 to 100,000 shares	917	5.87%	29,587,522	12.04%
100,001 to 12,283,397 shares	166	1.06%	173,505,600	70.63%
12,283,398 and above	2	0.01%	31,165,930	12.69%
TOTAL	**15,622**	**100%**	**245,667,975**	**100%**

DIRECTORS' SHAREHOLDINGS AS AT 24 APRIL 2015 (as per Register of Directors' Holdings)

Name of Directors	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Melvin Kiandee	8,397,500	3.42		–
Tan Chin Hong	–	–	18,869,928*	7.68

SUBSTANTIAL SHAREHOLDERS AS AT 24 APRIL 2015 (as per Register of Substantial Security Holders)

Name of Substantial Shareholders	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Sydney Lim Tau Chin	–	–	17,966,430#	7.31
Tan Kok Aun	1,763,200	0.72	17,966,430#	7.31
Maylex Ventures Sdn. Bhd.	17,966,430	7.31	–	–
Prestige Pavilion Sdn. Bhd.	18,290,000	7.45	–	–
Tan Chin Hong	–	–	18,869,928*	7.68
Tan Chin Hao	–	–	18,869,928*	7.68

Indirect interest by virtue of his directorship and shareholding in Maylex Ventures Sdn. Bhd.

* Indirect interest by virtue of his directorship and shareholding in Prestige Pavilion Sdn. Bhd. and Danhwa Holding Sdn. Bhd. and shareholding of his sister, Adeline Tan Wan Chen.

ANALYSIS OF SHAREHOLDINGS AS AT 24 APRIL 2015

THIRTY LARGEST SHAREHOLDERS

No.	Name	Shareholdings	
		No. of Shares	Percentage (%)
1	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB BANK FOR PRESTIGE PAVILION SDN BHD (MY1661)	18,290,000	7.45
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	**KULIM (MALAYSIA) BERHAD**	9,713,200	3.95
5	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB FOR CHU SHENG TAUR (PB)	9,119,533	3.71
6	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR RICKOH CORPORATION SDN BHD	9,000,000	3.66
7	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB FOR CHU JAN TOW (PB)	8,734,813	3.56
8	**CHONG OI LING**	8,678,000	3.53
9	**MELVIN KIANDEE**	8,397,500	3.42
10	**CHEW KENG SIEW**	6,680,000	2.72
11	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR CHIN KIM FEN	6,670,700	2.72
12	**ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR GOLDMATRIX RESOURCES SDN BHD (MU004)	6,006,200	2.44
13	**MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MARY TAN @ TAN HUI NGOH (STF)	5,743,000	2.34
14	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR THONG MENG CHIL	5,528,800	2.25
15	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MAYLEX VENTURES SDN BHD	5,090,500	2.07
16	**POH SHIOW WOAN**	5,078,521	2.06
17	**TEY CHEE THONG**	4,830,000	1.97
18	**LEONG WEE MING**	4,661,700	1.90
19	**CONNIE LEE FEN LING**	4,564,200	1.86

ANALYSIS OF SHAREHOLDINGS AS AT 24 APRIL 2015

No.	Name	Shareholdings	
		No. of Shares	Percentage (%)
20	**LING HUNG TAH**	4,159,700	1.69
21	**WAQAF AN-NUR CORPORATION BERHAD**	2,250,000	0.91
22	**LIM HONG SANG**	2,161,400	0.88
23	**UNIVERSAL TRUSTEE (MALAYSIA) BERHAD**	1,918,032	0.78
24	**WONG YAPP FAH @ CECELLIA WONG**	1,886,700	0.77
25	**WONG LUN LEONG @ HELEN**	1,778,300	0.72
26	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR TAN KOK AUN	1,463,200	0.60
27	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN BHD	1,333,100	0.54
28	**RHB NOMINEES (TEMPATAN) SDN BHD** SOO WING CHING	1,230,800	0.50
29	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** LEE CHIANG SHING	1,118,000	0.46
30	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB BANK FOR HII JOON TECK (MQ0439)	1,000,000	0.41
	Total	**170,728,729**	**69.50**

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EASTLAND EQUITY BHD. (515965-A)

Incorporated in Malaysia

No. of Shares Held	
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 EASTLAND EQUITY BHD., 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. _________________________________ (new)________________________________ (old) of _______________

____ (full address) or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fifteenth 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 Monday, 15 June 2015 at 8.30 a.m. and at any adjournment thereof.

NO.	AGENDA	FOR	AGAINST
1.	To re-elect Mr Tan Chin Hong as Director		
2.	To re-elect Datuk Yunus @ Mohd Yunus bin Awang Hashim as Director		
3.	To approve the payment of Directors' fees for the financial year ending 31 December 2015		
4.	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration		
5.	To authorise the Directors to issue shares		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

____

Signature of Shareholder or Common Seal

Dated this ____________ day of ____________ 2015

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:	
	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

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/her stead. Where a member appoints two (2) or more proxies, he/she shall specify the proportion of his/her 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/her 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 Registrars' Office at Boardroom Corporate Services (KL) Sdn. Bhd., Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the Fifteenth Annual General Meeting or at any adjournment thereof.
6. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 8 June 2015 shall be eligible to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote on his/her behalf.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms pursuant to Personal Date Protection Act, 2010.

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The Share Registrars

BOARDROOM CORPORATE SERVICES (KL) SDN BHD
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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EASTLAND EQUITY BHD.
(515965-A)

24 Jalan 8/23E
Taman Danau Kota
53300 Setapak
Kuala Lumpur
Tel: 603-4149 8200
Fax: 603-4149 8210

www.eeb.com.my