Company No: 5383-K

**MENANG CORPORATION (M) BERHAD**
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED**
**30 JUNE 2013**

Company No: 5383-K

**MENANG CORPORATION (M) BERHAD**
(Incorporated in Malaysia)

# REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

**Contents**

**MENANG CORPORATION (M) BERHAD**
(Incorporated in Malaysia)

## DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2013.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Profit/(Loss) for the financial year | 32,115 | (1,291) |
| Profit/(Loss) attributable to: | | |
| Owners of the parent | 17,354 | (1,291) |
| Non-controlling interests | 14,761 | - |
| | 32,115 | (1,291) |

### DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial period.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

### 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 provision for doubtful debts and have satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of provision 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, which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

## 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 method 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 which has arisen since the end of the financial year which secures the liabilities of any other person; or

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

No contingent or other liability 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 affect the ability of the Group or of the Company to meet their 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 which would render any amount stated in the financial statements misleading.

## ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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 OR DEBENTURES

During the financial year, no new issue of shares or debentures was made by the Company.

## DIRECTORS

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

Y. Bhg. Dato' Abdul Mokhtar Ahmad
Y. Bhg. Dato' Shun Leong Kwong
Y. Bhg. Datin Mariam Eusoff
Dr. Christopher Shun Kong Leng, CFP®, RFP™
Chiam Tau Meng
Too Kok Leng

## DIRECTORS' INTERESTS

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2013 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

| | Number of Ordinary Shares of RM0.50 Each | | | |
|---|---|---|---|---|
| | **At 1.7.2012** | **Addition** | **Sold** | **At 30.6.2013** |
| **The Company** | | | | |
| **- Menang Corporation (M) Berhad** | | | | |
| **Direct interests** | | | | |
| Y. Bhg. Dato' Abdul Mokhtar Ahmad | 9,000,000 | - | - | 9,000,000 |
| Y. Bhg. Dato' Shun Leong Kwong | 9,400 | - | - | 9,400 |
| Y. Bhg. Datin Mariam Eusoff | 23,004,200 | - | - | 23,004,200 |
| Dr. Christopher Shun Kong Leng, CFP®, RFP™ | 25,010,000 | 335,400 | - | 25,345,400 |
| **Indirect interests** | | | | |
| Y. Bhg. Dato' Abdul Mokhtar Ahmad | 27,945,130 | - | - | 27,945,130 |
| Y. Bhg. Dato' Shun Leong Kwong | 27,945,130 | - | - | 27,945,130 |
| Y. Bhg. Datin Mariam Eusoff | 27,945,130 | - | - | 27,945,130 |

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 6A of the Companies Act, 1965 in Malaysia, Y. Bhg. Dato' Abdul Mokhtar Ahmad, Y. Bhg. Dato' Shun Leong Kwong, Y. Bhg. Datin Mariam Eusoff and Dr. Christopher Shun Kong Leng, CFP®, RFP™, are also deemed to be interested in the ordinary shares of all the subsidiaries during the financial year to the extent the Company has an interest.

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company or of its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with any 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 a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 32 to the financial statements.

## AUDITORS

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

Signed on behalf of the Board in accordance with a resolution dated 25 September 2013.

Y. BHG. DATO' ABDUL MOKHTAR AHMAD

Y. BHG. DATO' SHUN LEONG KWONG

Company No: 5383-K

**MENANG CORPORATION (M) BERHAD**
(Incorporated in Malaysia)

## STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 10 to 85 are drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2013 and of their financial performance and cash flows for the financial year then ended.

The supplementary information as set out on page 86 has been prepared 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 ("Bursa Securities") Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Securities.

Signed on behalf of the Board in accordance with a resolution dated 25 September 2013.

Y. BHG. DATO' ABDUL MOKHTAR AHMAD Y. BHG. DATO' SHUN LEONG KWONG

## STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, Ng Kim Fong, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 10 to 85 are to the best of my knowledge and belief, 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.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory
on 25 September 2013

NG KIM FONG

Before me

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENANG CORPORATION (M) BERHAD**
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of Menang Corporation (M) Berhad, which comprise the statements of financial position as at 30 June 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 85.

*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 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 30 June 2013 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standard and the requirements of the Companies Act, 1965 in Malaysia.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENANG CORPORATION (M) BERHAD** (cont'd)
(Incorporated in Malaysia)

*Emphasis of Matters*

Without qualifying our opinion, we draw attention to the following:

(a) Note 2.30 to the financial statements which discloses the premise upon which the Group and the Company have prepared their financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM1,291,000 during the financial year ended 30 June 2013, and as at that date, the Group's current liabilities exceeded its current assets by RM40,642,000, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

(b) Note 3(a)(ii) to the financial statements which discloses the significant accounting judgement on classification of interest income resulting from the accretion of discount of operating financial asset in accordance with IC Interpretation 12 Service Concession Arrangements which was presented as other income in the previous financial period. During the financial year, the directors are of the opinion that the interest income shall be presented as "revenue" to better reflect the nature of the income which arises in the course of the ordinary activities of the Group.

**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 have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

(c) 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 preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The 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 AUDITOR'S REPORT TO THE MEMBERS OF**
**MENANG CORPORATION (M) BERHAD** (cont'd)
(Incorporated in Malaysia)

**Other Reporting Responsibilities**

The supplementary information set out on page 86 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 Securities Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Securities. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Securities.

**Other Matters**

1. The financial statements of the Group and of the Company for the financial period ended 30 June 2012 which were prepared in accordance with the Financial Reporting Standards in Malaysia were audited by another firm of chartered accountants whose report dated 12 October 2012, had the following emphasis of matter paragraph on those financial statements:-

   *"Without qualifying our opinion, we draw attention to Note 4.1 to the financial statements which discloses the premise upon which the Group and the Company have prepared their financial statements by applying the going concern assumption, notwithstanding that the Group's current liabilities exceeded its current assets by RM83,944,000 as of 30 June 2012 and that the Company incurred a net loss of RM3,169,000 for the financial period from 1 January 2011 to 30 June 2012. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.*

   *The directors are of the opinion that, barring any unforeseen circumstances, the Group and the Company will be able to successfully complete the development project as disclosed in Note 16(a) to the financial statements and operate profitably in the foreseeable future, successfully dispose off certain assets of the Group to repay certain bank borrowings, obtain continuing financial support from the lenders and shareholders and have adequate working capital to finance their development and other activities so as to generate positive cash flows and therefore continue as going concerns and accordingly, realise their assets and discharge their liabilities in the normal course of business.*

   *In view of the foregoing, the directors consider that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to amounts and classification of liabilities that may be necessary should the going concern basis for the preparation of the financial statements of the Group and of the Company be not appropriate."*

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**
**MENANG CORPORATION (M) BERHAD** (cont'd)
(Incorporated in Malaysia)

**Other Matters** (cont'd)

2. 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 | Heng Ji Keng |
| No. AF 0117 | No. 578/05/14(J/PH) |
| Chartered Accountants | Chartered Accountant |

Kuala Lumpur
25 September 2013

**MENANG CORPORATION (M) BERHAD**
(Incorporated in Malaysia)

## STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2013 | 2012 | 2013 | 2012 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 4 | 631 | 634 | 4 | 11 |
| Investment properties | 5 | 50,774 | 51,446 | 11,222 | 11,385 |
| Land held for property development | 6 | 66,945 | 126,372 | - | - |
| Operating financial asset | 7 | 454,605 | 214,418 | - | - |
| Investments in subsidiaries | 8 | - | - | 195,124 | 145,140 |
| Investment in an associate | 9 | - | - | - | - |
| Other investments | 10 | 7 | 6 | - | - |
| | | 572,962 | 392,876 | 206,350 | 156,536 |
| **Current assets** | | | | | |
| Property development costs | 11 | 116,413 | 59,765 | - | - |
| Inventories | 12 | 4,505 | 6,017 | - | - |
| Receivables | 13 | 594 | 1,106 | 18,850 | 70,018 |
| Cash and cash equivalents | 14 | 9,480 | 2,353 | 546 | 1,054 |
| | | 130,992 | 69,241 | 19,396 | 71,072 |
| **TOTAL ASSETS** | | 703,954 | 462,117 | 225,746 | 227,608 |

**MENANG CORPORATION (M) BERHAD**
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013** (cont'd)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2013 | 2012 | 2013 | 2012 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to owners of the parent** | | | | | |
| Share capital | 15 | 133,553 | 133,553 | 133,553 | 133,553 |
| Reserves | 16 | 44,691 | 27,336 | 80,544 | 81,835 |
| | | 178,244 | 160,889 | 214,097 | 215,388 |
| Non-controlling interests | | 36,967 | 12,342 | - | - |
| **TOTAL EQUITY** | | 215,211 | 173,231 | 214,097 | 215,388 |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Deferred tax liabilities | 17 | 30,666 | 17,329 | - | - |
| Payables | 18 | 5,139 | 6,487 | - | - |
| Borrowings | 19 | 281,304 | 111,549 | - | - |
| | | 317,109 | 135,365 | - | - |
| **Current liabilities** | | | | | |
| Payables | 18 | 103,029 | 90,406 | 10,646 | 10,214 |
| Borrowings | 19 | 68,605 | 63,115 | 1,003 | 2,006 |
| | | 171,634 | 153,521 | 11,649 | 12,220 |
| **TOTAL LIABILITIES** | | 488,743 | 288,886 | 11,649 | 12,220 |
| **TOTAL EQUITY AND LIABILITIES** | | 703,954 | 462,117 | 225,746 | 227,608 |

*The accompanying notes form an integral part of the financial statements.*

**MENANG CORPORATION (M) BERHAD**
(Incorporated in Malaysia)

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **1.7.2012 to 30.6.2013** | **1.1.2011 to 30.6.2012** | **1.7.2012 to 30.6.2013** | **1.1.2011 to 30.6.2012** |
| | **Note** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Revenue | 21 | 238,197 | 226,362 | 486 | 27 |
| Cost of sales | 22 | (163,726) | (162,200) | - | - |
| **Gross profit** | | 74,471 | 64,162 | 486 | 27 |
| Other income | | 965 | 980 | 13 | 780 |
| Administrative expenses | | (7,300) | (9,424) | (1,289) | (2,206) |
| Other expenses | | (603) | (8,952) | (264) | (1,411) |
| | | (7,903) | (18,376) | (1,553) | (3,617) |
| **Profit/(Loss) from operations** | | 67,533 | 46,766 | (1,054) | (2,810) |
| Finance costs | 23 | (22,092) | (15,235) | (237) | (359) |
| **Profit/(Loss) before tax** | 24 | 45,441 | 31,531 | (1,291) | (3,169) |
| Tax expense | 25 | (13,326) | (15,635) | - | - |
| **Profit/(Loss) for the financial year/period** | | 32,115 | 15,896 | (1,291) | (3,169) |
| **Other comprehensive income** | | | | | |
| Fair value adjustment of available-for-sale financial assets | | 1 | 4 | - | - |
| **Total comprehensive income for the financial year/period** | | 32,116 | 15,900 | (1,291) | (3,169) |
| **Profit/(Loss) attributable to:** | | | | | |
| Owners of the parent | | 17,354 | 3,833 | (1,291) | (3,169) |
| Non-controlling interests | | 14,761 | 12,063 | - | - |
| | | 32,115 | 15,896 | (1,291) | (3,169) |

**MENANG CORPORATION (M) BERHAD**
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME**
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013** (cont'd)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **1.7.2012 to 30.6.2013** | **1.1.2011 to 30.6.2012** | **1.7.2012 to 30.6.2013** | **1.1.2011 to 30.6.2012** |
| | **Note** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the parent | | 17,355 | 3,837 | (1,291) | (3,169) |
| Non-controlling interests | | 14,761 | 12,063 | - | - |
| | | 32,116 | 15,900 | (1,291) | (3,169) |
| **Earnings per ordinary share attributable to owners of the parent:** | | | | | |
| Basic/Diluted (sen) | 26 | 6.50 | 1.44 | | |

*The accompanying notes form an integral part of the financial statements.*

**MENANG CORPORATION (M) BERHAD**
(Incorporated in Malaysia)

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

| | <-Attributable to Owners of the Parent-> | | | | | | |
|---|---|---|---|---|---|---|---|
| | <---Non-distributable---> | | | | | | |
| | Share capital RM'000 | Capital reserve RM'000 | Available-for-sale reserve RM'000 | Accumulated losses RM'000 | Sub total RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
| **Group** | | | | | | | |
| **Balance as at 1 January 2011** | 267,107 | 960 | - | (111,015) | 157,052 | 144 | 157,196 |
| **Comprehensive income** | | | | | | | |
| Profit for the financial period | - | - | - | 3,833 | 3,833 | 12,063 | 15,896 |
| Fair value adjustment of available-for-sale financial assets | - | - | 4 | - | 4 | - | 4 |
| **Total comprehensive income for the financial period** | - | - | 4 | 3,833 | 3,837 | 12,063 | 15,900 |
| **Transactions with owners** | | | | | | | |
| Expiry of warrants 2006/2011 | - | (960) | - | 960 | - | - | - |
| Capital reduction | (133,554) | 84,044 | - | 49,510 | - | - | - |
| Ordinary shares contributed by non-controlling interests of a subsidiary | - | - | - | - | - | 135 | 135 |
| **Total transactions with owners** | (133,554) | 83,084 | - | 50,470 | - | 135 | 135 |
| **Balance as at 30 June 2012** | 133,553 | 84,044 | 4 | (56,712) | 160,889 | 12,342 | 173,231 |
| **Comprehensive income** | | | | | | | |
| Profit for the financial year | - | - | - | 17,354 | 17,354 | 14,761 | 32,115 |
| Other comprehensive income | - | - | 1 | - | 1 | - | 1 |
| **Total comprehensive income for the financial year** | - | - | 1 | 17,354 | 17,355 | 14,761 | 32,116 |
| **Transaction with owners** | | | | | | | |
| Ordinary shares contributed by non-controlling interests of subsidiaries | - | - | - | - | - | 9,864 | 9,864 |
| **Balance as at 30 June 2013** | 133,553 | 84,044 | 5 | (39,358) | 178,244 | 36,967 | 215,211 |

**MENANG CORPORATION (M) BERHAD**
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013** (cont'd)

| | Share capital RM'000 | Non-distributable Capital reserve RM'000 | Accumulated losses RM'000 | Total equity RM'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **Balance as at 1 January 2011** | 267,107 | 960 | (49,510) | 218,557 |
| **Comprehensive income** | | | | |
| Loss for the financial period | - | - | (3,169) | (3,169) |
| **Total comprehensive income for the financial period** | - | - | (3,169) | (3,169) |
| **Transaction with owners** | | | | |
| Expiry of warrants 2006/2011 | - | (960) | 960 | - |
| Capital reduction | (133,554) | 84,044 | 49,510 | - |
| **Total transactions with owners** | (133,554) | 83,084 | 50,470 | - |
| **Balance as at 30 June 2012** | 133,553 | 84,044 | (2,209) | 215,388 |
| **Comprehensive income** | | | | |
| Loss for the financial year | - | - | (1,291) | (1,291) |
| **Total comprehensive income for the financial year** | - | - | (1,291) | (1,291) |
| **Balance as at 30 June 2013** | 133,553 | 84,044 | (3,500) | 214,097 |

*The accompanying notes form an integral part of the financial statements.*

**MENANG CORPORATION (M) BERHAD**
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 1.7.2012 to 30.6.2013 | 1.1.2011 to 30.6.2012 | 1.7.2012 to 30.6.2013 | 1.1.2011 to 30.6.2012 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| Profit/(Loss) before tax | | 45,441 | 31,531 | (1,291) | (3,169) |
| Adjustments for: | | | | | |
| Depreciation of investment properties | | 163 | 243 | 163 | 243 |
| Depreciation of joint venture assets | | 9 | 17 | - | - |
| Depreciation of property, plant and equipment | | 183 | 242 | 7 | 17 |
| Interest income on operating financial asset | | (29,077) | (11,950) | - | - |
| Forfeited income | | - | (3) | - | - |
| Gain on disposal of property, plant and equipment | | (13) | (1) | (13) | - |
| Impairment loss on: | | | | | |
| - investments in subsidiaries | | - | - | 16 | 19 |
| - receivables | | - | 7 | 79 | 1,121 |
| - property development costs, net of deferred tax | | - | 255 | - | - |
| Interest expense | | 22,092 | 15,235 | 237 | 359 |
| Interest income | | (104) | (41) | - | (369) |
| Inventories written off | | - | 250 | - | - |
| Property, plant and equipment written off | | - | 1 | - | 1 |
| Provision for debt settlement on compensation for loss of profit | | - | 7,303 | - | - |
| Operating profit/(loss) before working capital changes carried down | | 38,694 | 43,089 | (802) | (1,778) |

**MENANG CORPORATION (M) BERHAD**
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013** (cont'd)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **1.7.2012 to 30.6.2013** | **1.1.2011 to 30.6.2012** | **1.7.2012 to 30.6.2013** | **1.1.2011 to 30.6.2012** |
| | **Note** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** (cont'd) | | | | | |
| Operating profit/(loss) before working capital changes brought down | | 38,694 | 43,089 | (802) | (1,778) |
| Decrease in inventories | | 1,512 | - | - | - |
| Decrease in land held for property development | | - | 5,149 | - | - |
| Decrease in property development costs | | 3,288 | 3,972 | - | - |
| Increase in operating financial asset | | (211,110) | (202,468) | - | - |
| Decrease/(Increase) in receivables | | 552 | 6,968 | (1) | (6) |
| Increase/(Decrease) in payables | | 9,569 | 45,543 | (492) | 432 |
| Cash used in operations | | (157,495) | (97,747) | (1,295) | (1,352) |
| Tax refund/(paid) | | 11 | (7) | - | - |
| Interest received | | 18 | 37 | - | - |
| Net cash used in operating activities | | (157,466) | (97,717) | (1,295) | (1,352) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Subscription of shares in subsidiaries by non-controlling interests | | 9,864 | 135 | - | - |
| Proceeds from disposal of property, plant and equipment | | 13 | 1 | 13 | - |
| Purchase of property, plant and equipment | 4 | (81) | (56) | - | (6) |
| Repayment from subsidiaries | | - | - | 1,090 | 986 |
| Interest received | | 46 | - | - | - |
| Net cash from investing activities | | 9,842 | 80 | 1,103 | 980 |

**MENANG CORPORATION (M) BERHAD**
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013** (cont'd)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 1.7.2012 to 30.6.2013 | 1.1.2011 to 30.6.2012 | 1.7.2012 to 30.6.2013 | 1.1.2011 to 30.6.2012 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| Advances from subsidiaries | | - | - | 924 | 1,542 |
| (Repayment to)/Advances from corporate shareholders | | (272) | 829 | - | - |
| Drawdown/(Repayment) of term loans | | 155,295 | 99,059 | (1,003) | - |
| Interest paid | | (240) | (716) | (237) | (453) |
| Repayment of finance lease payable | | (32) | - | - | - |
| Net cash from/(used in) financing activities | | 154,751 | 99,172 | (316) | 1,089 |
| **Net increase/(decrease) in cash and cash equivalents** | | 7,127 | 1,535 | (508) | 717 |
| Cash and cash equivalents at beginning of financial year/period | | 2,353 | 818 | 1,054 | 337 |
| **Cash and cash equivalents at end of financial year/period** | 14 | 9,480 | 2,353 | 546 | 1,054 |

*The accompanying notes form an integral part of the financial statements.*

**MENANG CORPORATION (M) BERHAD**
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**
**30 JUNE 2013**

## 1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company are located at 8th Storey, South Block, Wisma Selangor Dredging, 142-A, Jalan Ampang, 50450 Kuala Lumpur.

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 8. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors dated 25 September 2013.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

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 reporting 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

**2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Interpretations ("IC Int")**

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

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

| | |
|---|---|
| Revised FRS | |
| FRS 124 | Related Party Disclosures |
| | |
| Amendments/Improvements to FRSs | |
| FRS 1 | First-time Adoption of Financial Reporting Standards |
| FRS 7 | Financial Instruments: Disclosures |
| FRS 112 | Income Taxes |
| | |
| New IC Int | |
| IC Int 19 | Extinguishing Financial Liabilities with Equity Instruments |
| | |
| Amendments to IC Int | |
| IC Int 14 | FRS 119-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |

The adoption of the above revised FRS, amendments/improvements to FRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company.

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

The Group and the Company have not adopted the following new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

| | | **Effective for financial periods beginning on or after** |
|---|---|---|
| New FRS | | |
| FRS 9 | Financial Instruments | 1 January 2015 |
| FRS 10 | Consolidated Financial Statements | 1 January 2013 |
| FRS 11 | Joint Arrangements | 1 January 2013 |
| FRS 12 | Disclosure of Interests in Other Entities | 1 January 2013 |
| FRS 13 | Fair Value Measurement | 1 January 2013 |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Interpretations ("IC Int") (cont'd)

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

The Group and the Company have not adopted the following new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:- (cont'd)

| | | Effective for financial periods beginning on or after |
|---|---|---|
| Revised FRSs | | |
| FRS 119 | Employee Benefits | 1 January 2013 |
| FRS 127 | Separate Financial Statements | 1 January 2013 |
| FRS 128 | Investments in Associates and Joint Ventures | 1 January 2013 |
| | | |
| Amendments/Improvements to FRSs | | |
| FRS 1 | First-time Adoption of Financial Reporting Standards | 1 January 2013 |
| FRS 7 | Financial Instruments: Disclosures | 1 January 2013 |
| FRS 10 | Consolidated Financial Statements | 1 January 2013 and 1 January 2014 |
| FRS 11 | Joint Arrangements | 1 January 2013 |
| FRS 12 | Disclosure of Interests in Other Entities | 1 January 2013 and 1 January 2014 |
| FRS 101 | Presentation of Financial Statements | 1 July 2012 and 1 January 2013 |
| FRS 116 | Property, Plant and Equipment | 1 January 2013 |
| FRS 127 | Separate Financial Statements | 1 January 2014 |
| FRS 132 | Financial Instruments: Presentation | 1 January 2013 and 1 January 2014 |
| FRS 134 | Interim Financial Reporting | 1 January 2013 |
| FRS 136 | Impairment of Assets | 1 January 2014 |
| FRS 139 | Financial Instruments: Recognition and Measurement | 1 January 2014 |
| | | |
| New IC Int | | |
| IC Int 20 | Stripping Costs in the Production Phase of a Surface Mine | 1 January 2013 |
| IC Int 21 | Levies | 1 January 2014 |
| | | |
| Amendments to IC Int | | |
| IC Int 2 | Members' Shares in Co-operative Entities & Similar Instruments | 1 January 2013 |

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

**2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Interpretations ("IC Int")** (cont'd)

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

***FRS 9 Financial Instruments***

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

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

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

***FRS 10 Consolidated Financial Statements and FRS 127 Separate Financial Statements (Revised)***

FRS 10 replaces the consolidation part of the former FRS 127 Consolidated and Separate Financial Statements. The revised FRS 127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with FRS 9.

FRS 10 brings about convergence between FRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of FRS 10 in relation to special purpose entities. FRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

***FRS 11 Joint Arrangements***

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Interpretations ("IC Int") (cont'd)

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

***FRS 12 Disclosures of Interests in Other Entities***

FRS 12 is a single disclosure standard for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. The disclosure requirements in this FRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

***FRS 13 Fair Value Measurement***

FRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

***FRS 128 Investments in Associates and Joint Ventures (Revised)***

This revised FRS 128 incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associated companies, as the equity method was applicable for both investments in joint ventures and associated companies. However, the revised FRS 128 exempts the investor from applying equity accounting where the investment in the associated company or joint venture is held indirectly via venture capital organisations or mutual funds and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with FRS 9.

***Amendments to FRS10, FRS12 and FRS127 Investment Entities***

These amendments introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The amendments require investment entities to measure particular subsidiaries at fair value through profit or loss in accordance with FRS 139 Financial Instruments: Recognition and Measurement instead of consolidating them. In addition, the amendments also introduce new disclosure requirements related to investment entities in FRS 12 Disclosure of Interests in Other Entities and FRS 127 Separate Financial Statements.

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Interpretations ("IC Int") (cont'd)

#### (c) MASB Approved Accounting Standards, MFRSs (cont'd)

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1 January 2015. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework to financial year beginning on 1 January 2015. The Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for the financial year ending 30 June 2016.

As at 31 December 2012, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 Agriculture and IC Int 15 Agreements for the Construction of Real Estate as well as differences in effective dates contained in certain of the existing FRSs. As such, other than those as discussed below, the main effects arising from the transition to the MFRSs Framework has been discussed in Note 2.2(b). The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effect may change or additional effects may be identified, prior to the completion of the Group's and of the Company's first MFRSs financial statements.

### 2.3 Basis of consolidation

The consolidated financial statements incorporate the audited financial statements of the Company and all of its subsidiaries which are disclosed in Note 8 made up to the end of the financial year. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intra group balances, transactions and resulting unrealised profits and losses (unless cost cannot be recovered) are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Subsidiaries are consolidated using the acquisition method, from the date of acquisition being the date on which the Company obtains control and continue to be consolidated until the date that such control ceases. The assets, liabilities and contingent liabilities assumed from a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated financial statements. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Where the present ownership interests in the acquiree and it entitles the holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects for each individual business combination, whether non-controlling interests in the acquisition is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Basis of consolidation (cont'd)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Changes in the parents's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

The Group has applied the revised FRS 127 prospectively on 1 January 2011 in accordance with the transitional provisions. Accordingly, transactions with non-controlling interests prior to the respective effective date have not been restated to comply with the Standard.

Business combination involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as reverse acquisition reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined.

### 2.4 Transactions with non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributable to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### 2.5 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional and presentation currency.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.6 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

| | |
|---|---|
| Buildings | 2% |
| Plant and machinery | 10% - 25% |
| Motor vehicles | 20% |
| Furniture, fittings and equipment | 10% - 25% |
| Site office, renovation and signboards | 10% - 25% |

Freehold land has unlimited useful life and is not depreciated.

At the end of each reporting period, the carrying amount of each item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

### 2.7 Investment properties

Investment properties comprise freehold land and building which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transactions costs. After the initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.7 Investment properties (cont'd)

For building, depreciation is charged to the profit or loss on a straight line basis over the estimated useful lives of 50 years. Freehold land is not depreciated.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

### 2.8 Property development activities

#### (a) Land held for property development

Land held for property development is stated at cost less accumulated impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

#### (b) Property development costs

Property development costs comprise all cost that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

Property development costs not recognised as an expense are recognised as an asset measured at the lower of cost and net realisable value.

When revenue recognised in profit or loss exceeds progress billings to purchasers, the balance is classified as accrued billings under current assets. When progress billings exceed revenue recognised in profit or loss, the balance is classified as progress billings under current liabilities.

Any expected loss on a development project, including costs to be incurred over the defect liability period, is recognised as an expense immediately. Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

Accrued billings within receivables represent the excess of revenue recognised in profit or loss over billings to purchases. Progress billings within payables represent the excess of billings to purchasers over revenue recognised in profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.9 Subsidiaries

A subsidiary is an entity over which the Group has the power to exercise control over its financial and operating policies so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently exercisable are taken into account.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale). Acquisition related costs are recognised as expenses in the period in which the costs are incurred. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

### 2.10 Associates

An associate is an entity 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 the associates but not the power to exercise control over these policies.

Investments in associate are accounted for in the consolidated financial statements using the equity method of accounting. 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 profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. The Group's investment in associates includes goodwill identified on acquisition.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional 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.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

### 2.11 Joint venture

A joint venture is a contracted agreement whereby the Group and other parties have control over an economic activity.

The Group's interest in jointly controlled assets and liabilities arising from its joint venture arrangement is accounted for in the consolidated financial statements using proportionate share of assets and liabilities. In respect of their interest in the joint venture, the Group and the Company recognise in their financial statements their share of any liabilities which they have incurred, their share of any liabilities incurred jointly with the other venturers in relation to the joint venture, any income from the sale or use of their share of the output of the joint venture together with their share of any expenses incurred by the joint venture, and any expenses which they have incurred in respect of their interest in the joint venture.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.11 Joint venture (cont'd)

The Group's share of the profit or loss of the joint venture during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. When necessary, adjustments are made to the financial statements of the joint venture to ensure consistency of accounting policies with those of the Group.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the joint venture arising from changes in the joint venture's equity that have not been recognised in the joint venture's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

Upon disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

### 2.12 Operating financial asset

The Group constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specific period of time under a single contract or arrangement. The consideration receivable is allocated by reference to the relative fair values of the various services delivered, when the amounts are separately identifiable.

The allocation is performed by reference to the fair values of the services provided even if the contracts stipulate individual prices for certain services. This is because the amounts specified in the contract may not necessarily be representative of the fair values of the services provided or the prices that would be charged if the services were sold on a standalone basis. In practice, the operator might estimate the relative fair values of the services by reference to the costs of providing each service plus a reasonable profit margin.

When the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services, the financial asset model is used.

In the financial asset model, the amount due from the grantor meets the definition of a receivable which is measured at fair value. It is subsequently measured at amortised cost. The Group accretes the discount to profit or loss using the effective interest rate method.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.13 Construction contracts

When the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract.

### 2.14 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised in profit or loss.

### 2.15 Inventories

#### (a) Completed properties

Completed properties held for sale are stated at the lower of cost and net realisable value.

The cost of completed properties held for sale comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

#### (b) Other inventories

Cost of other inventories is stated at the lower of cost and net realisable value. Cost is determined on weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.16 Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and has categorised the financial assets as loans and receivables and available-for-sale financial assets.

**(a) Loans and receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables comprise receivables including deposits and cash and cash equivalents.

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.

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

**(b) Available-for-sale financial assets**

Available-for-sale are financial assets that are designated as available for sale or are not classified in financial assets at fair value through profit or loss, held-to-maturity investments and loans and receivables.

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

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

A financial asset is derecognised where 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 assets. On derecognition of a financial asset in its entirety, 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.16 Financial assets (cont'd)

Regular way purchases or sales are purchases and sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

### 2.17 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### (a) Receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.17 Impairment of financial assets (cont'd)

#### (b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active market are considerations to determine whether there is objective evidence that investment classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

### 2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, deposits, and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include deposits pledged that form an integral part of the Group's cash management.

### 2.19 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 2.20 Financial liabilities

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

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

**2.20 Financial liabilities** (cont'd)

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

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

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**2.21 Borrowing costs**

Borrowing costs are capitalised as part of a qualifying assets if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the assets for its intended use or sales are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

**2.22 Leases**

**(a) Finance Lease – the Group as Lessee**

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

Finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for property, plant and equipment.

**(b) Operating Lease – the Group as Lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis. The up-front payment for lease of land represents prepaid land lease payments and are amortised on a straight-line basis over the lease term.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.22 Leases (cont'd)

#### (c) Operating Lease – the Group as Lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### 2.23 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

#### (a) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of the reporting period. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

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

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

#### (b) Construction contracts

Revenue from construction contracts is accounted by the stage of completion method as described in Note 2.13.

Construction revenue in respect of service under the concession arrangements are recognised in accordance with FRS 111 Construction Contracts.

#### (c) Sale of properties

Revenue from sale of properties is recognised upon signing of the sale and purchase agreement, and completion of the agreement.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.23 Revenue recognition (cont'd)

#### (d) Interest income

Interest income is recognised as it accrues, using the effective interest method. The notional interest income resulting from the accretion of discount on operating financial asset using the effective interest rate method is recognised in the profit or loss.

#### (e) Recreational facilities

Revenue from recreational facilities consists of the following:

##### (i) Registration fees

Revenue from registration fees are recognised upon registration and cash receipts.

##### (ii) Food and beverages and tournament fees

Revenue from food and beverages and tournament fees are recognised upon the sale of goods and services rendered.

#### (f) Dividend income

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

#### (g) Management fees

Management fee is recognised on an accrual basis.

#### (h) Rental income

Rental income is recognised on a straight line basis over the lease term of an ongoing lease.

### 2.24 Tax expense

Tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.24 Tax expense (cont'd)

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

### 2.25 Employee benefits

**(a) Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial period when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

**(b) Defined contribution plans**

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

### 2.26 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.26 Earnings per share (cont'd)

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

### 2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 27, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.28 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### 2.29 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

The Group does not recognise contingent assets and liabilities, but discloses its existence in the financial statements, unless the possibility of an outflow of resources embodying economic benefit is remote.

### 2.30 Going concern assumption

The Company incurred a net loss of RM1,291,000 (1.1.2011 to 30.6.2012: RM3,169,000) during the financial year ended 30 June 2013, and as at that date, the Group's current liabilities exceeded its current assets by RM40,642,000 (2012: RM84,280,000), thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

As disclosed in Note 7, the Group has secured concession agreements under private finance initiative for the development of the Universiti Teknologi Mara ("UiTM") campuses. The concession agreements are expected to provide the Group with sustainable earnings going forward and to generate sufficient cash flows to meet its liabilities as and when they fall due.

Meanwhile, the Group intends to embark on an asset disposal programme which involves the proposed disposal of certain properties.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.30 Going concern assumption (cont'd)

The directors are of the opinion that the Group and the Company will be able to operate profitably in the foreseeable future, successfully dispose of certain assets of the Group to repay certain bank borrowings, obtain continuing financial support from certain shareholders and have adequate working capital to finance their development and other activities and therefore continue as going concerns and accordingly, realise their assets and discharge their liabilities in the normal course of business.

In view of the foregoing, the directors consider that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to amounts and classification of liabilities that may be necessary should the going concern basis for the preparation of the financial statements of the Group and of the Company be not appropriate.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements of the Group and of the Company require management to make assumptions, estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are recognised in the period in which the assumption or estimate is revised.

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

In the process of applying the Group's accounting policies, the directors have made the following judgement, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements:

#### (i) Classification between investment properties and property, plant and equipment (Notes 4 and 5)

The Group and the Company have developed certain criteria based on FRS 140 Investment Property in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES** (cont'd)

**(a) Critical judgements in applying the Group's accounting policies** (cont'd)

**(ii) Classification of interest income from concession agreements** (Note 21)

As discussed in Note 7, the Group and UiTM entered into certain concession agreements with the Government of Malaysia as represented by Ministry of Higher Education Malaysia under private finance initiative for the right and authority to undertake the planning, design, development, construction, landscaping, equipping, installations, completion, testing and commissioning of the facilities and infrastructure of UiTM campuses and to carry out the maintenance works in relation to the maintenance of the facilities and infrastructure.

Interest income resulting from the accretion of discount on operating financial asset in accordance with IC Int 12 Service Concession Arrangements was presented as other income in the previous financial period.

During the financial year, the directors are of the opinion that the interest income shall be presented as "revenue" to better reflect the nature of the income which arises in the course of the ordinary activities of the Group.

**(b) Key sources of estimation uncertainty**

**(i) Useful lives of property, plant and equipment** (Note 4)

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 4 to 50 years. These are common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets and therefore, future depreciation charges could be revised.

**(ii) Impairment of investments in subsidiaries and impairment of amounts owing by subsidiaries** (Notes 8 and 13)

The directors review the investments in subsidiaries for impairment when there is an indication of impairment and assess the impairment of amounts owing by subsidiaries when the receivables are long outstanding. The recoverable amounts of the investments in subsidiaries and amounts owing by subsidiaries are assessed by reference to the fair value of the underlying assets as at the end of the reporting period, which comprised mainly investment properties, land held for property development, property development costs and inventories.

The fair value of these underlying assets are determined using fair value less cost to sell as estimated based on information on the current market values of similar properties in the vicinity of these properties. Changes in the economic outlook of the properties market may significantly affect the fair value of these assets.

**(iii) Impairment of receivables** (Note 13)

The Group assesses at each reporting date whether there is any objective evidence that a financial asset 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.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES** (cont'd)

**(b) Key sources of estimation uncertainty** (cont'd)

**(iv) Impairment of other assets** (Notes 4, 5, 6, 11 and 12)

The Group assesses impairment of property, plant and equipment, investment properties, land held for property development, property development costs and inventories when events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value after taking into account the cost to sell or expected value in use of the relevant assets.

**(v) Deferred tax assets** (Note 17)

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

**(vi) Fair values of borrowings** (Note 19)

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

**(vii) Construction contracts/Property development** (Note 21)

The Group recognises revenue from property development and construction activities and the related expenses in profit or loss by using the percentage of completion method. The percentage of completion is determined by the proportion that property development/ contract costs incurred for work performed-to-date compares to the estimated total property development/contract costs.

Significant judgement is required in determining the stage of completion, the extent of the property development/contract costs incurred, the estimated total property development/contract revenue and costs. Total property development/contract revenue also includes an estimation of variation works that are recoverable from customers. In making the judgement, the Group evaluates by relying on past experience and the work of specialists.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES** (cont'd)

**(b) Key sources of estimation uncertainty** (cont'd)

**(viii) Interest income** (Note 21)

Interest income resulting from the accretion of discount on operating financial asset using the effective interest rate method is described in Note 2.12.

Significant judgement is required in determining the profit margin used in estimating the relative fair values of various services provided in concession arrangements. In making the judgement, the Group evaluates by making reference to the current condition and operating environment of companies in the similar industry in Malaysia.

**(ix) Tax expense** (Note 25)

Significant judgement is required in determining the capital allowances and deductibility of certain expenses based on the interpretation of tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

## 4. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land RM'000 | Buildings RM'000 | Plant and machinery RM'000 | Motor vehicles RM'000 | Furniture, fittings and equipment RM'000 | Site office and signboards RM'000 | Renovation RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **2013** | | | | | | | | |
| **Group** | | | | | | | | |
| **Cost** | | | | | | | | |
| Balance as at 1 July 2012 | 10 | 689 | 1,553 | 929 | 2,517 | 326 | 201 | 6,225 |
| Additions | - | - | 74 | 99 | 7 | - | - | 180 |
| Disposals | - | - | - | (63) | - | - | - | (63) |
| Written off | - | - | (1) | - | (33) | - | (3) | (37) |
| Balance as at 30 June 2013 | 10 | 689 | 1,626 | 965 | 2,491 | 326 | 198 | 6,305 |
| **Accumulated depreciation** | | | | | | | | |
| Balance as at 1 July 2012 | - | 394 | 1,381 | 861 | 2,428 | 326 | 201 | 5,591 |
| Charge for the financial year | - | 14 | 80 | 47 | 42 | - | - | 183 |
| Disposals | - | - | - | (63) | - | - | - | (63) |
| Written off | - | - | (1) | - | (33) | - | (3) | (37) |
| Balance as at 30 June 2013 | - | 408 | 1,460 | 845 | 2,437 | 326 | 198 | 5,674 |
| **Net carrying amount** | 10 | 281 | 166 | 120 | 54 | - | - | 631 |

## 4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

| | Freehold land RM'000 | Buildings RM'000 | Plant and machinery RM'000 | Motor vehicles RM'000 | Furniture, fittings and equipment RM'000 | Site office and signboards RM'000 | Renovation RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **2012** | | | | | | | | |
| **Group** | | | | | | | | |
| **Cost** | | | | | | | | |
| Balance as at 1 January 2011 | 10 | 689 | 1,526 | 929 | 2,548 | 326 | 201 | 6,229 |
| Additions | - | - | 27 | 4 | 25 | - | - | 56 |
| Disposals | - | - | - | (4) | (4) | - | - | (8) |
| Written off | - | - | - | - | (52) | - | - | (52) |
| Balance as at 30 June 2012 | 10 | 689 | 1,553 | 929 | 2,517 | 326 | 201 | 6,225 |
| **Accumulated depreciation** | | | | | | | | |
| Balance as at 1 January 2011 | - | 373 | 1,278 | 826 | 2,408 | 322 | 201 | 5,408 |
| Charge for the financial period | - | 21 | 103 | 39 | 75 | 4 | - | 242 |
| Disposals | - | - | - | (4) | (4) | - | - | (8) |
| Written off | - | - | - | - | (51) | - | - | (51) |
| Balance as at 30 June 2012 | - | 394 | 1,381 | 861 | 2,428 | 326 | 201 | 5,591 |
| **Net carrying amount** | 10 | 295 | 172 | 68 | 89 | - | - | 634 |

## 4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

| | Motor vehicles RM'000 | Furniture, fittings and equipment RM'000 | Renovation RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **2013** | | | | |
| **Cost** | | | | |
| Balance as at 1 July 2012 | 133 | 1,033 | 27 | 1,193 |
| Disposals | (63) | - | - | (63) |
| Balance as at 30 June 2013 | 70 | 1,033 | 27 | 1,130 |
| **Accumulated depreciation** | | | | |
| Balance as at 1 July 2012 | 133 | 1,022 | 27 | 1,182 |
| Charge for the financial year | - | 7 | - | 7 |
| Disposals | (63) | - | - | (63) |
| Balance as at 30 June 2013 | 70 | 1,029 | 27 | 1,126 |
| **Net carrying amount** | - | 4 | - | 4 |
| **2012** | | | | |
| **Cost** | | | | |
| Balance as at 1 January 2011 | 133 | 1,028 | 27 | 1,188 |
| Additions | - | 6 | - | 6 |
| Written off | - | (1) | - | (1) |
| Balance as at 30 June 2012 | 133 | 1,033 | 27 | 1,193 |
| **Accumulated depreciation** | | | | |
| Balance as at 1 January 2011 | 133 | 1,005 | 27 | 1,165 |
| Charge for the financial period | - | 17 | - | 17 |
| Written off * | - | - | - | - |
| Balance as at 30 June 2012 | 133 | 1,022 | 27 | 1,182 |
| **Net carrying amount** | - | 11 | - | 11 |

* In the previous financial period, the accumulated depreciation of furniture, fittings and equipment written off was RM161.

(a) Freehold land and building of the Group with a total net carrying amount of RM305,000 in the previous financial period have been charged to a financial institution to secure a term loan facility granted to the Group. The term loan has been fully settled in November 2010 and the securities had been fully discharged during the previous financial period.

## 4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM180,000 (2012: RM56,000) which are satisfied by the following:

| | Group 2013 RM'000 | Group 2012 RM'000 |
|---|---|---|
| Finance lease arrangement | 99 | - |
| Cash payments | 81 | 56 |
| | 180 | 56 |

(c) Net carrying amount of property, plant and equipment of the Group held under finance lease arrangement is as follows:

| | Group 2013 RM'000 | Group 2012 RM'000 |
|---|---|---|
| Motor vehicles | 79 | - |

Details of the terms and conditions of the finance lease arrangement are disclosed in Note 20.

## 5. INVESTMENT PROPERTIES

| | Group 2013 RM'000 | Group 2012 RM'000 | Company 2013 RM'000 | Company 2012 RM'000 |
|---|---|---|---|---|
| **Freehold land, at cost** | | | | |
| Balance as at 1 July 2012/ 1 January 2011 | 59,942 | 59,942 | 4,325 | 4,325 |
| Reclassified to property development costs (Note 11) | (63) | - | - | - |
| Balance as at 30 June | 59,879 | 59,942 | 4,325 | 4,325 |
| **Building, at cost** | | | | |
| Balance as at 1 July 2012/ 1 January 2011 and 30 June | 8,114 | 8,114 | 8,114 | 8,114 |
| **Less: Accumulated depreciation** | | | | |
| Balance as at 1 July 2012/ 1 January 2011 | (1,054) | (811) | (1,054) | (811) |
| Depreciation charge for the financial year/period | (163) | (243) | (163) | (243) |
| | (1,217) | (1,054) | (1,217) | (1,054) |
| Balance as at 30 June | 6,897 | 7,060 | 6,897 | 7,060 |

## 5. INVESTMENT PROPERTIES (cont'd)

| | Group 2013 RM'000 | Group 2012 RM'000 | Company 2013 RM'000 | Company 2012 RM'000 |
|---|---|---|---|---|
| **Development expenditure** | | | | |
| Balance as at 1 July 2012/ 1 January 2011 | 6,730 | 6,730 | - | - |
| Reclassified to property development costs (Note 11) | (888) | - | - | - |
| Balance as at 30 June carried forward | 5,842 | 6,730 | - | - |
| **Less: Accumulated impairment losses** | | | | |
| Balance as at 1 July 2012/ 1 January 2011 | (22,286) | (22,286) | - | - |
| Reclassified to property development costs (Note 11) | 442 | - | - | - |
| Balance as at 30 June | (21,844) | (22,286) | - | - |
| | 50,774 | 51,446 | 11,222 | 11,385 |

The fair values of the investment properties of the Group and of the Company were derived from the directors' assessment based on the current market value of similar properties in the vicinity, and where relevant, adjusted to reflect the different condition and location of these properties. Based on the directors' assessment, the fair values of the investment properties approximate their carrying amounts as at 30 June 2013.

Certain freehold land and building of the Group and of the Company with a total carrying amount of RM11,222,000 (2012: RM11,385,000) have been charged to a financial institution to secure term loans facilities granted to the Group as disclosed in Note 19.

Direct operating expenses arising from the above investment properties not generating rental income during the current financial year are as follows:

| | Group 2013 RM'000 | Group 2012 RM'000 |
|---|---|---|
| Repair and maintenance | 966 | 234 |
| Quit rent and assessment | 105 | 165 |

## 6. LAND HELD FOR PROPERTY DEVELOPMENT

| | Group 2013 RM'000 | Group 2012 RM'000 |
|---|---|---|
| **Freehold land, at cost** | | |
| Balance as at 1 July 2012/1 January 2011 | 136,359 | 144,629 |
| Disposals during the financial year | - | (5,154) |
| Reclassified to property development costs (Note 11) | (55,785) | (3,116) |
| Balance as at 30 June | 80,574 | 136,359 |
| **Development expenditure** | | |
| Balance as at 1 July 2012/1 January 2011 | 7,703 | 7,998 |
| Additions during the year | - | 5 |
| Reclassified to property development costs (Note 11) | (3,642) | (300) |
| Balance as at 30 June | 4,061 | 7,703 |
| **Less: Accumulated impairment losses** | | |
| Balance as at 1 July 2012/1 January 2011 and 30 June | (17,690) | (17,690) |
| | 66,945 | 126,372 |

Certain freehold land with a total carrying amount of RM12,162,000 (2012: RM47,975,000) are pledged to a financial institution to secure term loans facilities granted to the Group as disclosed in Note 19.

Certain freehold land with a total carrying amount of RM5,000,000, RM8,293,000 and RM3,359,000 respectively had been fully discharged in prior financial period.

## 7. OPERATING FINANCIAL ASSET

The Group and UiTM entered into certain concession agreements with the Government of Malaysia as represented by the Ministry of Higher Education Malaysia under private finance initiative for the right and authority to undertake the planning, design, development, construction, landscaping, equipping, installations, completion, testing and commissioning of the facilities and infrastructure of UiTM campuses and to carry out the maintenance works in relation to the maintenance of the facilities and infrastructure.

Each concession agreement is for a period of 23 years comprising 3 years of construction works and 20 years of maintenance works (“Maintenance Period”).

UiTM will pay the Group throughout the Maintenance Period concession charges which comprise of availability charges for the availability of the facilities and infrastructure and maintenance charges for the provision of maintenance works in accordance with the provisions of the concession agreements.

The amount, being the financial asset arising from the above concession agreements represents the fair value of the consideration receivable for the construction services delivered during the stage of construction. It carries interest at rates ranging from 7.00% to 7.50% (2012: 7.00%) per annum and repayable in the form of availability charges upon fulfilment of the terms and conditions in the concession agreements.

## 8. INVESTMENTS IN SUBSIDIARIES

| | Company 2013 RM'000 | 2012 RM'000 |
|---|---|---|
| Unquoted shares, at cost | 332,034 | 282,034 |
| Less: Impairment losses | | |
| At 1 July 2012/ 1 January 2011 | (136,894) | (136,875) |
| Impaired during the financial year/period | (16) | (19) |
| At 30 June | (136,910) | (136,894) |
| | 195,124 | 145,140 |

The recoverable amount was determined based on the fair value of the subsidiaries' net assets.

The details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

| Name of the Company | Interest in equity held by Company 2013 % | Company 2012 % | Subsidiaries 2013 % | Subsidiaries 2012 % | Principal activities |
|---|---|---|---|---|---|
| **Subsidiaries** | | | | | |
| Menang Development (M) Sdn. Bhd. | 100.00 | 100.00 | - | - | Property development |
| Menang Leasing and Credit (M) Sdn. Bhd. | 100.00 | 100.00 | - | - | Leasing and hire purchase |
| Menang Management Services (M) Sdn. Bhd. | 100.00 | 100.00 | - | - | Management services |
| Menang Properties (M) Sdn. Bhd. | 100.00 | 100.00 | - | - | Property investment |
| Menang Aquatics Sdn. Bhd. | 100.00 | 100.00 | - | - | Investment holding and undertaking of landscaping projects |
| Menang Construction (M) Sdn. Bhd. | 100.00 | 100.00 | - | - | Property construction |
| Equitiplus Sdn. Bhd. | 100.00 | 100.00 | - | - | Investment holding |
| Hitung Panjang Sdn. Bhd. * | 100.00 | 100.00 | - | - | Investment holding |
| Temeris Holdings Sdn. Bhd. | 100.00 | 100.00 | - | - | Investment holding |
| Menang Industries (M) Sdn. Bhd. | 100.00 | 100.00 | - | - | Investment holding |
| Menang Plantations (M) Sdn. Bhd. | 100.00 | 100.00 | - | - | Dormant |
| Seremban 3 Paradise Valley Golf Resort Sdn. Bhd. * | 100.00 | 100.00 | - | - | Operating recreational activities |
| **Subsidiary of Hitung Panjang Sdn. Bhd.** | | | | | |
| Maztri Padu Sdn. Bhd. | 50.00 | 50.00 | 50.00 | 50.00 | Management services and property development |
| **Subsidiary of Menang Leasing and Credit (M) Sdn. Bhd.** | | | | | |
| Menang Finservices (M) Sdn. Bhd. | - | - | 100.00 | 100.00 | Licensed money-lender |
| **Subsidiary of Menang Land (M) Sdn. Bhd.** | | | | | |
| Menang Saujana Sdn. Bhd. | 49.50 | 49.50 | 50.50 | 50.50 | Property development |

## 8. INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries of all which are incorporated in Malaysia, are as follows: (cont'd)

| | Interest in equity held by | | | | |
|---|---|---|---|---|---|
| | Company | | Subsidiaries | | |
| | 2013 | 2012 | 2013 | 2012 | |
| **Name of the Company** | **%** | **%** | **%** | **%** | **Principal activities** |
| **Subsidiary of Menang Aquatics Sdn. Bhd.** | | | | | |
| Menang Greens Sdn. Bhd. | - | - | 100.00 | 100.00 | Lanscaping and turf farming |
| **Subsidiaries of Equitiplus Sdn. Bhd.** | | | | | |
| Harapan Akuarium (M) Sdn. Bhd. | - | - | 100.00 | 100.00 | Investment holding |
| Menang Equities (M) Sdn. Bhd. | - | - | 100.00 | 100.00 | Investment holding |
| **Subsidiary of Temeris Holdings Sdn. Bhd.** | | | | | |
| Temeris Resorts Development Sdn. Bhd. | - | - | 100.00 | 100.00 | Property development |
| **Subsidiaries of Menang Development (M) Sdn. Bhd.** | | | | | |
| Menang Land (M) Sdn. Bhd. | 0.02 | 0.02 | 99.98 | 99.98 | Investment holding |
| Twin Version Sdn. Bhd. * | - | - | 100.00 | 100.00 | Investment holding |
| Charisma Cheer Sdn. Bhd. * | - | - | 100.00 | 100.00 | Investment holding |
| Inovatif Mewah Sdn. Bhd. ^ | - | - | 71.00 | 71.00 | Concession arrangements |
| Rumpun Positif Sdn. Bhd. | - | - | 51.00 | 51.00 | Concession arrangements |
| Protokol Elegan Sdn. Bhd. | - | - | 51.00 | 100.00 | Concession arrangements |

* Audited by another firm of chartered accountants
^ Including 20% held by Menang Industries (M) Sdn. Bhd.

## 9. INVESTMENT IN AN ASSOCIATE

| | Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM'000 | RM'000 |
| Unquoted shares, at cost # | - | - |

\# This represent investment in an associate with a carrying amount of RM30 (2012: RM30).

The details of the associate which is incorporated in Malaysia are as follows:

| | Equity interest | | |
|---|---|---|---|
| | 2013 | 2012 | |
| **Name of Associate** | **%** | **%** | **Principal activity** |
| Pacific Bright Sdn. Bhd.* | 30 | 30 | To act as manager for a consortium |

* Audited by another firm of chartered accountants

## 9. INVESTMENT IN AN ASSOCIATE (cont'd)

(a) The summarised financial information of the associate is as follows:

| | Group 2013 RM'000 | Group 2012 RM'000 |
|---|---|---|
| Assets and Liabilites: | | |
| Total assets | 1,111 | 731 |
| Total liabilities | 1,113 | 725 |
| Results: | | |
| (Loss)/Profit for the financial year | (7) | 19 |

(b) The Group has not recognised its share of profit or loss of the associate during the current financial year and previous financial period as the share of results is not material. The unrecognised results are as follows:-

| | Group 2013 RM'000 | Group 2012 RM'000 |
|---|---|---|
| (Loss)/Profit for the financial year | (2) | 6 |
| (Accumulated loss)/Retained earnings | (1) | 1 |

## 10. OTHER INVESTMENTS

| | Group 2013 RM'000 | Group 2012 RM'000 |
|---|---|---|
| Available-for-sale financial assets | | |
| - Shares quoted in Malaysia | 7 | 6 |

Information on the fair value hierarchy is disclosed in Note 30.

## 11. PROPERTY DEVELOPMENT COSTS

| | 2013 RM'000 | 2012 RM'000 |
|---|---|---|
| **Freehold land, at cost** | | |
| Balance as at 1 July 2012/1 January 2011 | 53,784 | 47,585 |
| Addition during the financial year/period | - | 3,083 |
| Reclassified from land held for property development (Note 6) | 55,785 | 3,116 |
| Reclassified from investment properties (Note 5) | 63 | - |
| Disposals during the financial year/period | (4,897) | - |
| Balance as at 30 June | 104,735 | 53,784 |
| **Leasehold land, at cost** | | |
| Balance as at 1 July 2012/1 January 2011 and 30 June | 9,765 | 9,765 |
| **Development costs** | | |
| Balance as at 1 July 2012/1 January 2011 | 9,218 | 8,669 |
| Additions during the financial year/period | 2,001 | 249 |
| Reclassified from land held for property development (Note 6) | 3,642 | 300 |
| Reclassified from investment properties (Note 5) | 888 | - |
| Disposals during the financial year/period | (392) | - |
| Balance as at 30 June | 15,357 | 9,218 |
| **Less: Accumulated impairment losses** | | |
| Balance as at 1 July 2012/1 January 2011 | (13,002) | (12,734) |
| Reclassified from investment properties (Note 5) | (442) | - |
| Addition during the financial year/period | - | (268) |
| Balance as at 30 June | (13,444) | (13,002) |
| | 116,413 | 59,765 |

Certain freehold land with a total carrying amount of RM43,539,000 (2012: RM6,676,000) have been charged to financial institutions to secure term loan facilities granted to the Group as disclosed in Note 19.

Certain freehold land with a total carrying amount of RM3,608,000 (2012: Nil) have been charged to a third party to secure the advances to the Group as disclosed in Note 18.

Certain freehold land with a carrying amount of RM887,000 had been fully discharged in prior financial period.

## 12. INVENTORIES

| | Group 2013 RM'000 | Group 2012 RM'000 |
|---|---|---|
| **At cost** | | |
| Completed properties | 4,505 | 6,004 |
| Others | - | 13 |
| | 4,505 | 6,017 |

Certain completed properties with a total carrying amount of RM1,188,000 (2012: RM1,499,000) have been charged to a financial institution to secure term loan facilities granted to the Group as disclosed in Note 19.

In the previous financial period, a completed property with a carrying amount of RM250,000 was fully written off.

## 13. RECEIVABLES

| | Note | Group 2013 RM'000 | Group 2012 RM'000 | Company 2013 RM'000 | Company 2012 RM'000 |
|---|---|---|---|---|---|
| **Trade receivables** | | | | | |
| Third parties | (a) | 155 | 195 | - | - |
| **Non-trade receivables** | | | | | |
| Amounts owing from subsidiaries | (b) | - | - | 68,034 | 119,124 |
| Other receivables | | 145 | 497 | - | - |
| Deposits | (c) | 212 | 724 | 18 | 18 |
| Prepayments | | 89 | 97 | 17 | 16 |
| | | 446 | 1,318 | 68,069 | 119,158 |
| **Less: Impairment losses** | | | | | |
| - amounts owing from subsidiaries | | - | - | (49,219) | (49,140) |
| - other receivables | | (7) | (7) | - | - |
| - deposits | (c) | - | (400) | - | - |
| | | (7) | (407) | (49,219) | (49,140) |
| | | 594 | 1,106 | 18,850 | 70,018 |

(a) These receivables are non-interest bearing and the normal trade credit terms granted by the Group ranging from 30 to 60 (2012: 30 to 60) days from date of invoice.

**13. RECEIVABLES** (cont'd)

(b) These amounts owing from subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents except for an amount of approximately RM51,491,000 which carried interest at a rate of 0.28% per annum in the previous financial period.

(c) Included in deposits of the Group in the previous financial period was a deposit of RM400,000 paid to Tanco Land Sdn. Bhd. ("Tanco") in acquiring six parcels of land in Mukim Rasah, District of Seremban, Negeri Sembilan Darul Khusus. However, the agreement was subsequently terminated and the provision for loss of deposit has been made in the previous financial years.

Menang Development Sdn. Bhd. ("MDSB") had filed a suit against Tanco for the return of monies for alleged breach of a series of sale and purchase agreements. During the financial year, the Group had withdrawn its suit against Tanco and wrote off the entire deposit.

(d) Ageing analysis of trade receivables

The ageing analysis of trade receivables of the Group are as follows:

| | Group | |
|---|---|---|
| | **2013** | **2012** |
| | **RM'000** | **RM'000** |
| Neither past due nor impaired | 9 | 5 |
| 1 to 30 days past due but not impaired | 4 | 3 |
| 31 to 60 days past due but not impaired | 4 | 3 |
| 61 to 90 days past due but not impaired | 4 | 3 |
| 91 to 120 days past due but not impaired | 4 | 3 |
| More than 121 days past due but not impaired | 130 | 178 |
| | 146 | 190 |
| | 155 | 195 |

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.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired
At the end of the reporting year, trade receivables of the Group arising from management service of shoplots amounted to RM146,000 (2012: RM190,000). These receivables are creditworthy debtors and the directors are of the opinion that the balances due can be fully recovered in the near future.

**13. RECEIVABLES** (cont'd)

(e) The reconciliation of movement in the impairment loss is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 July 2012/ 1 January 2011 | 407 | 400 | 49,140 | 48,019 |
| Charge for the financial year/period | - | 7 | 79 | 1,121 |
| Written off | (400) | - | - | - |
| Balance as at 30 June | 7 | 407 | 49,219 | 49,140 |

**14. CASH AND CASH EQUIVALENTS**

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash at bank | 8,301 | 2,337 | 546 | 1,054 |
| Cash in hand | 10 | 16 | - | - |
| Fixed deposits with a licensed bank | 1,169 | - | - | - |
| Cash and cash equivalents | 9,480 | 2,353 | 546 | 1,054 |

The fixed deposits with a licensed bank of the Group bear interest at rates ranging from 3.00% to 3.10% (2012: Nil) per annum.

Included in fixed deposits with a licensed bank is an amount of RM38,000 (2012: Nil) pledged to a licensed bank as a security favouring a third party for providing and installing all the necessary materials in the substation building leased by a subsidiary of the Group.

## 15. SHARE CAPITAL

| | Group/Company | | | |
|---|---|---|---|---|
| | 2013 | | 2012 | |
| | Number of shares '000 | RM'000 | Number of shares '000 | RM'000 |
| **Ordinary shares of RM0.50 each** | | | | |
| **Authorised:** | | | | |
| Balance as at 1 July 2012/ 1 January 2011 | 2,000,000 | 1,000,000 | 2,000,000 | 2,000,000 |
| Capital reduction | - | - | - | (1,000,000) |
| Balance as at 30 June | 2,000,000 | 1,000,000 | 2,000,000 | 1,000,000 |
| **Issued and fully paid:** | | | | |
| Balance as at 1 July 2012/ 1 January 2011 | 267,107 | 133,553 | 267,107 | 267,107 |
| Capital reduction | - | - | - | (133,554) |
| Balance as at 30 June | 267,107 | 133,553 | 267,107 | 133,553 |

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

## 16. RESERVES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2013 | 2012 | 2013 | 2012 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| Accumulated losses | | (39,358) | (56,712) | (3,500) | (2,209) |
| **Non-distributable** | | | | | |
| Capital reduction reserve | (a) | 84,044 | 84,044 | 84,044 | 84,044 |
| Available-for-sale reserve | (b) | 5 | 4 | - | - |
| | | 84,049 | 84,048 | 84,044 | 84,044 |
| | | 44,691 | 27,336 | 80,544 | 81,835 |

(a) The capital reduction reserve arose from the capital reduction exercise done on 28 January 2011, pursuant to the requirements of Section 64 of the Companies Act, 1965.

(b) The available-for-sale reserve represents fair value changes, net of tax arising from financial assets classified as available-for-sale.

## 17. DEFERRED TAX LIABILITIES

(a) The movement of deferred tax liabilities during the financial year/period are as follows:

| | Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM'000 | RM'000 |
| Balance as at 1 July 2012/1 January 2011 | 17,329 | 1,714 |
| Recognised in statement of comprehensive income | 13,337 | 15,628 |
| Reversal of deferred tax liabilities arising from impairment of property development costs | - | (13) |
| Balance as at 30 June | 30,666 | 17,329 |

(b) This is in respect of estimated deferred tax liabilities arising from temporary differences as follows:

| | Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM'000 | RM'000 |
| Operating financial asset | 28,965 | 15,628 |
| Land held for property development | 167 | 302 |
| Property development costs | 1,534 | 1,399 |
| | 30,666 | 17,329 |

Deferred tax liabilities of RM28,965,000 (2012: RM15,628,000) have been accrued in relation to the construction services delivered pursuant to the concession agreements as disclosed in Note 7. The tax bases that have been adopted by the Group's entities involved in service concession arrangements are as follows:

(i) the commencement date of the business for tax purposes will be regarded to be the date of signing of the concession agreement and all relevant expenditures will be claimed for tax deduction from such date onwards;

(ii) the availability charges receivable under the concession agreement shall be taxable in the basis period when they are received in year 4 to year 23 upon completion of the construction works ;

(iii) the maintenance charges receivable under the concession agreement shall be taxable in the basis period when they are received upon commencement of the Maintenance Period; and

(iv) the capital expenditure incurred in constructing the facilities and infrastructure under the concession agreement is qualifying capital expenditure and qualifies for Industrial Building Allowance purposes under the Income Tax (Industrial Building Allowance) (Building under the Privatisation Project and Private Financing Initiatives) Rules 2010 (P.U.(A) 119/2010).

**17. DEFERRED TAX LIABILITIES** (cont'd)

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Differences between the carrying amounts of property, plant and equipment and their tax base | 1,345 | 1,223 | (117) | (134) |
| Unutilised tax losses | 143,969 | 132,251 | 24,805 | 24,257 |
| Unabsorbed capital allowances | 543 | 414 | 373 | 385 |
| | 145,857 | 133,888 | 25,061 | 24,508 |

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

The deductible temporary differences do not expire under the current tax legislation.

**18. PAYABLES**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2013** | **2012** | **2013** | **2012** |
| | **Note** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Non-current** | | | | | |
| Other payables | (a) | 5,139 | 6,487 | - | - |
| **Current** | | | | | |
| **Trade payables** | | | | | |
| Trade payables | (b) | 25,205 | 26,380 | - | - |
| Retention sum | | 20,759 | 9,211 | - | - |
| | | 45,964 | 35,591 | - | - |
| **Other payables and accruals** | | | | | |
| Amounts owing to subsidiaries | (c) | - | - | 10,297 | 9,373 |
| Amounts owing to corporate shareholders | (d) | 608 | 873 | - | - |
| Amounts owing to directors | (e) | 3,498 | 3,148 | 202 | 595 |
| Amount owing on a joint venture project | (f) | 3,696 | 3,685 | - | - |
| Other payables | (a), (g), (h), (i) | 33,162 | 30,545 | 12 | 80 |
| Accruals | (j) | 7,381 | 7,929 | 135 | 166 |
| Deposits | | 8,720 | 8,635 | - | - |
| | | 57,065 | 54,815 | 10,646 | 10,214 |
| | | 103,029 | 90,406 | 10,646 | 10,214 |

**18. PAYABLES** (cont'd)

(a) Included in other payables is an amount owing to a third party arising from debt settlement for compensation of loss of profit of totalling of RM6,487,000 (2012: RM7,303,000); of which the current and non-current amounts are RM1,348,000 (2012: RM816,000) and RM5,139,000 (2012: RM6,487,000) respectively.

The carrying amount of RM6,487,000 (2012: RM7,303,000) represents the present value of the settlement sum of RM8,000,000 (2012: RM9,700,000) discounted at the weighted average interest rate of 10.62% (2012: 10.62%) per annum.

(b) The normal trade credit terms granted to the Group ranging from 30 to 40 (2012: 30 to 40) days.

Included in trade payables is an amount of RM14,932,000 (2012: RM26,006,000), which bears late payment interest charge at a fixed rate of 8.10% (2012: 8.10%) per annum, chargeable after the normal trade credit terms are granted.

(c) Amounts owing to subsidiaries represent advances and payments made on behalf which are unsecured, interest-free and repayable upon demand in cash and cash equivalents.

(d) Amounts owing to corporate shareholders represent advances and payments made on behalf which are unsecured, bear interest at a fixed rate of 12.00% (2012: 12.00%) per annum and repayable upon demand in cash and cash equivalents.

(e) Amounts owing to directors represent advances and payments made on behalf which are unsecured. Included in amounts owing to director is an amount bear interest at a fixed rate of 12.00% (2012: 12.00%) per annum amounting to RM10,000 (2012: RM10,000) and repayable upon demand in cash and cash equivalents.

(f) Amount owing on a joint venture project represents the share of results for the joint venture project, which is unsecured, interest-free and repayable upon completion of the joint venture project.

(g) Included in current other payables is an amount of RM28,568,000 (2012: RM28,568,000) owing to a third party which arose from the settlement of the Islamic Facility in the previous financial years. The amount was made by the third party on behalf of the Group pursuant to the Consortium Agreement. This amount is repayable via the proceeds to be received from proposed disposal of designated landed property to third parties.

(h) Included in current other payables of the Group is a third party loan amounting to RM2,500,000 (2012: Nil), for which a caveat has been created against certain landed properties of the Group with a total carrying amount of RM3,608,000 (2012: Nil) as disclosed in Note 11. The loan bears interest at a fixed rate of 12.50% (2012: Nil) per annum and is repayable by 14 April 2014.

(i) Included in current other payables of the Group is a third party loan amounting to RM500,000 in the previous financial period, for which a caveat has been created against certain landed properties of the Group with a total carrying amount of RM4,246,000 as disclosed in Notes 6 and 11. The loan bears interest at a fixed rate of 18.00% per annum in the previous financial period. The third party was fully settled and the caveat was withdrawn during the current financial year.

## 18. PAYABLES (cont'd)

(j) Included in accruals are the following:

| | Group | |
|---|---|---|
| | **2013** | **2012** |
| | **RM'000** | **RM'000** |
| Conversion premium to convert Seremban 3 land from agriculture land to residential land and commercial land | 5,627 | 5,627 |
| Quit rent and assessment in respect of: | | |
| - Seremban 3 | 848 | 335 |
| - others | (15) | 28 |

The conversion premium will be payable when the vacant land is due for development.

## 19. BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Secured** | | | | |
| Term loan I | 17,148 | 15,446 | - | - |
| Term loan II | 50,450 | 45,663 | - | - |
| Term loan III | 1,003 | 2,006 | 1,003 | 2,006 |
| Term loan IV | 152,270 | 73,607 | - | - |
| Term loan V | 77,727 | 37,942 | - | - |
| Term loan VI | 51,243 | - | - | - |
| Finance lease payable (Note 20) | 68 | - | - | - |
| | 349,909 | 174,664 | 1,003 | 2,006 |
| Repayable as follows: | | | | |
| ***Current liabilities:*** | | | | |
| Not later than one (1) year | | | | |
| - Term loan I | 17,148 | 15,446 | - | - |
| - Term loan II | 50,450 | 45,663 | - | - |
| - Term loan III | 1,003 | 2,006 | 1,003 | 2,006 |
| - Finance lease payable (Note 20) | 4 | - | - | - |
| | 68,605 | 63,115 | 1,003 | 2,006 |
| ***Non-current liabilities:*** | | | | |
| Later than one (1) year | | | | |
| - Term loan IV | 152,270 | 73,607 | - | - |
| - Term loan V | 77,727 | 37,942 | - | - |
| - Term loan VI | 51,243 | - | - | - |
| - Finance lease payable (Note 20) | 64 | - | - | - |
| | 281,304 | 111,549 | - | - |
| | 349,909 | 174,664 | 1,003 | 2,006 |

## 19. BORROWINGS (cont'd)

**Terms and debt repayment schedule**

(a) Term loan I and Term loan II bear interest at rates ranging from 10.50% to 11.00% (2012: 10.43% to 10.92%) per annum.

The term loans are secured over the following:

(i) investment properties of the Group and of the Company amounting to RM11,222,000 (2012: RM11,385,000) as disclosed in Note 5; and

(ii) land held for property development of the Group amounting to RM12,162,000 (2012: RM47,975,000) as disclosed in Note 6;

(iii) property development cost of the Group amounting to RM35,813,000 (2012: Nil) as disclosed in Note 11;

(iv) inventories of the Group amounting to RM1,188,000 (2012: RM1,499,000) as disclosed in Note 12; and

(v) corporate guarantee from the Company.

(b) Term loan III is repayable in full on 21 June 2014 and bears interest at a fixed rate of 12.00% (2012: 12.00%) per annum. Term loan III is secured by property development costs of the Group amounting to RM7,726,000 (2012: RM6,676,000) as disclosed in Note 11.

(c) Term loans IV, V and VI are secured over the following:

(i) all agreements in relation to the concession agreements;

(ii) debenture creating a first fixed and floating charge over all present and future assets of a subsidiary;

(iii) assignment over Designated Accounts; and

(iv) corporate guarantee from two (2) subsidiaries and a corporate shareholder.

These loans are repayable based on a fixed terms of repayment. The actual payments shall be based on the prevailing Profit Rates of the financial institutions, which shall be issued by the financiers. The term loans bear interest at rates ranging from 6.30% to 7.50% (2012: 6.30% to 7.35%) per annum.

Significant covenant for the term loan IV is that the maximum Total Indebtedness to Equity ratio of 90:10 is not or will not be exceeded at all times.

## 20. FINANCE LEASE PAYABLE

| | Group 2013 RM'000 | Group 2012 RM'000 |
|---|---|---|
| Future minimum lease payments | 76 | - |
| Less: Future finance charges | (8) | - |
| Total present value of minimum lease payments | 68 | - |
| **Payable within one year** | | |
| Future minimum lease payments | 5 | - |
| Less: Future finance charges | (1) | - |
| Present value of minimum lease payments | 4 | - |
| **Payable more than 1 year but not more than 5 years** | | |
| Future minimum lease payments | 72 | - |
| Less: Future finance charges | (8) | - |
| Present value of minimum lease payments | 64 | - |
| Total present value of minimum lease payments | 68 | - |

The finance lease payable of the Group bears an interest at a rate of 2.55% (2012: Nil) per annum.

## 21. REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 1.7.2012 to 30.6.2013 RM’000 | 1.1.2011 to 30.6.2012 RM’000 | 1.7.2012 to 30.6.2013 RM’000 | 1.1.2011 to 30.6.2012 RM’000 |
| Sale of properties | 11,080 | 10,956 | - | - |
| Management fees | 100 | 150 | 486 | 27 |
| Income from recreational facilities | 94 | 1,173 | - | - |
| Construction revenue | 197,846 | 202,133 | - | - |
| Interest income on operating financial asset | 29,077 | 11,950 | - | - |
| | 238,197 | 226,362 | 486 | 27 |

## 22. COST OF SALES

| | Group | | Company | |
|---|---|---|---|---|
| | 1.7.2012 to 30.6.2013 RM'000 | 1.1.2011 to 30.6.2012 RM'000 | 1.7.2012 to 30.6.2013 RM'000 | 1.1.2011 to 30.6.2012 RM'000 |
| Properties sold | 7,280 | 9,480 | - | - |
| Recreational facilities | 308 | 1,180 | - | - |
| Construction contracts | 156,138 | 151,540 | - | - |
| | 163,726 | 162,200 | - | - |

## 23. FINANCE COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 1.7.2012 to 30.6.2013 RM'000 | 1.1.2011 to 30.6.2012 RM'000 | 1.7.2012 to 30.6.2013 RM'000 | 1.1.2011 to 30.6.2012 RM'000 |
| Interest expense on: | | | | |
| - term loans | 20,122 | 14,185 | 237 | 359 |
| - other loans | 1,969 | 1,050 | - | - |
| - finance lease | 1 | - | - | - |
| | 22,092 | 15,235 | 237 | 359 |

## 24. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):

| | Group | | Company | |
|---|---|---|---|---|
| | 1.7.2012 to 30.6.2013 RM'000 | 1.1.2011 to 30.6.2012 RM'000 | 1.7.2012 to 30.6.2013 RM'000 | 1.1.2011 to 30.6.2012 RM'000 |
| Auditors' remuneration: | | | | |
| - current financial year | 129 | 187 | 28 | 48 |
| - underprovision in prior financial period | 2 | - | - | - |
| Depreciation of investment properties | 163 | 243 | 163 | 243 |
| Depreciation of joint venture assets | 9 | 17 | - | - |
| Depreciation of property, plant and equipment | 183 | 242 | 7 | 17 |

## 24. PROFIT/(LOSS) BEFORE TAX (cont'd)

Profit/(Loss) before tax is arrived at after charging/(crediting): (cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | 1.7.2012 to 30.6.2013 RM'000 | 1.1.2011 to 30.6.2012 RM'000 | 1.7.2012 to 30.6.2013 RM'000 | 1.1.2011 to 30.6.2012 RM'000 |
| Directors' remuneration: | | | | |
| - fees | 30 | 45 | 30 | 45 |
| - emoluments other than fees [Note (b)] | 926 | 1,390 | 276 | 414 |
| Employee benefits expense [Note (a)] | 2,662 | 3,541 | 662 | 1,054 |
| Fair value adjustment of available-for-sale financial assets | (1) | (4) | - | - |
| Forfeited income | (680) | (3) | - | - |
| Gain on disposal of property, plant and equipment | (13) | (1) | (13) | - |
| Gain on disposal of shares for previous associate | - | (410) | - | - |
| Impairment loss on: | | | | |
| - investments in subsidiaries | - | - | 16 | 19 |
| - receivables | - | 7 | 79 | 1,121 |
| - property development costs, net of deferred tax | - | 255 | - | - |
| Interest expense on: | | | | |
| - term loans | 20,122 | 14,185 | 237 | 359 |
| - other loans | 1,969 | 1,050 | - | - |
| - finance lease payable | 1 | - | - | - |
| Interest income from: | | | | |
| - advances to a subsidiary | - | - | - | (369) |
| - fixed deposits | (42) | - | - | - |
| - others | (62) | (41) | - | - |
| Inventories written off | - | 250 | - | - |
| Management fees receivable from subsidiaries | - | - | (486) | (27) |
| Property, plant and equipment written off | - | 1 | - | 1 |
| Provision for debt settlement on compensation for loss of profit | - | 7,603 | - | - |
| Rental of premises payable to: | | | | |
| - a director | - | 9 | - | - |
| - others | 323 | 461 | - | - |
| Rental of equipment | - | 8 | - | - |
| Rental income on premises | (159) | (348) | - | - |

## 24. PROFIT/(LOSS) BEFORE TAX (cont'd)

(a) Employee Benefits Expense

| | Group | | Company | |
|---|---|---|---|---|
| | 1.7.2012 to 30.6.2013 RM'000 | 1.1.2011 to 30.6.2012 RM'000 | 1.7.2012 to 30.6.2013 RM'000 | 1.1.2011 to 30.6.2012 RM'000 |
| Salaries and wages | 1,981 | 2,720 | 585 | 801 |
| Defined contribution plan | 254 | 311 | 69 | 92 |
| Social security contribution | 19 | 26 | 5 | 7 |
| Other employee benefits | 408 | 484 | 3 | 154 |
| | 2,662 | 3,541 | 662 | 1,054 |

(b) Included in directors' emoluments other than fees of the Group and of the Company are the Executive Directors' emoluments amounting to RM674,000 (2012: RM1,012,000) and RM24,000 (2012: RM36,000) respectively.

(c) The estimated monetary value of benefit-in-kind received by the directors otherwise than in cash from the Group and the Company amounted to RM82,000 (2012: RM113,000) and RM3,000 (2012: RM80,000) respectively.

## 25. TAX EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 1.7.2012 to 30.6.2013 RM'000 | 1.1.2011 to 30.6.2012 RM'000 | 1.7.2012 to 30.6.2013 RM'000 | 1.1.2011 to 30.6.2012 RM'000 |
| **Current tax expense** | | | | |
| (Over)/Under provision in prior financial period/year | (11) | 7 | - | - |
| **Deferred tax (Note 17):** | | | | |
| Origination of temporary differences | 15,354 | 15,628 | - | - |
| Over provision in prior financial period/year | (2,017) | - | - | - |
| | 13,337 | 15,628 | - | - |
| Tax expense | 13,326 | 15,635 | - | - |

## 25. TAX EXPENSE (cont'd)

The numerical reconciliation from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 1.7.2012 to 30.6.2013 RM'000 | 1.1.2011 to 30.6.2012 RM'000 | 1.7.2012 to 30.6.2013 RM'000 | 1.1.2011 to 30.6.2012 RM'000 |
| Profit/(Loss) before tax | 45,441 | 31,531 | (1,291) | (3,169) |
| Tax at Malaysian statutory income tax rate of 25% | 11,360 | 7,883 | (323) | (792) |
| Tax effect on non-deductible expenses | 1,002 | 4,656 | 185 | 860 |
| Tax effect on non-taxable income | - | (103) | - | (103) |
| Deferred tax assets not recognised | 2,992 | 3,192 | 138 | 35 |
| (Over)/Under provision of tax expense in prior financial period/ year | (11) | 7 | - | - |
| Over provision of deferred tax in prior financial period/year | (2,017) | - | - | - |
| | 13,326 | 15,635 | - | - |

## 26. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year/period is calculated by dividing the profit for the financial year/period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year/period as follows:

| | Group | |
|---|---|---|
| | 1.7.2012 to 30.6.2013 | 1.1.2011 to 30.6.2012 |
| Profit for the financial year/period attributable to the owners of the parent (RM'000) | 17,354 | 3,833 |
| Weighted average number of ordinary shares in issue during the financial year/period ('000) | 267,107 | 267,107 |
| Basic earnings per ordinary share (sen) | 6.50 | 1.44 |

## 26. EARNINGS PER ORDINARY SHARE (cont'd)

(b) Diluted

The diluted earnings per ordinary share is equals to basic earning per ordinary share as all warrants and Employee Share Option Scheme had expired and lapsed in the previous financial period.

## 27. OPERATING SEGMENTS

The Group is principally engaged in property development, project management and investment holding.

The Group has arrived at four reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

| | | |
|---|---|---|
| Property development | : | Development of residential and commercial properties. |
| Project management and investment holding | : | Investment holding, letting out of properties and provision for management services. |
| Concession arrangements | : | Construction and maintenance of facilities and infrastructure. |
| Others | : | Operating recreational activities, landscaping and turf farming and licensed money lending. |

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax but not including non-recurring losses.

All inter-segment transactions have been entered into the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. Inter-segment pricing is determined based on the terms mutually agreed between the companies concerned.

Segment assets comprise mainly property, plant and equipment, investment properties, properties development costs, land held for property development, operating financial asset, inventories, receivables and operating cash, but exclude tax assets, if any.

Segment liabilities comprise operating liabilities and exclude tax liabilities.

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.

## 27. OPERATING SEGMENTS (cont'd)

| | Project management and investment holding RM'000 | Property development RM'000 | Concession arragements RM'000 | Others RM'000 | Eliminations RM'000 | Consolidation RM'000 |
|---|---|---|---|---|---|---|
| **2013** | | | | | | |
| **Business segments** | | | | | | |
| Revenue from external customers | 101 | 11,080 | 226,922 | 94 | - | 238,197 |
| Inter-segment revenue | 486 | - | - | - | (486) | - |
| Total revenue | 587 | 11,080 | 226,922 | 94 | (486) | 238,197 |
| Segment results | (1,509) | (1,052) | 70,392 | (403) | - | 67,428 |
| Finance cost | (237) | (7,770) | (14,085) | - | - | (22,092) |
| Finance income | 40 | 63 | 1 | - | - | 104 |
| Profit before tax | | | | | | 45,440 |
| Tax expense | | | | | | (13,326) |
| Profit for the financial year | | | | | | 32,114 |
| **Segment assets*** | 16,805 | 226,679 | 460,252 | 218 | - | 703,954 |
| **Segment liabilities** | 1,889 | 131,106 | 325,067 | 15 | - | 458,077 |
| Capital expenditure | - | 164 | - | 16 | - | 180 |
| Depreciation of property, plant and equipment, joint venture assets, and investment properties | 170 | 70 | 29 | 86 | - | 355 |
| Other material items of (income)/expense included in the Group's profit or loss: | | | | | | |
| - Gain on disposal of property, plant and equipment | (13) | - | - | - | - | (13) |

* Included in the segment assets of property development is investment in an associate of RM30.

## 27. OPERATING SEGMENTS (cont'd)

| | Project management and investment holding RM'000 | Property development RM'000 | Concession arragements RM'000 | Others RM'000 | Eliminations RM'000 | Consolidation RM'000 |
|---|---|---|---|---|---|---|
| **2012** | | | | | | |
| **Business segments** | | | | | | |
| Revenue from external customers | 150 | 10,956 | 214,083 | 1,173 | - | 226,362 |
| Inter-segment revenue | 27 | - | - | - | (27) | - |
| Total revenue | 177 | 10,956 | 214,083 | 1,173 | (27) | 226,362 |
| Segment results | (2,141) | (12,786) | 62,359 | (707) | - | 46,725 |
| Finance cost | 359 | 10,138 | 5,107 | - | (369) | (15,235) |
| Finance income | 373 | 37 | - | - | (369) | 41 |
| Profit before tax | | | | | | 31,531 |
| Tax expense | | | | | | (15,635) |
| Profit for the financial period | | | | | | 15,896 |
| **Segment assets*** | 17,406 | 230,388 | 213,874 | 449 | - | 462,117 |
| **Segment liabilities** | 3,377 | 121,267 | 146,841 | 72 | - | 271,557 |
| Capital expenditure | 6 | 22 | 1 | 27 | - | 56 |
| Depreciation of property, plant and equipment, joint venture assets, and investment properties | 261 | 63 | 40 | 138 | - | 502 |

* Included in the segment assets of property development is investment in an associate of RM30.

## 27. OPERATING SEGMENTS (cont'd)

| | Project management and investment holding RM'000 | Property development RM'000 | Concession arragements RM'000 | Others RM'000 | Eliminations RM'000 | Consolidation RM'000 |
|---|---|---|---|---|---|---|
| Other material items of (income)/expense included in the Group's profit or loss: | | | | | | |
| - Provision for debt settlement on compensation for loss of profit | - | 7,603 | - | - | - | 7,603 |
| - Impairment loss on property development costs, net of deferred tax | - | 255 | - | - | - | 255 |
| - Inventories written off | - | 250 | - | - | - | 250 |
| - Gain on disposal of shares for previous associate | - | (410) | - | - | - | (410) |

(a) Reconciliation of reportable segment assets and liabilities to the Group's corresponding amounts are as follows:

| | Group 2013 RM'000 | Group 2012 RM'000 |
|---|---|---|
| **Assets** | | |
| Segment assets | 703,954 | 462,117 |
| Tax assets | - | - |
| Total assets | 703,954 | 462,117 |
| **Liabilities** | | |
| Segment liabilities | 458,077 | 271,557 |
| Tax liabilities | 30,666 | 17,329 |
| Total liabilities | 488,743 | 288,886 |

## 27. OPERATING SEGMENTS (cont'd)

(b) Information about Major Customers

Revenue from transactions with a major customer who individually accounted for 10% or more of the Group's revenue is as follows:

| | 2013 RM'000 | 2012 RM'000 | Segment |
|---|---|---|---|
| Customer A | 226,922 | 214,083 | Concession arrangements |

## 28. CONTINGENT LIABILITIES

| | Company | |
|---|---|---|
| | 2013 RM'000 | 2012 RM'000 |
| **Unsecured:** | | |
| Corporate guarantee given to licensed banks for facilities granted to a subsidiary | 67,598 | 61,109 |

The directors are of the view that the chances of the financial institutions calling upon the corporate guarantees are remote.

## 29. RELATED PARTY DISCLOSURES

### (a) Identity of related parties

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

The Company has a related party relationship with its direct and indirect subsidiaries, associate, joint venture, corporate shareholders and directors.

The relationship between the Group and the related parties, other than those disclosed elsewhere in the financial statements are as follows:

(i) Corporate shareholder of the Company, Titian Hartanah (M) Sdn. Bhd.; and

(ii) Holding company of the corporate shareholder of the Company, Maymerge (M) Sdn. Bhd.

**29. RELATED PARTIES DISCLOSURES** (cont'd)

**(b) Related party transactions**

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year/period:

| | Group | | Company | |
|---|---|---|---|---|
| | **1.7.2012 to 30.6.2013 RM'000** | **1.1.2011 to 30.6.2012 RM'000** | **1.7.2012 to 30.6.2013 RM'000** | **1.1.2011 to 30.6.2012 RM'000** |
| Interest payable to Maymerge (M) Sdn. Bhd. | 7 | 15 | - | - |
| Rental payable to a director - Dr. Christopher Shun Kong Leng CFP®, RFP™ | - | 9 | - | - |
| **Subsidiaries** | | | | |
| Management fees receivable from: | | | | |
| - Seremban 3 Paradise Valley Golf Resort Sdn. Bhd. | - | - | 6 | 27 |
| - Menang Development (M) Sdn. Bhd. | - | - | 480 | - |
| Interest income from:- | | | | |
| - Menang Development (M) Sdn. Bhd. | - | - | - | 369 |

Significant outstanding balances with related parties at the end of the reporting period are disclosed in Notes 13 and 18.

## 29. RELATED PARTIES DISCLOSURES (cont'd)

### (c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Company.

The remuneration of the key management personnel during the financial year/period was as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **1.7.2012 to 30.6.2013 RM'000** | **1.1.2011 to 30.6.2012 RM'000** | **1.7.2012 to 30.6.2013 RM'000** | **1.1.2011 to 30.6.2012 RM'000** |
| Directors' remuneration: | | | | |
| - fees | 10 | 15 | 10 | 15 |
| - emoluments other than fees | 674 | 1,012 | 24 | 36 |
| | 684 | 1,027 | 34 | 51 |

## 30. FINANCIAL INSTRUMENTS

### (a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged since financial period ended 30 June 2012.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To remain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year/period ended 30 June 2013 and 30 June 2012.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, payables, less cash and bank balances. Capital represents equity attributable to the owners of the parent.

## 30. FINANCIAL INSTRUMENTS (cont'd)

### (a) Capital management (cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Loans and borrowings | 349,909 | 174,664 | 1,003 | 2,006 |
| Trade and other payables | 108,168 | 96,893 | 10,646 | 10,214 |
| Total liabilities | 458,077 | 271,557 | 11,649 | 12,220 |
| Less: Cash and bank balances | (9,480) | (2,353) | (546) | (1,054) |
| Net debts | 448,597 | 269,204 | 11,103 | 11,166 |
| Total capital | 178,244 | 160,889 | 214,097 | 215,388 |
| Net debts | 448,597 | 269,204 | 11,103 | 11,166 |
| Total capital plus net debts | 626,841 | 430,093 | 225,200 | 226,554 |
| Gearing ratio | 72% | 63% | 5% | 5% |

### (b) Fair values of financial instruments

The carrying amounts of financial instruments of the Group and of the Company as at the end of reporting period approximate their fair values except for the following:

| | Group | | Company | |
|---|---|---|---|---|
| | Carrying amount RM'000 | Fair value RM'000 | Carrying amount RM'000 | Fair value RM'000 |
| **2013** | | | | |
| **Recognised** | | | | |
| Term loan III at fixed rate | 1,003 | 1,000 | 1,003 | 1,000 |
| **Unrecognised** | | | | |
| Financial corporate guarantee | - | - | - | # |
| **2012** | | | | |
| **Recognised** | | | | |
| Term loan III at fixed rate | 2,006 | 2,000 | 2,006 | 2,000 |
| **Unrecognised** | | | | |
| Financial corporate guarantee | - | - | - | # |

**30. FINANCIAL INSTRUMENTS** (cont'd)

**(b) Fair values of financial instruments** (cont'd)

\# The Company provides corporate guarantee to lenders for financing facilities extended to subsidiaries which are disclosed in Note 28. The fair value of the financial corporate guarantee is negligible as the probability of the subsidiaries defaulting on the financing facilities is remote.

**(c) Methods and assumptions used to estimate fair value**

The fair values of financial assets and financial liabilities are determined as follows:

i. Cash and cash equivalents, receivables and payables

The carrying amounts of cash and cash equivalents, receivables and payables are reasonable approximation of fair value due to the short-term nature of these financial instruments.

ii. Borrowings

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

iii. Other investments

The fair value of other investments in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period.

iv. Operating financial asset

The fair values of these financial instruments are estimated by discounting the expected future cash flows using effective interest rate method at the end of the reporting period. At the end of the reporting period, these amounts are carried at amortised costs and the carrying amounts are approximate to their fair values.

**(d) Fair value hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

## 30. FINANCIAL INSTRUMENTS (cont'd)

### (d) Fair value hierarchy (cont'd)

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group held the following financial instruments carried at fair value on the statements of financial position:

| | Total RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 |
|---|---|---|---|---|
| **2013** | | | | |
| Available-for-sale financial assets | | | | |
| - Quoted shares in Malaysia | 7 | 7 | - | - |
| **2012** | | | | |
| Available-for-sale financial assets | | | | |
| - Quoted shares in Malaysia | 6 | 6 | - | - |

There were no transfers between fair value measurements hierarchy for the financial year/period ended 30 June 2013 and 30 June 2012.

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders while minimising potential adverse effects on the performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies. The Group is exposed mainly to liquidity and cash flow risk, credit risk, interest rate risk and market price risk. Information on the management of the related exposures is detailed below.

### (i) Liquidity and cash flow risk

The Group is actively managing its operating cash flow to suit the debt maturity profile so as to ensure that all commitments and funding needs are met. As part of the overall liquidity management, it is the Group's policy to ensure continuity in servicing its cash obligations in the future by way of measuring and forecasting its cash commitments and to maintain sufficient levels of cash or cash equivalents to meet its working capital requirements. In addition, the Group maintains sufficient credit facilities to meet its operational needs and to enable the Group to continue as a going concern.

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (i) Liquidity and cash flow risk (cont'd)

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

| 2013 | Carrying amount RM'000 | Contractual cash flows RM'000 | On demand or within one year RM'000 | Two to five years RM'000 | Over five years RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **Financial liabilities:** | | | | | | |
| Borrowings | 349,909 | 520,153 | 38,904 | 163,309 | 317,940 | 520,153 |
| Payables | 108,168 | 108,168 | 103,029 | 5,139 | - | 108,168 |
| Total undiscounted financial liabilities | 458,077 | 628,321 | 141,933 | 168,448 | 317,940 | 628,321 |
| **Company** | | | | | | |
| **Financial liabilities:** | | | | | | |
| Borrowings | 1,003 | 1,123 | 1,123 | - | - | 1,123 |
| Payables | 10,646 | 10,646 | 10,646 | - | - | 10,646 |
| Total undiscounted financial liabilities | 11,649 | 11,769 | 11,769 | - | - | 11,769 |

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (i) Liquidity and cash flow risk (cont'd)

| 2012 | Carrying amount RM'000 | Contractual cash flows RM'000 | On demand or within one year RM'000 | Two to five years RM'000 | Over five years RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **Financial liabilities:** | | | | | | |
| Borrowings | 174,664 | 263,361 | 68,085 | 53,253 | 142,023 | 263,361 |
| Payables | 96,893 | 96,893 | 90,406 | 6,487 | - | 96,893 |
| Total undiscounted financial liabilities | 271,557 | 360,254 | 158,491 | 59,740 | 142,023 | 360,254 |
| **Company** | | | | | | |
| **Financial liabilities:** | | | | | | |
| Borrowings | 2,006 | 2,240 | 2,240 | - | - | 2,240 |
| Payables | 10,214 | 10,214 | 10,214 | - | - | 10,214 |
| Total undiscounted financial liabilities | 12,220 | 12,454 | 12,454 | - | - | 12,454 |

**31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (cont'd)

**(ii) Credit risk**

Cash deposits and 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 counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Credit risk refers to the risk that counterparty will default on their contractual obligations resulting in financial loss to the Group. The Group seeks to invest cash assets safely and profitably. The Group considers the risk of material loss arising in the event of non-performance by a financial counterparty to be unlikely, except when management deems recoverability of specific debtors as doubtful.

The Group's primary exposure to credit risk arises through its trade receivables. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In respect of cash and bank balances placed with major financial institutions in Malaysia, the directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

<u>Exposure to credit risk</u>

At the end of financial year, the maximum exposure to credit risk for the Group and for the Company are represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancement for receivables is disclosed in Note 13.

<u>Credit risk concentration profile</u>

The Group determines concentration of credit risk by monitoring the segments profits of its trade receivables on an ongoing basis.

As at 30 June 2013, the Group and the Company have no significant concentration of credit risk except for the following:

(a) an amount owing from a single customer in respect of its concession arrangement activities constituting 99.87% (2012: 99.49%) of total receivables of the Group; and

(b) the amounts owing from subsidiaries of the Company constituting 99.81% (2012: 99.95%) of total receivables of the Company.

The maximum exposure to credit risk for the Group and for the Company is represented by the carrying amount of each financial asset recognised in the statements of financial position.

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (iii) Interest rate risk

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

The Group has interest bearing financial assets, comprising the deposits that are short term in nature and are not held for speculative purposes but to earn a better yield than cash at banks.

Interest earning financial assets of the Company is mainly amounts owing from subsidiaries that attract interest income.

The Group and the Company have interest bearing financial liabilities, comprising the secured term loans, amount owing to a third party, corporate shareholders and amounts owing to directors as disclosed in Notes 18 and 19.

Interest rates on amounts owing to directors, advances from corporate shareholders, amount owing to a third party and secured term loan III are fixed. Interest rates for other term loans and deposits vary with reference to the base lending rates of the financial institutions.

Sensitivity analysis for interest rate risk

As at the end of the financial year, if the interest rates had been 50 basis points higher or lower and all other variables held constant, the Group's profit net of tax would decrease or increase by approximately RM1,308,000 (2012: RM647,000), arising mainly as a result of exposure to floating rate loans and borrowings.

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (iii) Interest rate risk (cont'd)

| Group 2013 | Note | Effective interest rate % | Within 1 year RM'000 | 1 – 2 years RM'000 | 2 – 3 years RM'000 | 3 – 4 years RM'000 | 4 – 5 years RM'000 | More than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Fixed rates** | | | | | | | | | |
| Trade payable | 18(b) | 8.10 | 14,932 | - | - | - | - | - | 14,932 |
| Amounts owing to corporate shareholders | 18(d) | 12.00 | 608 | - | - | - | - | - | 608 |
| Amounts owing to directors | 18(e) | 12.00 | 10 | - | - | - | - | - | 10 |
| Amount owing to a third party | 18(h) | 12.50 | 2,500 | - | - | - | - | - | 2,500 |
| Finance lease payable | 20 | 2.55 | 4 | 18 | 18 | 18 | 10 | - | 68 |
| Term loan III | 19(b) | 12.00 | 1,003 | - | - | - | - | - | 1,003 |
| **Floating rates** | | | | | | | | | |
| Term loan I | 19(a) | 10.50 | 17,148 | - | - | - | - | - | 17,148 |
| Term loan II | 19(a) | 11.00 | 50,450 | - | - | - | - | - | 50,450 |
| Term loan IV | 19(c) | 6.30 | - | 4,855 | 13,082 | 9,728 | 10,397 | 114,208 | 152,270 |
| Term loan V | 19(c) | 7.35 | - | 6,165 | 9,960 | 6,165 | 6,165 | 49,272 | 77,727 |
| Term loan VI | 19(c) | 7.50 | - | - | 4,071 | 6,107 | 16,227 | 24,838 | 51,243 |

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (iii) Interest rate risk (cont'd)

| Group 2012 | Note | Effective interest rate % | Within 1 year RM'000 | 1 – 2 years RM'000 | 2 – 3 years RM'000 | 3 – 4 years RM'000 | 4 – 5 years RM'000 | More than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Fixed rates** | | | | | | | | | |
| Trade payable | 18(b) | 8.10 | 26,006 | - | - | - | - | - | 26,006 |
| Amounts owing to corporate shareholders | 18(d) | 12.00 | 873 | - | - | - | - | - | 873 |
| Amounts owing to directors | 18(e) | 12.00 | 10 | - | - | - | - | - | 10 |
| Amount owing to a third party | 18(i) | 18.00 | 500 | - | - | - | - | - | 500 |
| Term loan III | 19(b) | 12.00 | 2,006 | - | - | - | - | - | 2,006 |
| **Floating rates** | | | | | | | | | |
| Term loan I | 19(a) | 10.43 | 15,446 | - | - | - | - | - | 15,446 |
| Term loan II | 19(a) | 10.92 | 45,663 | - | - | - | - | - | 45,663 |
| Term loan IV | 19(c) | 6.30 | - | - | 2,307 | 7,912 | 4,591 | 58,797 | 73,607 |
| Term loan V | 19(c) | 7.35 | - | - | 4,642 | 4,642 | 2,866 | 25,792 | 37,942 |

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (iii) Interest rate risk (cont'd)

| Company 2013 | Note | Effective interest rate % | Within 1 year RM'000 | 1 – 2 years RM'000 | 2 – 3 years RM'000 | 3 – 4 years RM'000 | 4 – 5 years RM'000 | More than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Fixed rates** | | | | | | | | | |
| Term loan III | 19(b) | 12.00 | 1,003 | - | - | - | - | - | 1,003 |
| **2012** | | | | | | | | | |
| **Fixed rates** | | | | | | | | | |
| Amount owing from subsidiaries | 13(c) | 0.28 | 51,491 | - | - | - | - | - | 51,491 |
| Term loan III | 19(b) | 12.00 | 2,006 | - | - | - | - | - | 2,006 |

**31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (cont'd)

**(iv) Market price risk**

Market price risk is the risk that the fair value of 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 quoted investments held by the Group. Quoted equity instruments in Malaysia are listed on the Bursa Securities. These instruments are classified as available-for-sale financial assets.

There has been no change to the Group's exposure to market price risk or the manner in which this risk is managed and measured.

<u>Sensitivity analysis for market price risk</u>

The Group has considered the sensitivity of the financial instruments to market price risk and is of the view that its impact is insignificant.

## 32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 3 July 2012, Protokol Elegan Sdn. Bhd. ("PESB") increased its authorised share capital from 100,000 shares of RM1 each to 1,000,000 ordinary shares of RM1 each and issued 10,000 ordinary shares of RM1 each, of which 5,100 shares were allotted to MDSB and the remaining 4,900 shares were allotted to a non-controlling shareholder.

(ii) On 23 July 2012, PESB issued 264,998 new ordinary shares of RM1 each and allotted 135,148 ordinary shares to MDSB and the remaining 129,850 ordinary shares were allotted to a non-controlling shareholder.

(iii) On 25 July 2012, PESB entered into a concession agreement with the Government of Malaysia and UiTM under a Private Financing Initiative basis to build, lease, maintain and transfer a UiTM Institute Latihan at Nilai for a contract sum of approximately RM101,000,000. Upon completion of the campus, the campus will be leased to the Government/UiTM for a period of 20 years and PESB will commence to maintain the facilities and infrastructure of the campus. The concession period of the concession agreement is therefore 23 years (inclusive of the 3 years of construction period).

(iv) On 29 August 2012, Rumpun Positif Sdn. Bhd. increased its authorised share capital from 1,000,000 ordinary shares of RM1 each to 10,000,000 ordinary shares of RM1 each and issued 4,724,998 new ordinary shares of RM1 each of which 2,409,748 ordinary shares were allotted to MDSB and the remaining 2,315,250 ordinary shares were allotted to a non-controlling shareholder.

(v) On 18 December 2012, MDSB issued 50,000,000 new ordinary shares of RM1 each and allotted to the Company fully.

(vi) On 15 April 2013, PESB issued 4,725,000 new ordinary shares of RM1 each and allotted 2,409,750 ordinary shares to MDSB and the remaining 2,315,250 ordinary shares were allotted to a non-controlling shareholder.

## 33. COMPARATIVE FIGURES

(a) The comparative period is from 1 January 2011 to 30 June 2012. Accordingly, the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes of the Group and of the Company are not in respect of comparable periods.

(b) The following comparative figures have been reclassified to conform with the current financial year presentation:

| | Group | | Company | |
|---|---|---|---|---|
| | As reclassified RM'000 | As previously classified RM'000 | As reclassified RM'000 | As previously classified RM'000 |
| **Statement of financial position** | | | | |
| **Non-current assets** | | | | |
| Operating financial asset | 214,418 | - | - | - |
| Receivables | - | 214,082 | - | - |
| **Current assets** | | | | |
| Property development costs | 59,765 | 60,101 | - | - |
| Inventories | 6,017 | 6,017 | - | - |
| Receivables | 1,106 | 1,106 | 70,018 | 70,018 |
| Cash and cash equivalents | 2,353 | 2,353 | 1,054 | 1,054 |
| | 69,241 | 69,577 | 71,072 | 71,072 |
| **Current liabilities** | | | | |
| Payables | 90,406 | 90,406 | 10,214 | 10,214 |
| Borrowings | 63,115 | 63,115 | 2,006 | 2,006 |
| | 153,521 | 153,521 | 12,220 | 12,220 |
| **Net Current (Liabilities)/ Assets** | (84,280) | (83,944) | 58,852 | 58,852 |
| **Equity** | | | | |
| Reserves | | | | |
| Accumulated losses | (56,712) | (57,672) | (2,209) | (3,169) |
| Capital reserve arising from warrants issue | - | 960 | - | 960 |
| **Statement of comprehensive income** | | | | |
| Revenue | 226,362 | 214,411 | - | - |
| Other income | 980 | 12,931 | - | - |
| Administrative expenses | (9,424) | (9,861) | (2,206) | (2,217) |
| Other expenses | (8,952) | (8,515) | (1,411) | (1,400) |

**SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES**

The following analysis of realised and unrealised retained earnings of the Group and of the Company as at 30 June 2013 is presented in accordance with the directive issued by Bursa Securities dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Group RM'000 | Company RM'000 | Group RM'000 | Company RM'000 |
| Total (accumulated losses)/retained earnings of the Company and its subsidiaries: | | | | |
| - Realised | (172,382) | 106,649 | (145,269) | 107,940 |
| - Unrealised | 28,114 | (110,149) | (17,198) | (110,149) |
| Less: Consolidation adjustments | 104,910 | - | 105,755 | - |
| Total Group/Company accumulated losses as per financial statements | (39,358) | (3,500) | (56,712) | (2,209) |

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