MKH

ANNUAL REPORT 2013

Going Beyond

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Going Beyond

Going **Beyond**

For 3 decades, MKH has proven itself to be the premier, time-tested property developer of Kajang and Semenyih. We succeeded in delivering distinction in Kajang, making it one of the fastest growing townships in Malaysia. Going beyond, we transformed ourselves to a metropolitan developer; moving into thriving urban circles such as Damansara, Bangsar and Shah Alam. Now, it is time to bring our expertise into new territory.

We are going beyond our traditional entrenched markets to as far as Kalimantan in Indonesia. We are also going beyond property development; diversifying into oil palm cultivation. And we are going beyond ad hoc CSR initiatives to a holistic approach by engaging stakeholders in education, environment and social issues to ensure long-term sustainability. MKH is constantly moving ahead and boldly **going beyond** into the future to deliver value to all its stakeholders.

Contents

Vision

To be a leading corporation in delivering sustainable growth.

Mission

1. **To lead** the market by continually developing and innovating quality products and projects that meet and exceed market expectations.

2. **To be responsive** to market trends and customer needs.

3. **To provide** a conducive working environment that will encourage the application of creative energy that is guided by industry best practices.

4. **To be a good** and responsible corporate citizen.

5. **To provide** a sustainable return to shareholders.

Core Values

At MKH, we take pride in living a set of shared core values. These core values define our culture and business operations, thus helping us to create value for our clients, our people and our organisation.

Dynamic

We are energetic, moving ahead looking for new opportunities and delivering innovative products.

Reliable

We utilise our experience and financial strength to complete all projects on time or earlier.

Friendly

We greet our colleagues, customers and stakeholders in an approachable manner with a smile and be considerate for each other's feeling.

Professional

We deal with our stakeholders and customers in an efficient, knowledgeable and responsive manner.

Responsive

We listen to requests, understand and if reasonable, execute these requests speedily and efficiently.

Stable

We use our property development expertise, our financial resources and our leadership in Kajang to provide a holistic value to all stakeholders and customers.

CORPORATE PROFILE
MKH TODAY

MKH Berhad, formerly known as (Metro Kajang Holdings Berhad) is an established and respected property developer listed on the Main Market of Bursa Malaysia. Since 1979, MKH has earned a distinguished reputation for building affordable and good quality homes, while 2008 marked the Group's maiden foray into oil palm cultivation.

MKH Berhad ("MKH") succeeded in delivering distinction in Kajang – making it one of the fastest-growing townships in Malaysia. Venturing outwards, we transformed ourselves from a township to a metropolitan developer; moving into thriving urban circles such as Damansara, Bangsar, Shah Alam and Semenyih. To date, we have developed and undertaken more than 25,000 units of mixed development projects with a value exceeding RM4.0 billion.

In line with this growth, we expanded our scope of business to Oil Palm Cultivation in Kalimantan, Indonesia, progressing in a scalable and strategic manner towards a stronger foundation. While property development and oil palm plantation are MKH's core business, the Group is also involved in property investment, property management, construction, trading and furniture manufacturing to provide maximum synergy and cost efficiency.

MKH recognizes the importance of social responsibility with economic performance. Hence, we are committed to business practices that are environmentally responsible and sustainable. We pride ourselves on a 'can do' attitude and our team spirit is evident in every job that we do. The projects we completed are the result of partnerships, experience and an inspiration to succeed.

With so much value being churned from these diversified endeavours, the Group keeps creating new ways to expand a growing dream.

We aim to keep adding distinction, quality and capitalisation in everything we do. At MKH Berhad, we are here to deliver value.

History

The Company's root can be traced back to its establishment in 1979. MKH was incorporated in Malaysia under the Companies Act 1965, as a private limited company on 27 September 1979 under the name of Srijang Bena Sdn. Bhd. The Company later changed its name to Srijang Holdings Sdn. Bhd. and subsequently to Metro Kajang Holdings Sdn. Bhd. On 12 July 1994, it was converted to a public limited company, Metro Kajang Holdings Berhad, which was then listed on the Main Market of the Bursa Malaysia on 18 October 1995.

On 1 April 2011, the Company changed its name to MKH Berhad from Metro Kajang Holdings Berhad. The new corporate name is a major milestone as this represents another step towards creating an elite, regional brand that builds more than 33 years tradition of innovation and growth.

The MKH name with new revamped logo provides us a broader marketplace appeal and scalability that will help us to grow and build long-term brand equity as we look towards the next chapter. We are committed to growing our core businesses in property development and oil palm cultivation while capitalising on new opportunities and building on our strong legacies.

Kajang 2

Saville @ the Park, Bangsar

AWARDS & ACHIEVEMENTS

2013 marked major milestones and achievements for MKH. The growing string of awards and achievements garnered is a testament to MKH's strength as an established and respected property developer in Malaysia, with an uninterrupted 25-year profit track record.

2013

May

Asia Pacific Property Awards

Highly Commended Architecture Single Residence Malaysia

Kajang 2

Highly Commended Residential High Rise Development Malaysia

Saville @ The Park, Bangsar

Jul

HR Asia Survey 2013

Best Companies to Work for in Asia 2013

AWARDS & ACHIEVEMENTS (continued)

Oct

The Egde Malaysia

Top Property Developers Awards 2013

REHDA Recognition Award 2013

REHDA Personality

Group Managing Director,
Tan Sri Datuk Eddy Chen

Nov

IAIR

Best Company for Leadership-Property Development - South East Asia

FIABCI Malaysia

Property Man of the Year 2013

Executive Chairman,
Tan Sri Dato' Alex Chen

Dec

Double dividend payout

From 5 sen to 10 sen per ordinary share.

5 YEARS GROUP
FINANCIAL HIGHLIGHTS

	13 RM'000	*12 RM'000	*11 RM'000	10 RM'000	09 RM'000
INCOME STATEMENT					
Revenue	**688,219**	555,925	342,016	289,217	370,159
Profit Before Taxation	**134,453**	100,087	47,190	41,883	57,744
# Profit After Taxation	**107,148**	75,454	38,768	31,932	42,268
# Profit Attributable to Shareholders of the Company	**103,970**	77,410	39,095	31,575	41,193
BALANCE SHEET					
Issued and Paid up Capital	**349,253**	291,044	264,585	240,532	229,078
# Shareholders' Equity	**953,332**	797,582	753,532	689,805	668,469
RATIOS					
Dividend per share (sen)	**10**	5	5	5	5
@ ^ Net Earnings per share (sen)	**30.39**	23.95	12.09	9.77	12.74
^ Net Assets per share (RM)	**2.73**	2.49	2.35	2.15	2.09
Debt/Equity ratio (%)	**55**	63	50	34	25
Return on Shareholders' Equity (%)	**11**	10	5	5	6

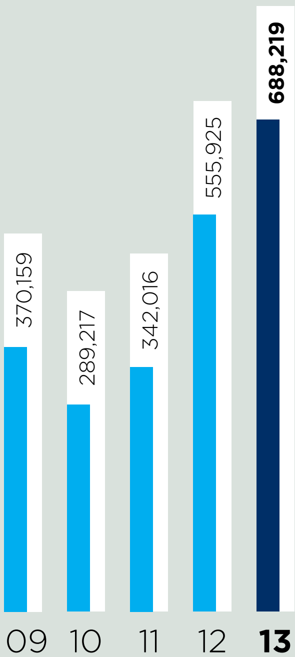
* Represents continuing operations and discontinued operations of the Group.

The preceding years' profit after taxation and profit attributable to shareholders of the Company have been restated to effect the FRS 112 .

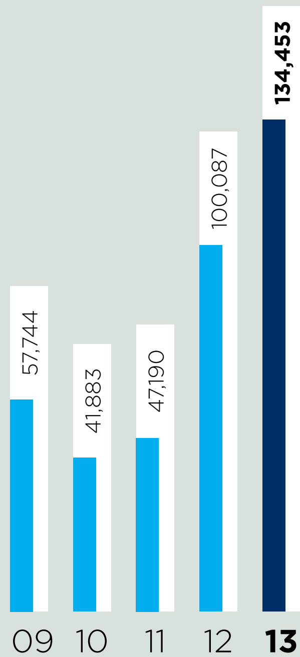
@ Attributable to the equity holders of the Company.

^ The preceding years' net earnings per share and net assets per share have been restated to effect the Bonus Issues made in March 2010, March 2011, May 2012 and January 2013.

5 YEARS GROUP FINANCIAL HIGHLIGHTS (continued)

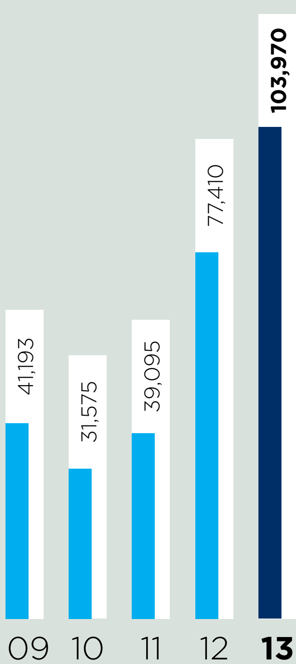


Operating Revenue
(RM'000)
+24%

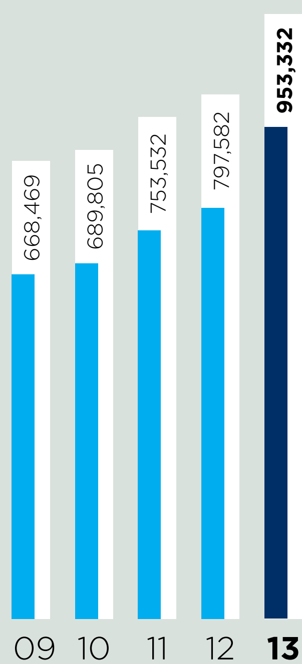


Profit Before Taxation
(RM'000)
+34%

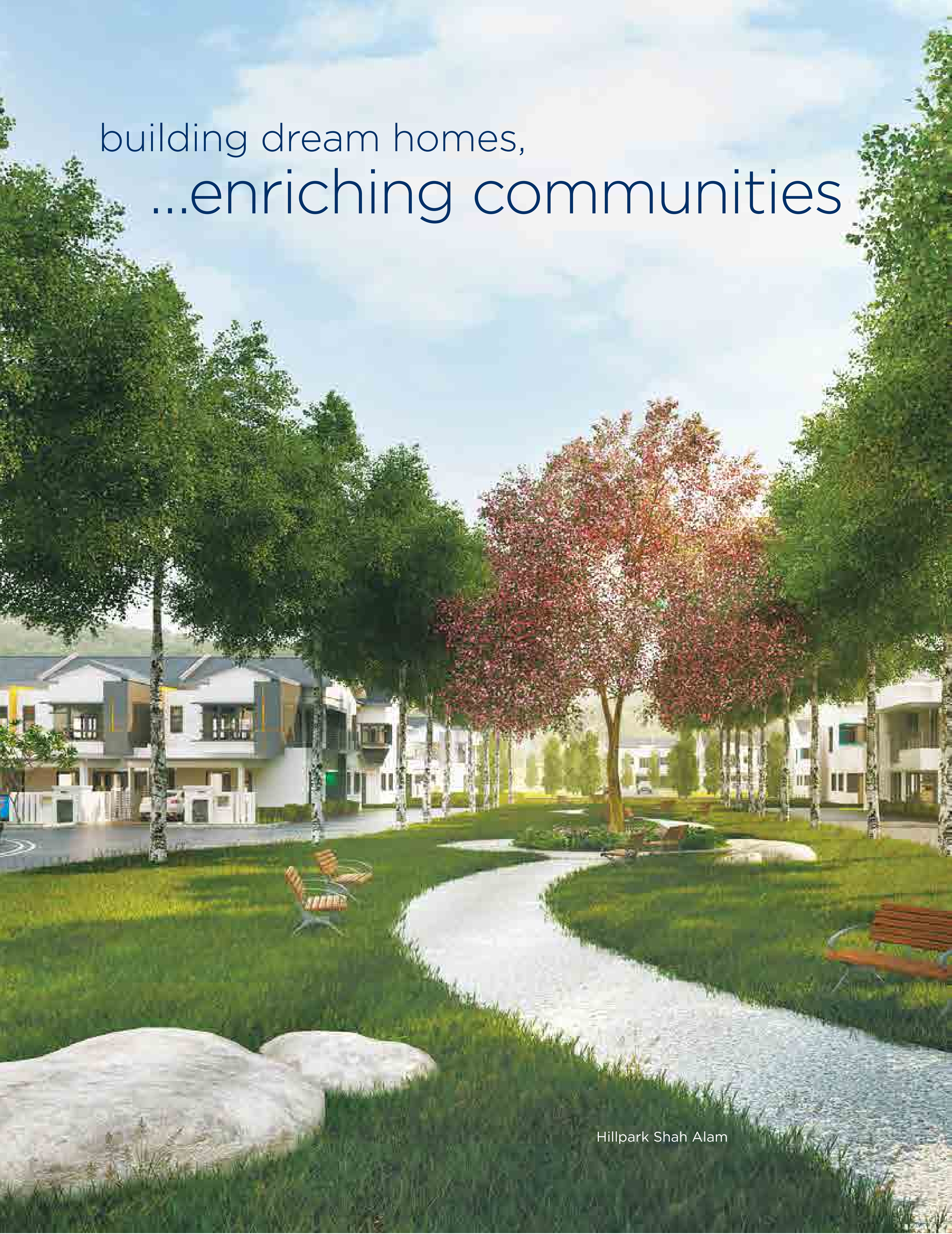
Profit Attributable to Shareholders of the Company
(RM'000)
+34%



Shareholders' Equity
(RM'000)
+20%



Going **Beyond...**



Hillpark Shah Alam

CORPORATE INFORMATION

BOARD OF DIRECTORS

Y. Bhg. Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong
Executive Chairman

Y. Bhg. Tan Sri Datuk Chen Lok Loi
Managing Director

Chen Fook Wah
Deputy Managing Director

Mah Swee Buoy
Executive Director

Haji Othman Bin Sonoh
Independent Non-Executive Director

Mohammed Chudi Bin Haji Ghazali
Senior Independent
Non-Executive Director

Haji Mohamed Bin Ismail
Independent Non-Executive Director

Jeffrey Bin Bosra
Independent Non-Executive Director

Haji Hasan Aziz Bin Mohd Johan
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Jeffrey Bin Bosra

Members
Mohammed Chudi Bin Haji Ghazali
Haji Mohamed Bin Ismail

NOMINATION COMMITTEE

Chairman
Mohammed Chudi Bin Haji Ghazali

Members
Haji Othman Bin Sonoh
Haji Mohamed Bin Ismail

REMUNERATION COMMITTEE

Chairman
Haji Mohamed Bin Ismail

Members
Jeffrey Bin Bosra
Mah Swee Buoy

CHIEF OPERATING OFFICER

Mah Swee Buoy

GROUP COMPANY SECRETARY

Tan Wan San (MIA 10195)

EXTERNAL AUDITORS

Baker Tilly AC (AF 001826)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
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59200 Kuala Lumpur
Tel No : (603) 2297 1000
Fax No : (603) 2282 9980

INTERNAL AUDITORS

KPMG Management & Risk Consulting Sdn Bhd
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel No : (603) 7721 3388
Fax No : (603) 7721 3399

PRINCIPAL BANKERS

Affin Bank Berhad
Al Rajhi Banking & Investment Corporation (Malaysia) Bhd
AmBank (M) Berhad
AmIslamic Bank Berhad
Hong Leong Bank Berhad
Industrial and Commercial Bank of China (Malaysia) Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
OCBC Al-Amin Bank Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
RHB Bank (L) Ltd
RHB Investment Bank Berhad
United Overseas Bank (Malaysia) Berhad

PANEL SOLICITORS

HY Lee & Co.
Khaled Mutang Chan & Lim
Ling & Theng Book
Markiman & Associates
Michael Chen & Co.
Steven Tai, Wong & Partners

REGISTRAR

Tricor Investor Services Sdn Bhd
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Mid Valley City, Lingkaran Syed Putra
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REGISTERED OFFICE

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Wisma MKH, Jalan Semenyih
43000 Kajang
Selangor Darul Ehsan
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Fax No : (603) 8736 5436

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : MKH
Stock No : 6114
Warrant Code : MKH-WB
Warrant No : 6114WB

CORPORATE WEBSITE

www.mkhberhad.com

CORPORATE STRUCTURE

PROPERTY AND CONSTRUCTION DIVISION

- 100% Aliran Perkasa S/B
- 100% Everland Asia Development S/B
- 100% Gerak Teguh S/B
- 100% Gabung Wajib S/B
  - 60% Amona Metro Development S/B
- 100% GK Resort Berhad
  - 70% PNSB-GK Resort S/B
- 100% Intra Tegas (M) S/B
- 100% Kajang Resources Corporation S/B
  - 100% Achieve Acres S/B
- 100% Kumpulan Indah Bersatu S/B
  - 100% Palga S/B
    - 100% Hiliran Juara S/B
- 100% Perkasa Bernas (M) S/B
- 100% Pelangi Semenyih S/B
- 100% Metro K.L. City S/B
- 100% Serba Sentosa S/B
- 99.99% Srijang Kemajuan S/B
- 100% Stand Allied Corporation S/B
- 100% Serentak Maju Corporation S/B
- 100% Sumber Lengkap S/B
- 100% Metro Kajang Development S/B
- 100% Dapat Jaya Builder S/B
  - 45% Rimbunan Melati S/B
- 100% Intelek Kekal (M) S/B
- 100% Metro Kajang Construction S/B
- 100% Pelangi Seri Alam Development S/B
  - 100% Puncak Alam Resources S/B
- 55% Vista Haruman Development S/B
- 100% Budi Bidara S/B
- 100% Petik Mekar S/B

NON-PROPERTIES DIVISION

- 100% Srijang Indah S/B
  - 100% Laju Jaya S/B
  - 100% Maha Usaha S/B
- 100% Metro Kajang Trading S/B
- 100% Metro Tiara (M) S/B
  - 20% Rafflesia School (Kajang) S/B (FKA: Rafflesia Learning Centre (Kajang) S/B)
- 100% MKH Management S/B
- 100% MKH Credit Corporation S/B
- 100% MKH Resources S/B
- 100% Metro Kajang (Oversea) S/B
  - 100% Vast Furniture Manufacturing (Kunshan) Co. Ltd.
- 100% Detik Merdu S/B
  - 95% PT Khaleda Agroprima Malindo
  - 100% PT Nusantara Makmur Jaya
- 100% Vast Marketing & Services S/B
- 100% Global Retreat (MM2H) S/B
- 100% Metro Nusantara S/B
- 100% Intelek Murni (M) Berhad

CHAIRMAN'S STATEMENTS

Dear Valued Shareholders,

On behalf of the Board of **MKH Berhad** ("the Company" or "the Group"), it gives me great pleasure to present the Annual Report and Audited Financial Statements of the Group and of the Company for the financial year ended 30 September 2013 ("FY2013").

Market Environment

The Malaysian economy remains resilient despite facing a more challenging external environment. Against this backdrop, Malaysia being a highly open economy was also affected, with gross exports recording a negative growth of 3.8% during the first half of 2013. Nevertheless, strong domestic demand was able to cushion the negative impact from the external sector. The economy registered real gross domestic product ("GDP") growth of 4.2% during the period.

Given the resilience of the domestic economy and better growth prospects in the US, Japan and China during the second half of the year, the Malaysian economy expanded at a firmer pace in the second half to achieve 4.5% – 5% in 2013. Growth was supported by strong macroeconomic fundamentals as well as accommodative monetary and fiscal policies.

The property market faced many challenges in 2013 with developers, sellers and buyers adopting a "wait and see" attitude prior to the 13th general election during the first half of the year. The aftermath of the election did not bring much clarity and relief as pressure mounted on the government to implement cooling measures aimed to curb speculative activities.

While the market picked up around June, the Budget 2014 announcement in October dampened the market as cooling measures were announced. However, infrastructure projects for the year, most notably the light rail transit ("LRT") extensions and the mass rapid transit ("MRT") project still buoyed the Klang Valley property market. Properties near the LRT and MRT enjoyed robust sales.

2013 is continuing to prove a difficult year for Indonesia's economy. Rupiah currency was down by 13% since early of the year due to current account deficit and uncertainty over US monetary policy. The rupiah fell by 4% in August against the US dollar which was the biggest drop since 2009 and the sharpest drop among 24 emerging-market currencies. Crude palm oil (CPO) prices also saw a dismal performance in the same year due to rising CPO stockpiles and growth in soybean harvests in other countries were responsible for the lower palm oil prices.

Hillpark Shah Alam

Hillpark Shah Alam

CHAIRMAN'S STATEMENTS (continued)

Kajang East

...MKH Berhad ("the Company" or the "Group") achieved **double-digit growth** with **23.8%** jump in revenue hitting **RM688.2 million...**

OPERATIONAL REVIEWS

Despite all the challenges above, I am delighted to announce that MKH Berhad ("the Company" or the "Group") achieved double-digit growth with 23.8% jump in revenue hitting RM688.2 million, from RM555.9 million over the previous year, attributed to its core Property and Plantation divisions. Likewise, the Group's profit recorded an impressive net profit of RM107.1 million representing a 41.9% year-on-year (y-o-y) growth, surpassing RM100 million mark.

Profit Before Tax ("PBT") excluding the net forex losses of RM68.7 million (mainly due to a weaker Indonesia rupiah) surged by 95.9% to RM203.2 million compared to last year. However, due to the strong income stream from both the property and plantation divisions, the Group still continued to enjoy a 34.4% increase in PBT to RM134.5 million.

PROPERTY & CONSTRUCTION DIVISION

The residential and commercial property development sectors remained robust throughout the 2013 calendar year despite a slowing down in its first half due to the uncertainties of the general election outcome. Despite the challenges, there was significant improvement in property development and constructions earnings.

During the year under review, the Group's Property & Construction division chalked up record revenue of RM476.1 million compared to RM390.6 million in the previous year, representing a 21.9% y-o-y growth. The revenue growth was largely attributed to successful launches of the Group's ongoing townships and projects across Kajang-Semenyih and greater Klang Valley ("KV"). This was underpinned by strong demand of residential homes notably Pelangi Semenyih 2, Hillpark Homes 2 in Kajang-Semenyih, Saville @ Melawati in Melawati, Saville@the Park, Bangsar in Bangsar and Pelangi Seri Alam in Puncak Alam.

PBT increased 70% to RM143.8 million from RM84.6 million last year in tandem with growth in revenue, further boosted by a purchase gain of RM31.2 million on the recent acquisition of subsidiaries for a new integrated township development, Hillpark Shah Alam in Puncak Alam and commercial development, MKH Avenue in Kajang town.

The Group achieved another milestone by registering an all-time new sales record of RM580.8 million in its FY2013, compared to RM425.9 million in FY2012. MKH Boulevard in Kajang and Phase 1 of Hillpark Shah Alam, have seen overwhelming response with all sold within a short period of time. Unbilled sales remain at a high of RM503.2 million compared to RM400 million in

CHAIRMAN'S STATEMENTS (continued)


FY2012, which provides the Group an elevated platform for higher visible earnings in FY2014. The impressive property sales were driven by few catalysts such as rising demand for mid-market housing, improved connectivity via major highways and MRT at its focus market, as well as growing affluence in Kajang and Semenyih areas.

PLANTATION DIVISION

The Group ventured into oil palm plantation since January 2008 with a total acreage of 15,942ha in East Kalimantan (35 years + 25 years lease renewable for another 30 years) via 95%-owned P.T. Khaleda Agroprima Malindo. Within a short span of four years, the Group has managed to achieve 14,400 ha of planted area with a 60 metric tonnes (MT)/hour palm oil mill running in full operation since October 2011. From the time the first seedlings were planted, the oil palm division started contributing significantly to Group's revenue with maiden profits after adjusting the forex losses of RM67 million in FY2013. This is a bumper crop for MKH with the Group registering remarkable revenue of RM101.1 million from a low base of RM44.9 million in previous year, representing 125.2% jump y-o-y. PBT after adjusting the forex losses of RM67.0 million rose to RM22.1 million ("adjusted profit") from RM5.2 million last year.

The higher revenue and adjusted profit reported were mainly due to higher harvesting of fresh fruit bunches ("FFB") of 16MT per ha compared to 11.6MT per ha in FY2012 despite lower market CPO prices (-15% y-o-y). The higher CPO production performance is attributed to higher oil extraction rate ("OER") of 21.7% achieved as at September 2013 compared to 19.5% over the same period last year.

HOTEL & PROPERTY INVESTMENT

The Group's asset under the hotel and properties investment division within the prime areas of Kajang and Semenyih encompass two shopping complexes; a 3-Star hotel, office block; four parcels of commercial land leased to two hypermarkets and two leading fast-food restaurants as well as four units of stratified office lots with 125 car park bay. The five-storey Plaza Metro Kajang shopping complex and Metro Point Complex strategically located in the heart of Kajang town continues to enjoy good occupancy rate.

CHAIRMAN'S STATEMENTS (continued)

Kajang East

This division recorded revenue and profit before tax of RM32.3 million and RM16.7 million for the current year as compared to RM32.2 million and RM23.7 million respectively in FY2012. The decline in profit before tax was mainly due to lower recognition of gain on changes in fair value of certain investment properties by RM8.9 million in the current year. This division will continue to provide to provide stable recurring income for the Group.

TRADING

This division, which is mainly involved in the trading of building material and fixture for the Group's property development project, registered PBT of RM4.5 million compared to the FY2012 of RM4.4 million, mainly due to the increase sale of building material to the Group's subcontractors.

MANUFACTURING

For the financial year under review, the furniture manufacturing subsidiary company in China, Vast Furniture Manufacturing (Kunshan) Co. Ltd. recorded a lower PBT of RM19,634.0 as compared to the FY2012 of RM1.3 million, mainly due to insufficient sales revenue and profits to absorb certain fixed production and administrative overheads.

DIVIDEND

The Group remains committed to create value and deliver returns to its shareholders. The Board of Directors has declared a first interim gross dividend of 10 sen per ordinary share for the FY2013, doubled the gross dividend of 5 sen per ordinary share for FY2012.

The Group has been consistently rewarding shareholders, and cash dividends totalling RM26.2 million were paid by the Group to shareholders in December 2013 marking the 18th consecutive year of the Group's commitment. The Group's ability to reward shareholders during these years mirrors the uninterrupted profit growth supported by continuous well-planned explorations, acquisitions of selective landbanks for business expansion and diversification.

THE MKH BRAND

The Group embarked on an intensive rebranding exercise last year through a series of brand-building campaigns to create greater awareness of "MKH" brand in the marketplace. In our bid to refresh "MKH" brand, all our TV commercial, prints and online advertisements reinforced our corporate logo, brand identity and brand proposition riding on "Delivering Value" as our new tagline. Building on the Group's signature brand

"**2013** was an **outstanding** and **eventful** year of awards for the Group. All our years of project achievements and branding efforts did not go unnoticed."

"MKH", this will reflect the freshness of our business, the enthusiasm of our people and the energy of the Group with one single-minded direction; delivering value to all our stakeholders.

The move to enhance our corporate image is in line with our strategy to increase investors' confidence, especially institutional investors who have indicated their interests to be part of our future growth. With our expertise and ever-growing portfolio, we will continue to expand and deliver value in everything we do.

AWARDS & ACHIEVEMENTS

2013 was an outstanding and eventful year of awards for the Group. All our years of project achievements and branding efforts did not go unnoticed. MKH geographical diversification strategy also helps to boost its profile as one of the top developers in the country. For this, MKH was once again on the recipient list of "The Edge Malaysia Top Property Developers Awards 2013".

MKH added another feather in its cap for being awarded "The Best Company for Leadership in Property Development for South East Asia", by International Alternative Investment Review (IAIR) magazine in Hong Kong.

For excellence in project development, MKH's flagship township development Kajang 2 received the coveted "Highly Commended Architecture" for the single residence category, while Saville@The Park, Bangsar, a GBI accredited building, received the "Highly Commended Development" for the residential high rise development category from Asia Pacific Property Awards (APPA).

In terms of human capital, MKH Berhad was voted as the "Best Companies to Work for in Asia 2013" via HR Asia survey. For this, I would like to thank all our dedicated staff for their effort and support for honouring us with this recognition.

I would also like to congratulate our Group Managing Director Tan Sri Datuk Eddy Chen for being conferred the Real Estate and Housing Developers' Association (REHDA) Personality of the Year in acknowledgement of his contribution to REHDA and the industry.

Lastly, I am also humbled by FIABCI Malaysia for honouring me with the "Property Man of the Year 2013" award in transforming, developing and elevating Kajang into a modern township.

CHAIRMAN'S STATEMENTS (continued)

Pelangi Heigths

MKH Avenue

CORPORATE RESPONSIBILITY & SUSTAINABILITY INITIATIVES

As we celebrate our achievements and the many awards won, corporate social responsibility ("CSR") has always been an integral part of our business. The Group goes beyond ad-hoc CSR initiatives to a holistic approach by engaging stakeholders in education, environment and social issues to ensure long-term sustainability. We have elaborated our CSR activities on page 24 to 29 of this Annual Report to enable stakeholders to better assess the Group's sustainability activities.

FUTURE PROSPECTS

With the challenging new fiscal year upon us, our Group's property development and oil palm plantation will be the twin boosters to support our growth momentum and dynamism. Under Budget 2014, a raft of cooling measures was introduced such as the abolition of Developer Interest Bearing Scheme ("DIBS") and doubling of Real Property Gain Tax ("RPGT") on property sales to curb escalating property prices. However, affordable landed residential sector is expected to stay resilient with stable growth especially properties with gated and guarded communities and near infrastructure.

We are fortunate to have an established brand name with strong foothold in Kajang and Semenyih, making us the largest beneficiary of the two MRT stations (Sg. Buloh – Kajang) which are scheduled to be completed by 2017. This is further enhanced by the improving major highways accessibility within greater KV. Demand for affordable housing and landed residential projects will remain strong due to country's growing population and rapid rate of urbanisation. Given the bullish outlook of this market, the Group will continue to launch RM890 million worth of new projects this year, focusing mainly on landed residential and affordable homes apart from commercial properties and integrated lifestyle homes for different market segments.

The affordable projects to be launched this year include the 558-acres new township Hillpark Shah Alam, and Hillpark Homes 3. Hillpark Shah Alam, an integrated township with 50-acres of nature inspired greenery and estimated gross development value ("GDV") of RM1.3 billion is strategically located in Puncak Alam with easy access to 6 major highways. Other projects to be launched include Kajang East and Pelangi Heights gated and guarded homes, MKH Avenue I and MKH Avenue II mixed commercial properties in Kajang and Semenyih.

CHAIRMAN'S STATEMENTS (continued)

With the Group's proven track record in townships development, balanced mix of products range and strategic project locations, we are of the view that our property sales are unlikely to be affected by the recent cooling measures introduced by the government, largely because our properties are mainly targeted at the affordable market segment to match the current demand. We have been active in our land banking activities with amassed undeveloped landbank in excess of 1,000 acres, raising our GDV to close to RM7.0 billion.

"**What** sets the Group apart from other property companies is our foothold in both **property** and **plantation divisions**."

The Group is optimistic with its oil palm plantation division this year despite a young age profile ranging 3-6 years for its 14,400 ha of palm oil estates in East Kalimantan. With expected higher production of FFB this year, we expect a more substantial contribution from our oil palm plantation division as FFB yields improve further. The plantation business is laudable for the Group's sustainable business portfolio and provides long-term recurring income with significant growth over the next 3-4 years when the trees reach prime age. This division is expected to grow exponentially when the trees enter the strongest growth cycle. To further bolster the operational efficiency and meet its rising own FFB production, the Group is in the midst of upgrading its palm oil mill from the current capacity of 60MT/hour to 90 MT/hour. The upgrade is expected to complete by June 2014. As part of our expansion plan, the Group will forge ahead to acquire more land to tap the growing demand for palm oil.

The lacklustre situation in 2013 is expected to improve come 2014. Many industry players are banking on the aggressive domestic mandates for palm biodiesel by Indonesia and Malaysia to be one of the catalyst to drive CPO prices above RM2,500 per tonne in 2014. Higher-than-expected CPO prices will lift Group earnings substantially due to growing contribution from young trees. Furthermore, we believe that the rupiah currency will continue to improve in FY2014 with the positive numbers of recent trade showing a gain of 0.7% to Rp12,285 from its five-year low of Rp12,085 per dollar in January. This signifies the revival of confidence among foreign investors in response to the Indonesian central bank's measures of raising the rates by 1.75% points to attract capital, and government's measures to spur economic growth by 6% this year.

What sets the Group apart from other property companies is our foothold in both property and plantation divisions. While our plantation provides long-term recurring income, the Group is set to be the major beneficiary of the booming property market in Kajang, by virtue of us being the established developer in the area.

ACKNOWLEDGEMENT

In closing, my Board of Directors and I would like to extend our utmost gratitude and sincere thanks to all our valued customers, shareholders, business associates, bankers, and the media for their continuous support.

Last but not least, we thank our management and dedicated 2,000 employees for their unwavering commitment and teamwork in elevating MKH to greater heights.

At MKH, we are here to deliver value.

Tan Sri Dato' Chen Kooi Chiew
Executive Chairman

Going **Beyond...**


Estate in East Kalimantan

our roots in realty

...verdant growth

CORPORATE SOCIAL **RESPONSIBILITY**

MKH Berhad (“**MKH**” or “**the Group**”) is committed towards good corporate social responsibility practices especially in the areas of the workplace, the community, the environment and the marketplace. The Group aims to deliver sustainable value to the society at large and long term value to our shareholders, staff and other stakeholders. We continue to uphold our commitment to conduct business fairly, impartially and in compliance with all laws and regulations of the community and environment we operate in and this is guided by the Malaysian Code on Corporate Governance 2012.

CORPORATE SOCIAL RESPONSIBILITY (continued)

THE WORKPLACE

At MKH, we exhibit a genuine respect and special value for our people. We will continue to take appropriate measures to further develop, reward and celebrate the competency, hard work and expertise of our talents. It is an honour to be recognised as the "*Best Companies to Work for in Asia 2013" via the HR Asia survey*.

We engaged supportive work culture and environment, providing attractive development at all levels and offering competitive performance-based rewards for all employees. We have successfully implemented "*Training Need Analysis*" to provide employees at all levels with the right guidance around career advancement in MKH. This is complemented with targeted training and development platforms for all employees, and programmes to enhance the leadership skills of all managers and leaders in MKH i.e. to equip them with the required skills and knowledge with high commitment. In addition, the Group has established "*Employee Suggestion* Column", an informal avenue for employees to raise matters relating to the welfare of employees, improvements to working conditions, amenities, safety environment, etc.

CORPORATE SOCIAL RESPONSIBILITY (continued)

"We continue to offer competitive compensation that is benchmarked against the **best performing** companies in the same industry..."

During the financial year, in-house trainings, sports activities, family day, yoga, aerobic, line dance classes and team building were carried out to promote healthier lifestyle, team spirit and strengthen camaraderie amongst employees.

To ensure a safe and healthy working condition for our employees and support workers, we have adopted the Malaysian Standard on the Occupational Safety and Health Management System. In addition, necessary preventive actions and risk mitigation measures such as seminar on fire prevention, fire drills, site safety training, fire and flood mitigation surveys have been conducted from time to time.

We continue to offer competitive compensation that is benchmarked against the best performing companies in the same industry, and rewards framework that is closely linked to employees' performance. We will continue with the abovementioned efforts to ensure our employees have clear and equal opportunities to realise their full potential in MKH, and that MKH continues to be the choice of preferred places to work in Malaysia and Asia.

THE COMMUNITY

As a caring and responsible corporate citizen, MKH continues to support the community through its holistic approach including stakeholders engagement, direct cash grants and donations in kind, sponsorships and other contributions as follows:

(a) Education and Individual Development

MKH strongly believes that education is the key to creating a sustainable future for all. Apart from contributing donation to "Chin Mooi Education Foundation and Scholarship" to help the needy students, financial support was also granted to other schools for various purposes such as upgrading educational support facilities, school magazine publications and sports equipments to Sekolah Menegah Kebangsaan Jalan Bukit Kajang, Sekolah Kebangsaan Saujana Impian and Sekolah Kebangsaan Menengah Jalan Empat.

In support of United Nation's Millennium Development Goals of basic education for all children towards the development of the future generation, MKH has set up schools at our estates in Samarinda, Indonesia since 2008, with an aim of

CORPORATE SOCIAL RESPONSIBILITY (continued)

providing basic primary education to the children of plantation workers and other underprivileged children within and neighbouring its plantation. In this manner, MKH could do its part to ensure that underprivileged children in such remote areas in Kalimantan, Indonesia with little or no access to school due to poverty and distance, could have an opportunity to turn their lives around for the better. Apart from the classrooms and teachers' room, the schools are equipped with canteens, playgrounds and other amenities.

In respect of individual development and learning process, internship programme and graduate placement programmes are available for graduate to take up employment in the MKH Group.

(b) Community Health and Services

MKH has established long-term relationships with non-profit organisations such as Malaysian Crime Prevention Foundation ("MCPF") for safer community, Eastern Regional Organisation for Planning and Human Settlements ("EAROPH") for sustainable human settlements and Race Walkers' Association of Malaysia ("RWAM") for healthy lifestyles. In addition, our employees are also encouraged to volunteer their time and expertise to good causes.

During the financial year under review, MKH contributed to amongst others, Sincere Care Home, Kajang, Pertubuhan Kebajikan Yesuvin Mahligai (YM), Selangor, Taiwan Buddhist Tzu-Chi Foundation, MCPF, EAROPH, RWAM, safety gate for Pelangi Semenyih Phase 6 & 7 as well as construction and maintenance of pedestrian bridges in Kajang town.

(c) Sports Event

MKH continues to promote the development of sports and has been an avid supporter of international sports namely the MKH-Putrajaya International 12-Hour Walk, organised by RWAM for the 4th year.

Apart from the above, MKH has contributed to the Royal Selangor Golf Club Program for RSGC Ambank Junior Amateur Open 2013 and Taman Pelangi Semenyih Phase 6 & 7 Futsal championship during the financial year under review.

CORPORATE SOCIAL RESPONSIBILITY (continued)

(d) Plasma Programme

It is an initiative by the Indonesian Government that seeks to encourage plantation owners in Indonesia to provide economic and social assistance to surrounding villagers (small landholders) by helping them increase their income and welfare.

In developing and maintaining the programme, the Group applies the same high standards as that of MKH estates period. Plasma for Desa Sedulang, area planted is 1,350 hectares or 90% out of the total plantable land of 1,500 hectares and as for Plasma Puan Cepak, 406 hectares has been fully planted for the financial year ended 30 September 2013.

THE ENVIRONMENT

The Group recognises the importance of environmental conservation, and adopted the environmentally friendly policy as follows:

(a) installed silt trap and wash throughly at every construction site to reduce the dust and river pollution
(b) waste and construction debris are disposed at approved dumpsites
(c) practice bore-pile to reduce noise pollution during substructure and piling works within Kajang Town
(d) new township development with 50 acres of forest park in “Hillpark Shah Alam”, Puncak Alam
(e) ‘zero-burning’ policy and utilises environmentally friendly techniques during land clearing for oil palm cultivation
(f) installed oil traps at palm oil mill proper interim storage of effluents emitted from palm oil mills to avoid river pollution
(g) Palm Oil Mill Effluent (“POME”) is treated and applied to the field as natural fertiliser.

...**"Saville @ the Park, Bangsar"** and **"Kajang 2"** have won the highly commended High-Rise Development and Architecture Single Residence, Malaysia respectively at the Asia-Pacific Property Awards 2013/2014."

As part of our POME waste management programme, POME is treated in anaerobic ponds. The treated POME is then applied to the fields as natural fertiliser.

THE MARKETPLACE

MKH is committed to continuously enhance value for its shareholders and this is reflected by the Groups' uninterrupted profit track record since 1979. It is our aim to provide high quality products and services to our customers, business partners and associates.

To achieve this, the Group has built good relationships with building material suppliers, sub contractors, customers, tenants and local communities.

During the financial year under review, the Group projects namely "Saville @ the Park, Bangsar" and "Kajang 2" have won the highly commended High-Rise Development and Architecture Single Residence, Malaysia respectively at the Asia-Pacific Property Awards 2013/2014. This is followed by many other accolades won by the Group and individuals within the same year.

The Group is committed in ensuring quality products and has adopted Quality Assessment System in Construction ("QLASSIC") by the Construction Industry Development Board ("CIDB") Malaysia, for its projects. The Group's construction division has also obtained the ISO 9001:2000.

Going **Beyond...**


exceeding customer expectations
...delivering value

DIRECTORS' PROFILE

TAN SRI DATO' CHEN KOOI CHIEW @ CHENG NGI CHONG

Executive Chairman

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, aged 70, a Malaysian, was appointed to the Board on 27 September 1979 and holding the present position as Executive Chairman since 30 October 2006. He is also a member of the Executive Committee. Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong is also the Chairman of The Merchants Club in Kajang and a member of the Yu Hua School Board. He has been involved in business for about 53 years of which 35 years were in property development and construction industries and 21 years were in plantation sector.

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong has been conferred the Panglima Setia Mahkota (PSM) Award which carries the title "Tan Sri" by DYMM Seri Paduka Baginda Yang Di-Pertuan Agong on the occasion of His Royal Highness birthday on 1st June 2013 and also the recipient of the award of "The Property Man of 2013" by FIABCI Malaysia, for his contribution to the property industry. He is the brother of Tan Sri Datuk Chen Lok Loi and Mr. Chen Fook Wah. He has no conflict of interest with the Company.

TAN SRI DATUK CHEN LOK LOI

Managing Director

Tan Sri Datuk Chen Lok Loi, aged 61, a Malaysian, holds a Bachelor of Business Studies (Marketing) from Monash University, Australia. He was appointed to the Board on 31 July 1984 and holding the present position as Managing Director since 19 January 2005. He is also a member of the Executive Committee. Tan Sri Datuk Chen Lok Loi has been conferred the Panglima Setia Mahkota (PSM) Award which carries the title "Tan Sri" by DYMM Seri Paduka Baginda Yang Di-Pertuan Agong on the occasion of His Royal Highness birthday on 1st June 2013 and also the recipient of the "REHDA Personality Award 2013". He has more than 32 years of experience in property development and construction related businesses.

Tan Sri Datuk Chen Lok Loi is a Patron, Past President of Real Estate and Housing Developers' Association (REHDA) of Malaysia and Chairman of the Board of Trustees of the REHDA Institute and sits on various government-private sector committees that formulate policies governing the housing and real estate industry. Tan Sri Datuk Chen Lok Loi sits in Pemudah National Task Force and is also a member of the Advisory Board of the Construction Labour Exchange Berhad, Deputy Chairman for Construction and Property Committee in the Association Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM), the Honorary Treasurer of the Malaysia Crime Prevention Foundation (MCPF) and served as the Deputy President of Eastern Regional Organisation for Planning & Housing Malaysia (EAROPH) Malaysia Chapter. He is also the President of the Race Walkers' Association of Malaysia (RWAM). Tan Sri Datuk Chen Lok Loi is the brother of Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and Mr. Chen Fook Wah. He has no conflict of interest with the Company.

DIRECTORS' PROFILE (continued)

MR. CHEN FOOK WAH

Deputy Managing Director

Mr. Chen Fook Wah, aged 57, a Malaysian, holds a Master of Business Administration from University of Wales. He was appointed to the Board on 25 November 1999 and holding the present position as Deputy Managing Director since 19 January 2005. He is currently a member of the Executive Committee. He was admitted to the Board of Valuers and Real Estate Agent of Malaysia in 1986. Prior to joining the Group, he was with Guthrie Trading Sdn Bhd from 1973 to 1974 and Hilton Realty from 1975 to 1978. He is the brother of Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and Tan Sri Datuk Chen Lok Loi. He has no conflict of interest with the Company.

HAJI OTHMAN BIN SONOH

Independent Non-Executive Director

Haji Othman Bin Sonoh, aged 71, a Malaysian, was appointed to the Board on 24 October 1996. He is also a member of the Nomination Committee. He was a civil servant from 1968 to 1993 in various departments including a position in the Ministry of Finance. He is involved in the supply of telecommunication equipment since 1996. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

MS. MAH SWEE BUOY

Executive Director/Chief Operating Officer

Ms. Mah Swee Buoy, aged 52, a Malaysian, was appointed to the Board on 5 May 2011. She is also a member of the Executive Committee and Remuneration Committee. She started her professional career with Somura Development Sdn Bhd in July 1985. She later joined MKH Berhad in January 1988 as an Accountant. She was promoted to Chief Accountant in 1994 and subsequently promoted to General Manager (Corporate Finance) in 2003. On 19th January 2005, she was appointed as the Chief Operating Officer of MKH Berhad and held the position until today. She does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

EN. MOHAMMED CHUDI BIN HAJI GHAZALI

Senior Independent Non-Executive Director

En. Mohammed Chudi Bin Haji Ghazali, aged 70, a Malaysian, was appointed to the Board on 19 March 2003. He is also a member of the Audit Committee and Chairman of the Nomination Committee. He was attached to Standard Chartered Bank Malaysia Berhad for 36 years and was a Senior Manager prior to his retirement in 1999. He has attended banking courses conducted at National Westminister Bank Staff College, Oxford and Manchester University Business School. He is currently a Board member of Koperasi Serbaguna Anak-Anak Selangor Berhad. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

DIRECTORS' PROFILE (continued)

HAJI MOHAMED BIN ISMAIL

Independent Non-Executive Director

Haji Mohamed Bin Ismail, aged 73, a Malaysian, was appointed to the Board on 18 March 2004. He is the Chairman of the Remuneration Committee and also a member of the Audit Committee and Nomination Committee. He was the State Director of Lembaga Pertubuhan Peladang from 1978 to 1989. He later became the Director General of Lembaga Tembakau Negara ("LTN") from 1990 to 2000 and was the Chairman of LTN from 2001 to 2002. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

HAJI HASAN AZIZ BIN MOHD JOHAN

Independent Non-Executive Director

Haji Hasan Aziz Bin Mohd Johan, aged 73, a Malaysian, was appointed to the Board on 18 July 2013. He holds a Diploma in Agriculture Malaya from College of Agriculture, Serdang, Selangor Darul Ehsan. He started his career in 1962 at the Department of Agriculture, Kuantan, Pahang under the Ministry of Agriculture (soil science division). He was appointed as the advisor to an oil palm plantation company, Watawala Plantations Ltd in Sri Lanka from 2001 to 2003 and later engaged as a Visiting Agent for some of FELCRA Berhad's plantations from 2009 till 2010. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

EN. JEFFREY BIN BOSRA

Independent Non-Executive Director

En. Jeffrey Bin Bosra, aged 45, a Malaysian, was appointed to the Board on 1 August 2008. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee. He is currently a member of The Malaysian Institute of Certified Public Accountants ("MICPA") and The Malaysian Institute of Accountants ("MIA"). He started his professional career with Arthur Andersen & Co. focusing on external audits and business advisory works. He later joined an established commercial group as the Finance Manager from 1996 to 2000. He then joined Ernst & Young as the Senior Manager specializing in corporate governance, risk management, internal audits, special investigation and turnaround management related service. Encik Jeffrey Bin Bosra left Ernst & Young in 2004 and started his own audit firm. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of MKH Berhad ("Board") is pleased to report to shareholders on the manner MKH Berhad ("MKH" or "the Company") and its subsidiaries ("the Group") has applied the Principles, and the extent of compliance with the Recommendations of good governance as set out in the Malaysian Code On Corporate Governance 2012 ("MCCG 2012" or "the Code") issued by the Securities Commission, aimed to enhance the effectiveness of corporate governance framework to safeguard the interest of shareholders and other stakeholders as prescribed under Paragraph 15.25 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements").

The Company and the Group have complied with the relevant Principles and Recommendations set out in the MCCG 2012 during the financial year under review. The Board having duly considered the rationale for the said exception as explained in this Annual Report is committed to comply with the Principles and Recommendations of the MCCG 2012.

THE BOARD OF DIRECTORS

1. Board Responsibilities

The Group is headed by the Board that leads and controls the overall performance of the Group. The role of the Board includes the following six (6) specific areas:-

(a) reviewing and adopting strategic plans for the Group.

(b) overseeing the conduct of the Group's businesses to evaluate whether the businesses are being properly managed.

(c) identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.

(d) succession planning, including the implementation of appropriate systems for appointing, training, fixing the compensation of and where appropriate, replacing senior management.

(e) developing and implementing an investor relations programme for the Company, as it is important that the Company is able to communicate effectively with its shareholders.

(f) reviewing the adequacy and the integrity of the Group's internal control systems and management systems; including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

To ensure effective discharge of its responsibilities, the Board delegates specific powers to other board committees as prescribed under the MCCG 2012:-

(a) Executive Committee;
(b) Audit Committee;
(c) Nomination Committee; and
(d) Remuneration Committee.

Each of the board committees operate within the defined terms of reference that have been approved by the Board. The respective committee chairman will report to the Board on any significant developments and deliberations conducted at the board committee level.

STATEMENT ON CORPORATE GOVERNANCE (continued)

2. Board Composition

During the year in review, the Board, led by an experienced Executive Chairman, Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong was made up of nine (9) members comprising four (4) Executive Directors including the Chairman and Managing Director and five (5) other Non-Executive Directors whom are Independent Directors and in line with MCCG 2012, where the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director.

The composition of the Board was well balanced, representing both the major and minority shareholders' interests and complied with the Listing Requirements where at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must comprise of Independent Directors.

The Board having reviewed its size and composition is satisfied that its current size and composition is well balanced, with diverse professional background, skills, expertise and knowledge in discharging its responsibilities for the proper functioning of the Board and fairly reflects the investment in the Company by shareholders apart from the largest shareholder.

The roles of the Executive Chairman and Managing Director are distinct and separate to ensure a balance of power and authority. The Executive Chairman's primary role is to lead and manage the Board. The Managing Director is responsible for the development and implementation of strategy, and overseeing and managing the day-to-day operations of the Group. The Executive Directors take on the primary responsibility of managing the Group's business and resources, led by the Executive Chairman, Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and the Managing Director, Tan Sri Datuk Chen Lok Loi.

As part of its commitment, the Board supports the highest standards of corporate governance and the development of best practices for the Company. The Independent Non-Executive Directors as defined under Paragraph 1.01 of the Listing Requirements are independent from management and are free from any business or other relationships that could materially interfere with the exercise of their independent judgement. Independent Non-Executive Directors are required to voice their reservations of any Board decisions in areas such as policies and strategies which could be detrimental to the interest of the minority shareholders.

The Board has identified and appointed Mohammed Chudi Bin Haji Ghazali as the Senior Independent Non-Executive Director to whom concerns of shareholders, management and others may be conveyed. The Independent Directors led by Mohammed Chudi Bin Haji Ghazali provide a broader view, independent and balanced assessment of proposals from the Executive Directors. The Board is assisted by a management team relevant to the Group's business operations.

3. Gender Diversity

The Board acknowledges the recommendation of the Code on gender diversity. It was advocated that the Board should ensure participation of women in the Board to reach 30% by year 2016. However, the Board has not established the policy on gender diversity. Nevertheless, the Board is committed to provide fair and equal opportunities and nurturing diversity within the Group.

4. Tenure of Directors

Pursuant to Recommendation 3.2 of MCCG 2012, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, the Board does not have a policy on the tenure of Independent Directors as at this juncture.

Out of the five (5) Independent Non-Executive Directors, three (3) Independent Directors with vast experience in either banking industry or civil servant and/or plantation industry, have served the Company for more than nine (9) years and over the years have developed deeper understanding of the Group's diversified businesses and is able to perform their duty diligently and in the best interest of the Company and provides broader view, independent and balanced assessment of proposals from the Management.

The Board intends to seek shareholder's approval in the forthcoming Annual General Meeting to retain Mohammed Chudi Bin Haji Ghazali and Haji Mohamed Bin Ismail as Independent Directors.

5. Board Charter

The Board has adopted a Charter, which sets out the Board's strategic intent and outlines the Board's roles and responsibilities including the vision and mission and principles of the Company and the policies and strategy development of the Group. The Charter also serves as a source of reference and primary induction literature, providing insights to new Board members.

The Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Charter is available for reference at the Company's website at www.mkhberhad.com.

STATEMENT ON CORPORATE GOVERNANCE (continued)

6. Board Meetings

The Board meets at least 4 times a year and has a formal schedule of matters reserved to it. Additional meetings are held on an ad-hoc basis to deliberate on matters requiring its immediate attention. The Board is supplied with full and timely information to enable it to discharge its responsibilities. During these meetings, the Board reviews the Group's financial performance, business operations, reports of the various board committees and results are deliberated and considered. Management and performance of the Group and any other strategic issues that affect or may affect the Group's businesses are also deliberated.

During the financial year, the Board met five (5) times; whereat it deliberated and considered a variety of matters affecting the Company's operations including the Group's financial results, business plan and direction of the Group. A summary of attendance for each of the Board of Directors are as follows:

Name of Director	No. of Meetings Attended
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	5/5
Tan Sri Datuk Chen Lok Loi	4/5
Chen Fook Wah	5/5
Mah Swee Buoy	5/5
Haji Othman Bin Sonoh	5/5
Mohammed Chudi Bin Haji Ghazali	5/5
Haji Mohamed Bin Ismail	4/5
Jeffrey Bin Bosra	4/5
Haji Hasan Aziz Bin Mohd Johan*	1/1

* Appointed w.e.f. 18/07/2013

In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approval will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

7. Supply of Information

Directors have access to all information within the Company and to the advice and services of a competent Company Secretary who is qualified under the Companies Act, 1965 and is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with. The Directors may seek independent professional advice, at the Company's expense, if required in furtherance of their duties. The Board recognises that the Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board.

STATEMENT ON CORPORATE GOVERNANCE (continued)

8. Retirement by Rotation and Re-Election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subjected to re-election by the shareholders in the next Annual General Meeting ("AGM") subsequent to their appointment. At least one third (1/3) of the Directors are required to retire from office by rotation annually and subject to re-election at each AGM. All Directors shall retire from office at least once in three (3) years but shall be eligible for re-election.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next AGM and shall then be eligible for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are or over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold office until the conclusion of the next AGM.

Haji Othman Bin Sonoh, who is over 70 years of age will be retiring from the Board at the Conclusion of the 34th AGM.

9. Directors' Training

In order to keep abreast with the latest regulatory development, all Directors are required to attend the Mandatory Accreditation Programme ("MAP") including Haji Hasan Aziz Bin Mohd Johan, who joined the Board on 18 July 2013, conducted by Bursatra Sdn Bhd.

The Nomination Committee has taken on the responsibility in evaluating and determining the specific and continuous training needs of the Directors on a regular basis. The Directors have attended courses/conferences and/or in house training from time to time to enhance their skills and knowledge and to keep abreast with the relevant changes in laws, Listing Requirements, regulations and business environment in order to discharge their duties more effectively.

The training programmes, seminars and/or conferences attended by the Directors during the financial year are as follows:

Director	Training/ Seminars/ Conferences
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	• Personal Data Protection Act (PDPA) 2010 conducted by M/S Raja Darryl & Loh (In house training)
Tan Sri Datuk Chen Lok Loi	• The 3rd International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM 2012) • The 15th Malaysia Strategic Outlook Conference "A Nation Transformed - Unleashing Its Potential, Shaping the Future, Managing Challenge" • Greater Kuala Lumpur & Smart Cities Summit • Personal Data Protection Act (PDPA) 2010 conducted by M/S Raja Darryl & Loh (In house training)

STATEMENT ON CORPORATE GOVERNANCE (continued)

9. Directors' Training (continued)

The training programmes, seminars and/or conferences attended by the Directors during the financial year are as follows: (continued)

Director	Training/ Seminars/ Conferences
Chen Fook Wah	• 8^{th} Indonesian Palm Oil Conference and 2013 Price Outlook • Advocacy Session for Directors 2013 conducted by Bursa Malaysia Securities Berhad • Personal Data Protection Act (PDPA) 2010 conducted by M/S Raja Darryl & Loh (In house training)
Mah Swee Buoy	• Directors' Remuneration Seminar 2013 conducted by Malaysian Institute of Corporate Governance • Personal Data Protection Act (PDPA) 2010 conducted by Legal Net Asia
Haji Othman Bin Sonoh	• The Malaysian Code on Corporate Governance 2012 & Statement on Risk Management conducted by KPMG Management & Risk Consulting Sdn Bhd • Advocacy Session for Directors 2013 conducted by Bursa Malaysia Securities Berhad
Mohammed Chudi Bin Haji Ghazali	• National Enterprise Risk Management Conference For the Public & Private Sector 2013 conducted by Federation of Public Listed Companies ("FPLC") • Advocacy Session for Directors 2013 conducted by Bursa Malaysia Securities Berhad
Haji Mohamed Bin Ismail	• National Enterprise Risk Management Conference For the Public & Private Sector 2013 conducted by FPLC
Jeffrey Bin Bosra	• National Enterprise Risk Management Conference For the Public & Private Sector 2013 conducted by FPLC
Haji Hasan Aziz Bin Mohd Johan	• Mandatory Accreditation Programmed conducted by Bursatra Sdn Bhd ("Bursatra") • Governance in Action conducted by Bursatra

Apart from the above, Directors are also kept informed of the latest regulatory developments by the Company Secretary.

10. Board Committees

To assist the Board to discharge its role and functions effectively, the Board has delegated certain responsibilities to the various Board Committees operate within defines terms of reference that have been drawn up in accordance to the best practices prescribed by the Code as follows:-

10.1 The Executive Committee

The Executive Committee which meets at least once a month to examine strategic matters, policies and business risks which may affect the Group such as any new investment proposed to be undertaken by the Group and reviews the performance of each of the Group's business divisions. Collectively, they are responsible to oversee the running of the Group's affairs.

10.2 The Audit Committee

The Audit Committee's composition complies with the Listing Requirements. The key functions and responsibilities of the Audit Committee, its activities during the financial year, details of attendance of each member and the number of meetings held are set out on pages 47 to 48 of this Annual Report.

10.3 Risk Management Committee

The Risk Management Committee whose current members comprised of three (3) members from the Senior Management assists the Audit Committee and the Board in discharging its risk management and control responsibilities.

In fulfilling the primary objectives, the Risk Management Committee has been tasked to identify and communicate the existing and potential critical risk areas faced by the Group and the management action plans to mitigate such risks by working with the internal auditors in providing periodic reports and updates to the Audit Committee.

10.4 Nomination Committee

The Nomination Committee was established on 27 November 2012 and comprises of three (3) members, all of whom are Independent Non-Executive Directors. The members of the Nomination Committee and their attendance at the Nomination Committee meeting held during the year under review are as follows:

Committee Members		Attendance
Mohammed Chudi Bin Haji Ghazali	Chairman	1/1
Haji Othman Bin Sonoh	Member	1/1
Haji Mohamed Bin Ismail	Member	0/1

STATEMENT ON CORPORATE GOVERNANCE (continued)

10. Board Committees (continued)

10.4 Nomination Committee (continued)

The Nomination Committee is empowered by the Board among others to recommend to the Board right candidate with the necessary skills, experience and competencies to be filled in the Board and Board Committees, re-election and re-appointment of Directors, assesses the effectiveness of the Board, board structure, size and composition.

For the financial year ended 30 September 2013, the Committee held one (1) meeting. The Committee discussed the nomination of one (1) Independent Non-Executive Director to the Board as well as formalised the annual assessment and recruitment process of Directors.

10.5 Remuneration Committee

The Remuneration Committee was established on 27 November 2012 and comprises of three (3) members, majority of whom are Independent Non-Executive Directors. The members of the Remuneration Committee and their attendance at the Remuneration Committee meeting held during the year under review are as follows:

Committee Members		Attendance
Haji Mohamed Bin Ismail	Chairman	1/1
Jeffrey Bin Bosra	Member	1/1
Mah Swee Buoy	Member	1/1

The Remuneration Committee is responsible for recommending to the Board on the remuneration framework and packages of all Directors and in the case of Non-Executive Directors' fees including Board Committees' fees, the approval of the shareholders is required. The Directors shall abstain from deliberating and voting's on their own remuneration.

For the financial year ended 30 September 2013, the Committee held one (1) meeting to deliberate and approve remuneration package for the Executive Directors.

11. Directors' Remuneration

The Director's remuneration is linked to experience, scope of responsibilities, service seniority, performance and published market survey information.

(a) Aggregate remuneration of Directors categorised into appropriate components:-

Remuneration (RM)	Executive	Non-Executive
Fees	-	210,000
Other emoluments *	12,859,738	91,160
Estimated monetary value of benefits-in-kind	100,581	5,300
Total	12,960,319	306,460

* Includes provision for retirement gratuity of the Group amounting to RM241,920 (2012: RM8,870,400) for certain eligible Directors of the Company.

(b) Breakdown of Directors' remuneration for the year ended 30 September 2013, by category and in each successive band of RM50,000 are as follows: -

Range of Remuneration (RM)	No. of Directors Executive	No. of Directors Non-Executive
1 - 50,000	-	1
50,001 - 100,000	-	4
100,001 - 1,000,000	-	-
1,000,001 - 1,050,000	1	-
1,050,001 - 1,550,000	-	-
1,550,001 - 1,600,000	1	-
1,600,001 - 4,050,000	-	-
4,050,001 - 4,100,000	1	-
4,100,001 - 5,200,000	-	-
5,200,001 - 5,250,000	1	-
Total	4	5

STATEMENT ON CORPORATE GOVERNANCE (continued)

12. Accountability and Audit

12.1 Financial Reporting: Statement of Directors' Responsibilities in respect of the Audited Financial Statements

The Board aims to provide and present a balanced and meaningful assessment of the Company's financial performance and prospects at the end of the financial year, primarily through the financial statements; the Chairman's Statement and Operations Review in the Annual Report.

In preparing the above financial statements the Directors have:

- adopted suitable accounting policies and then apply them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable approved accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

12.2 Internal Audit Function

(a) The internal audit function and its role

To assist the Audit Committee in assessing the adequacy and integrity of the Group's system of risk management and internal controls, the Company outsourced its internal audit function to KPMG Management & Risk Consulting Sdn Bhd, an independent professional firm, which reports directly to the Audit Committee.

The principal role of the internal audit function is to undertake, on a prioritized approach, an independent and systematic assessment of the Group's system of risk management and internal controls as established by Management in addressing the principal business risks faced by the Group. In conducting internal audit of the Group, the internal audit function deployed professional standards promulgated by the Institute of Internal Auditors. During the financial year under review, weaknesses noted in the said system and areas that required improvement, including the recommendations thereof and action plans agreed to be deployed by Management to address the issues raised, were highlighted by the internal audit function by way of internal audit reports issued to the Audit Committee.

(b) Internal audit activities carried out during the financial year under review

The internal audit function conducted its work based on an annual internal audit plan which was tabled before, and approved by, the Audit Committee. The main activities carried out by the internal audit function are set out below:

(i) Conduct of internal audit

The internal audit function adopted a risk-based approach in identifying specific areas and processes to be covered. During the financial year under review, the internal audit function focused on selected key processes of the Group's Property Division and Plantation Division. Issues relating to control deficiencies and areas for improvements on project management, finance, human resource management, governance and regulatory compliance, plantation management and mill management, including the relevant recommendations to address the issues noted, were highlighted in internal audit reports which were furnished to the Audit Committee; and

12. Accountability and Audit (continued)

12.2 Internal Audit Function (continued)

(ii) Follow-up on internal audit

The internal audit function also performed a follow-up on the status of Management-agreed action plans on recommendations raised in previous cycles of internal audit. A follow-up report was issued to highlight those issues that had yet to be fully addressed by Management, including specific timelines for those outstanding matters to be resolved.

Whilst reports issued by the internal audit function for the financial year under review were tabled at Audit Committee meetings, Management was present at such meetings to provide pertinent clarification or additional information to address questions raised by Audit Committee members pertaining to matters raised by the internal audit function.

(c) Cost of internal audit

The cost of the internal audit function for the financial year under review amounted to approximately RM138,000 (2012: RM67,000).

12.3 External Audit

The Company's independent External Auditors fill an essential role for the shareholders by enhancing the reliability of the Company's financial statements and giving assurance of that reliability to users of these financial statements.

The External Auditors will communicate to the Audit Committee and the Board when they become aware of any significant weaknesses in the Company's system of internal control, including fraud, during the course of their audit.

13. Relations with Shareholders, Investors and Media

The Board recognises the need for stockholders and the wider investment community to ensure that they are kept informed of all material business matters affecting the Group. This is done through timely dissemination of information on the Group's performance and major developments which are communicated via the following channels:-

(a) the Annual Report and relevant circulars despatched to shareholders and published in the Company's website and Bursa Securities
(b) the convening of Annual General Meeting ("AGM") and/or Extraordinary General Meeting ("EGM")
(c) the release of various disclosures and announcements including quarterly financial announcements
(d) press releases and analysts briefings.

STATEMENT ON CORPORATE GOVERNANCE (continued)

13. Relations with Shareholders, Investors and Media (continued)

The Company leverages on the use of information technology by maintaining a corporate website at http://www.mkhberhad.com for effective dissemination of information which shareholders or other stakeholders can easily access to the latest corporate information of the Group. All information released to Bursa Securities is posted on the Investor Relations section of the website at http://mkh.irplc.com. In addition, the Company has also appointed an Investor Relations firm to carry out the Group's Investor Relations programme and organise meeting with the financial analysts on quarterly basis.

The Group's investor relationship is helmed by the Executive Director/ Chief Operating Officer ("COO"), Financial Controller and General Manager, who attend to various investors namely funds managers and investment analysts, while the Corporate Communications Manager will communicate with members of the media.

In addition, the Group has appointed Ms. Helen Mah Swee Buoy the Executive Director / COO to respond to shareholder's queries and concerns pertaining to the Group via email at ir@mkhberhad.com.

The AGM which is held once a year is the principal forum for dialogue with individual shareholders. At the Company's AGM, shareholders have direct access to the Board and are given the opportunity to ask questions during the AGM. The shareholders are encouraged to ask questions both about the resolutions being proposed or about the Company's operations in general. The Chairman of the Board also addresses the shareholders on the review of the Company's operations for the financial year and outlines the prospects of the Company for the new financial year. Additionally, immediately after the AGM, the Board also meets members of the press.

The External auditors of the Company are invited to attend the AGM to answer any questions relating to the conduct of the audit and contents of the Auditor's Report.

14. Codes and Policies

(a) Code of Ethics and Conduct

The Board is committed to create a corporate culture that adhere to the best practices of corporate governance and to uphold high standard of corporate conduct. The Code of Ethics and Conduct which set out the ethical standards and appropriate conduct at work adopted by the Group and is applicable to all employees and Directors of the Group.

The details of the Code of Ethics and Conduct is available for reference at the Company's website at www.mkhberhad.com.

(b) Whistleblowing Policy

In line with good corporate governance practices and with the introduction of the Whistleblower Protection Act 2010, the Board has put in place a mechanism for its employees and stakeholders to report any concerns relating to possible improper conduct within the Company in matters relating to financial, compliance, misconduct, wrongdoing and other malpractices in an appropriate manner.

The details of the Whistleblowing Policy is posted on the Company's website at www.mkhberhad.com for ease of access and reference.

The Board has reviewed and approved the inclusion of this Corporate Governance Statement in the Annual Report.

AUDIT COMMITTEE **REPORT**

1. Role of Audit Committee

The Audit Committee assists, supports and implements the Board's responsibility to oversee the Group's operations in the following manner: -

- provides a means for review of the Group's processes for producing financial data, its internal controls and independence of the Group's External and Internal Auditors.
- reinforces the independence of the Group's External Auditors.
- reinforces the objectivity of the Group's Internal Auditors.

2. Key Functions and Responsibilities

The key functions and responsibilities of the Audit Committee are as follows:

(a) to review the quarterly results and year-end financial statements of the Company and its subsidiaries focusing particularly on any changes in accounting policies and practices, significant adjustments arising from the audit, the going concern assumption and compliance with accounting standard and other legal requirements;

(b) to discuss matters arising from the interim and final audits, and any matters that the External Auditors may wish to discuss (in the absence of Management);

(c) to review the adequacy of the scope of internal audit programme and results of the internal audit process and where necessary ensure that appropriate actions are taken on the recommendations of the internal audit findings;

(d) to recommend to the Board the appointment of the External Auditors and Internal Auditors and the audit fee thereof;

(e) to review any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(f) to review the major findings of internal audit investigations and management's response; and

(g) to review any External Auditors' management letter (if any) and management's response.

3. Membership and Meetings of the Committee

The Audit Committee comprises the following members:-

- Jeffrey Bin Bosra - Chairman
  (Independent Non-Executive Director)
- Mohammed Chudi Bin Haji Ghazali - Member
  (Senior Independent Non-Executive Director)
- Haji Mohamed Bin Ismail - Member
  (Independent Non-Executive Director)

AUDIT COMMITTEE REPORT (continued)

During its tenure, the Audit Committee met four (4) times during the financial year, details as follows: -

Name of Audit Committee Members	No. of Meetings Attended
Jeffrey Bin Bosra	4/4
Mohammed Chudi Bin Haji Ghazali	4/4
Haji Mohamed Bin Ismail	3/4

The meetings were structured through the use of agendas and relevant board papers which were distributed to the Audit Committee prior to such meetings. The Chief Operating Officer and the Group Financial Controller were also present in these meetings. Representatives from the external and/or the internal auditors also attended the meetings upon invitation where matters relating to the external and internal audit were discussed.

4. Activities Undertaken By The Audit Committee

During the financial year, the activities of the Audit Committee were as follows:-

- Reviewed the financial statements and unaudited quarterly financial results and announcements of the results before recommending for the Board of Directors' approval;
- Reviewed the scope of the audit plan from the Internal Auditors and External Auditors;
- Reviewed the audit reports and recommendation to improve internal control and management's response thereto; and
- Reviewed and recommended to the Board the appointment and/or re-appointment of the External Auditors.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function with the appointment of the professional accounting firm, KPMG Management & Risk Consulting Sdn Bhd since 30 April 2001.

This report has been reviewed and approved for inclusion in this Annual Report by the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance 2012 ("the Code") sets out the Principles and Recommendations for the Board of a company listed on the Bursa Malaysia Securities Berhad ("Bursa Securities") to establish a sound risk management framework and internal controls system to safeguard shareholders' investment and the Group's assets. The Board is committed to establish a sound framework to manage risks and is pleased to provide the following statement in accordance with Paragraph 15.26(b) of Bursa Securities Listing Requirements and guided by Principle 6 and Recommendation 6.1 of the Code on recognizing and managing risks within the Group.

BOARD'S RESPONSIBILITIES

The Board acknowledges its responsibilities for establishing a sound risk management framework and internal control system to manage risks. The Board's responsibilities include:-

(a) determine the Group's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets;

(b) committed to articulating, implementing and reviewing the Group's internal controls system for risk management; and

(c) periodic testing and/or conduct of the effectiveness and efficiency of the internal controls procedures and processes to ensure that the system is viable and robust.

However, due to the limitations inherent in any internal control system, it should be noted that such system is designed to manage rather than to eliminate the risk of failure to achieve the Group's business objectives. Therefore, the system can only provide a reasonable and not absolute assurance against material misstatement or loss. The internal control system or framework of the Group covers, inter-alia, risk management, financial, operational and compliance controls.

Accompanying the maintenance of an appropriate internal control system, is an on-going process to identify, evaluate, monitor and manage principal risks faced by the Group and this process is reviewed quarterly by the Board and accords with the *"Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers"* published by the Taskforce on Internal Control.

The process is undertaken by the Audit Committee which reports its findings to the Board. Whilst the Audit Committee has delegated the implementation of the internal controls system within an established framework to the management, it is assisted by an internal audit function which provides an independent assessment and the relevant assurance on the effectiveness, adequacy and integrity of the internal control based on findings from internal audit reviews carried out during the financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

RISK MANAGEMENT FRAMEWORK

The Board recognizes that an effective risk management framework will allow the Group to identify, evaluate and manage risks that affect the achievement of the Group's business objectives within defined risk parameters in a timely and effective manner. The group is exposed to operating risks and various financial risks as follows:-

(a) Operational Risks

Operational risks arise from the execution of the Company's core businesses and competencies to manage including risks relating to health and safety, quality, inadequate skilled workforce and adverse climatic conditions. The management is guided by approved standard operating procedures and quality controls to ensure that all business units are functional.

The Group continue to offer competitive compensation that is benchmarked against the best performing companies in the same industry, and rewards framework that is closely linked to employees' performance to attract and retain a skilled workforce to meet existing and future needs. The oil palm plantation division emphasise on good agricultural practices, water conservation and irrigation measures to sustain high production yields of fresh fruit bunches.

(b) Financial Risk

(a) Credit and liquidity risks arise from the inability to recover debts in a timely manner which may adversely affect the Group's profitability, cash flow and funding. In order to minimize such exposures, tightening of credit control, close monitoring of collections and overdue debts were carried out.

(b) Interest rate risks arise mainly from the Group's borrowings in the form of term loan, overdraft and revolving credit facilities to meet capital expenditures and working capital requirements.

(c) Commodity risk arises from the volatility of commodity prices such as crude palm oil ("CPO") and palm kernel are affected by factors such as weather, government policies, supply and demand, and competition from substitution products as well as currency fluctuation.

(d) Foreign exchange risk arises from movements in foreign currency exchange rates. The Group's reporting currency is Malaysian Ringgit ("RM"). The majority of the Group's plantation division borrowing is denominated in United States Dollar ("USD") and RM, while the majority of the Group's expenses and sales of CPO and palm kernel is denominated in Indonesian Rupiah ("IDR").

As the CPO is a internationally traded commodity mainly in USD, there is a natural hedge as the selling price of the CPO in IDR has a positive correlation with the strengthening of the USD currency. In addition, the Group constantly monitors and compare the net selling price of CPO in the local Indonesian market (in Rupiah), ex – Pasir Gudang in Malaysia (in RM) and ex – Port Rotterdam (in USD) and the foreign exchange rate to ensure that the Group is selling the CPO at the best possible price.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

The Board with the assistance of the Audit Committee, the Risk Management Committee and the Internal Auditors, Messrs KPMG Management & Risk Consulting Sdn Bhd, continuously review existing risks and identify new risks that the Group faces and management action plans to manage the risks.

To further enhance the risk management process within the culture of the Group, review of existing risks and identification of new risks is also conducted annually with involvement of selected management and staff. In addition, nominated key management in each business unit have prepared action plans to address key risks and control issues highlighted by the Internal Auditors.

During the financial year ended 30 September 2013, the Risk Management Committee has:

(a) reviewed management action plans presented by the nominated key management of certain business units of the Group;

(b) reviewed the Group's quarterly financial and non-financial performances measured against the approved budget;

(c) reported its findings on major issues relating to risks and risk management to the Audit Committee on quarterly basis which then reports to the Board;

(d) reviewed new property development projects and business investment in the subsidiaries and/or associates;

(e) monitored financial performances and the progress of corrective actions/implementation for highlighted issues; and

(f) implemented standardized policies and procedures to address the financial and operational controls of the Group.

INTERNAL AUDIT FUNCTION

During the financial year, the Audit Committee continued to engage the services of an external professional firm, Messrs KPMG Management & Risk Consulting Sdn Bhd, distinct from the external auditors, to provide independent internal audit services to the Group, who reports independently to the Audit Committee. The internal audit function provides the Audit Committee with periodic reports, based on the audits conducted, highlighting observations, recommendations and management action plans to improve the internal control system and contribute towards improving the Group's risk management.

The key role of the internal audit function is to assess management's adherence to establish policies and procedures as well as to act as an independent sounding board to the Audit Committee concerning areas of weaknesses or deficiencies in the risk management, governance and control processes for appropriate remedial measures to be carried out by the management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

Risk Management Committee also assists the Board and the Audit Committee to identify critical risks that the Group faces and proposes management action plans to manage the risks on an ongoing basis. The Committee will present the Group's risk profile and control measures to the Audit Committee.

OTHER RISKS AND CONTROL PROCESS

Apart from risk management and internal audit, the Board has put in place an organizational structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability.

The Executive Committee, comprising Executive Directors and certain key management staff, reviewed the monthly financial information which includes actual results compare against budget, explanation on significant variances and management actions taken, where necessary. In addition, the Audit Committee and the Board reviewed the quarterly financial results. Where areas of improvement in the internal control system are identified, the Board considered the recommendations made by the Audit Committee and the Risk Management Committee.

Other key elements of the system of internal control of the Group are as follows:-

(a) the implementation of a whistle-blowing policy and procedure has provide a channel for legitimate concerns to be raised by employees to the Senior Independent Director; and

(b) the establishment of Code of Ethics and Conduct which governs the policies and guidelines to assist the Directors and employees of the Group in defining ethical standards and appropriate conduct at work in discharging their duties and responsibilities.

REVIEW BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of Bursa Securities Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5, Guidance for Auditors on the Review of Directors' Statement on Internal Control, issued by the Malaysian Institute of Accountants.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control of the Group. RPG 5 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

MANAGEMENT ASSURANCE

In accordance with the requirements of the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers,* the Managing Director and Chief Operating Officer have given reasonable assurance to the Board that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

BOARD'S CONCLUSION

The Board is of the view that an appropriate internal control system, procedures and processes in operation during the year in review was reasonably adequate and sufficient to safeguard the assets of the Group and interest of shareholders. For the financial year under review, there were no significant control failures or weaknesses that result in material losses and require disclosure in the Group's Annual Report were identified.

This Statement has been approved by the Board on 6 January 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required under Paragraph 15.26(a) of the Main Market Listing Requirements to issue a statement explaining their responsibility in the preparation of the annual audited financial statements.

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results of the operations, changes in equity and cash flows of the Group and of the Company for the financial year.

In preparing those financial statements, the Directors are required to: -

- use appropriate accounting policies and consistently apply them;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable approved accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

This Statement has been approved by the Board on 6 January 2014.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with Part A of Appendix 9C of the Listing Requirements, the following are additional information in respect of the financial year ended 30 September 2013 to be disclosed in this Annual Report:-

1. Utilisation of Proceeds Raised from Corporate Proposals

The Company has on 10 January 2013, completed its Renounceable Rights Issue with free detachable Warrants and Bonus Share ("Rights Issue Exercise" or "Corporate Exercise"). Pursuant to the Rights Issue Exercise, additional 29,104,378 ordinary shares of RM1.00 each ("Rights Share(s)") were issued at the issue price of RM1.80 per Right Share and cash proceeds of RM52,387,880 were raised.

The summary of the utilisation of rights issue proceeds are as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance as at 30 September 2013 RM'000	Timeframe for utilisation of proceeds
Repayment of Bank Borrowings	45,000	45,000	-	Within 12 months from listing of Rights Shares
General Working Capital	5,988	6,098*	-	Within 12 months from listing of Rights Shares
Estimated Expenses in relation to the Corporate Exercise	1,400	1,290	-	Within 1 month from listing of Rights Shares
	52,388	52,388	-	

* *The saving on Estimated Expenses in relation to the Corporate Exercise has been utilised for General Working Capital purpose.*

The proceeds to be raised from the exercise of the Warrants are dependent on the total number of Warrants exercised during the tenure of the Warrants. Such proceeds, if and when the Warrants are exercised, will be used for working capital purposes.

During the financial year ended 30 September 2013, cash proceeds RM1,785 were raised from the exercise of 790 Warrants at the exercise price of RM2.26 per Warrant.

2. Share Buy-back

The Company did not purchase any of its own shares during the financial year ended 30 September 2013.

3. Options, Warrants or Convertible Securities

Pursuant to the Rights Issue Exercise, the Company had issued 29,104,378 Warrants which were listed on the Main Market of Bursa Malaysia Securities Berhad on 10 January 2013.

As at 30 September 2013, 29,103,588 Warrants remained unexercised.

ADDITIONAL COMPLIANCE INFORMATION (continued)

4. Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 30 September 2013.

5. Imposition of Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year under review.

6. Non-audit Fees

The amount of non-audit fees paid by the Company and its subsidiaries to the external auditors and their affiliated company/firm for the financial year 2013 was RM17,800.

7. Variation in Results

There was no material variance between the results for the financial year and the unaudited results previously announced.

8. Profit Guarantee

The Company did not receive any profit guarantee during the financial year under review.

9. Recurrent Related Party Transactions

The Company did not enter into any recurrent related party transactions of a revenue/trading nature during the financial year.

10. Material Contracts Involving Directors and Major Shareholders' Interest

There are no material contracts entered into by the Company and its subsidiaries which involved Directors' and major shareholders' interests either still subsisting at the end of the financial year under review or entered into since the end of the previous financial year.

11. Family Relationship of Directors and/or Major Shareholders

There is no family relationship among the Directors and/or major shareholders except that:-

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, Tan Sri Datuk Chen Lok Loi, and Mr. Chen Fook Wah	Brothers' Relationship

12. Conflict of Interest

None of the Directors of the Company have any conflict of interest with the Company.

13. Conviction for Offences

None of the Directors have been convicted of any offences within the past 10 years other than traffic offences, if any.

Financial Statements

DIRECTORS' REPORT

The directors have pleasure in presenting their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and providing management services.

The principal activities of the subsidiaries are stated in Note 15 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the financial year:		
From continuing operations	107,147,582	83,855,780
Attributable to:		
Owners of the parent	103,969,591	83,855,780
Non-controlling interests	3,177,991	-
	107,147,582	83,855,780

DIVIDEND

Since the end of the previous financial year, the Company paid a final dividend of 5.0 sen less 25% tax per ordinary share of RM1/- each amounting to RM13,096,977 in respect of the financial year ended 30 September 2012 as reported in the directors' report of that year on 5 March 2013.

A first interim dividend of 10.0 sen less 25% tax per ordinary share amounting to RM26,194,005 was declared on 10 December 2013 and paid on 31 December 2013. The financial statements for the current financial year do not reflect the dividend. Such dividend will be accounted in equity as an appropriation of retained earnings in the financial year ending 30 September 2014.

The directors do not recommend any final dividend payment in respect of the financial year ended 30 September 2013.

DIRECTORS' REPORT
(continued)

ISSUES OF SHARES

During the financial year, the following issue of shares was made by the Company:

Class	Number	Term of Issue	Purpose of Issue
Ordinary share of RM1/- each	29,104,378	Cash	Rights Issue of 1 new ordinary share together with 1 free detachable warrant for every 10 existing ordinary shares at an issue price of RM1.80 per Rights Share.
Ordinary share of RM1/- each	29,104,378	Non-cash	Bonus Issue of 1 new ordinary share for every 1 Rights Issue with warrant subscribed by the shareholders.
Ordinary share of RM1/- each	790	Exercise of warrants	Exercise of warrants by warrantholders.

During the financial year, the authorised share capital of the Company of RM500,000,000 divided into 500,000,000 ordinary shares of RM1/- each was increased to RM1,000,000,000 divided into 1,000,000,000 ordinary shares of RM1/- each.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

WARRANTS

On 31 December 2012, the Company allotted and issued 29,104,378 free warrants constituted under the deed poll dated 23 November 2012.

The salient features of the warrants are as follows:

(i) entitles its registered holders to subscribe for one (1) new ordinary share of RM1/- each at the exercise price during the exercise period;

(ii) the exercise price is RM2.26 per share subject to adjustments in accordance with the provisions of the deed poll executed; and

(iii) the warrants may be exercised at any time for a period of five years commencing from 31 December 2012 until 30 December 2017 ("exercise period"). The warrants that are not exercised during the exercise period will thereafter lapse and become void.

DIRECTORS' REPORT (continued)

WARRANTS (continued)

The movements in the Company's warrants to subscribe for new ordinary shares of RM1/- each during the financial year is as follows:

	Number of warrants			
	At 1 October 2012	**Allotted**	**Exercised**	**At 30 September 2013**
Number of warrants	-	29,104,378	(790)	29,103,588

DIRECTORS

The names of the directors of the Company in office since the date of the last report and on the date of this report are as follows:

TAN SRI DATO' CHEN KOOI CHIEW @ CHENG NGI CHONG
TAN SRI DATUK CHEN LOK LOI
CHEN FOOK WAH
MAH SWEE BUOY
HAJI OTHMAN BIN SONOH
MOHAMMED CHUDI BIN HAJI GHAZALI
MOHAMED BIN ISMAIL
JEFFREY BIN BOSRA
HASAN AZIZ BIN MOHD JOHAN *(Appointed on 18.7.2013)*

DIRECTORS' INTERESTS

The holdings and deemed holdings in the ordinary shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

(a) Shareholdings in the Company

	Number of Ordinary Shares of RM1/- Each				
	At 1 October 2012	**Transfer in/Bought**	**Transfer out/Sold**	**Rights Issue & Bonus Issue**	**At 30 September 2013**
Direct interest:					
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	599,930	2,955,661	(2,420,652)	119,986	1,254,925
Tan Sri Datuk Chen Lok Loi	6,053,268	-	(800,000)	1,050,652	6,303,920
Chen Fook Wah	880,870	17,500	-	176,174	1,074,544
Mah Swee Buoy	94,438	15,500	-	26,064	136,002
Mohammed Chudi Bin Haji Ghazali	12,705	-	-	2,540	15,245
Jeffrey Bin Bosra	-	10,000	-	-	10,000

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS (continued)

(a) Shareholdings in the Company (continued)

	Number of Ordinary Shares of RM1/- Each				
	At 1 October 2012	Transfer in/Bought	Transfer out/Sold	Rights Issue & Bonus Issue	At 30 September 2013
Deemed interest:					
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ng Chong ^	132,380,255	2,520,652	(2,955,661)	26,479,046	158,424,292
Tan Sri Datuk Chen Lok Loi ^	126,380,697	1,073,500	-	25,468,838	152,923,035
Chen Fook Wah *	125,360,697	-	-	25,072,138	150,432,835

(b) Warrant holdings in the Company

	Number of Warrants				
	At 1 October 2012	Allotted	Transfer in/Bought	Transfer out/Sold	At 30 September 2013
Direct interest:					
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	-	59,993	561,250	-	621,243
Tan Sri Datuk Chen Lok Loi	-	525,326	-	-	525,326
Chen Fook Wah	-	88,087	-	-	88,087
Mah Swee Buoy	-	13,032	-	-	13,032
Mohammed Chudi Bin Haji Ghazali	-	1,270	-	-	1,270
Deemed interest:					
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong ^	-	13,239,523	-	(461,250)	12,778,273
Tan Sri Datuk Chen Lok Loi ^	-	12,734,419	-	-	12,734,419
Chen Fook Wah *	-	12,536,069	-	-	12,536,069

^ Shares/Warrants held through corporation(s) in which director has substantial financial interest and through nominee company(ies).

* Shares/Warrants held through corporation in which director has substantial financial interest.

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS (continued)

(c) Shareholdings in the Subsidiary -Srijang Kemajuan Sdn. Bhd.

	Number of Ordinary Shares of RM1/- Each			
	At 1 October 2012	Bought	Sold	At 30 September 2013
Direct interest:				
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1	-	-	1

By virtue of their interests in the shares of the Company, the above-mentioned directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any deemed benefits which may arise from transactions entered into in the ordinary course of business as disclosed in Note 35 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

DIRECTORS' REPORT (continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and statements of financial position were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets, other than debts, 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 had 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:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) 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.

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

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

No contingent or other liability 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 and of the Company to meet their obligations when they fall due.

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 which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (continued)

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the effects arising from the adoption of Amendments to FRS 112 Income Taxes: Recovery of Underlying Assets, as disclosed in Note 1 (a)(i) to the financial statements; and

(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.

SIGNIFICANT EVENTS

Details of significant events during the financial year are disclosed in Note 37 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

Details of significant events subsequent to the financial year end are disclosed in Note 38 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 January 2014.

TAN SRI DATO' CHEN KOOI CHIEW @ CHENG NGI CHONG

TAN SRI DATUK CHEN LOK LOI

STATEMENT BY DIRECTORS

pursuant to section 169(15) of the Companies Act, 1965

We, **Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong** and **Tan Sri Datuk Chen Lok Loi**, 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 68 to 195, 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 September 2013 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 196 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 Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 January 2014.

TAN SRI DATO' CHEN KOOI CHIEW @ CHENG NGI CHONG

TAN SRI DATUK CHEN LOK LOI

STATUTORY DECLARATION

pursuant to section 169(16) of the Companies Act, 1965

I, **Mah Swee Buoy**, being the director primarily responsible for the financial management of **MKH BERHAD**, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 68 to 195 and the supplementary information set out on page 196 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above named at
Kuala Lumpur in the Federal Territory
on 6 January 2014

MAH SWEE BUOY

Before me

TENGKU FARIDDUDIN BIN TENGKU SULAIMAN (W 533)
Commissioner for Oaths

INDEPENDENT AUDITOR'S REPORT

to the members of MKH Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of **MKH Berhad**, which comprise the statements of financial position as at 30 September 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 68 to 195.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia, and 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 September 2013 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITOR'S REPORT
to the members of MKH Berhad (Incorporated in Malaysia)
(continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors as indicated in Note 15 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 purpose of the 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.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 196 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia.

OTHER MATTERS

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

BAKER TILLY AC
AF 001826
Chartered Accountants

LEE KONG WENG
2967/07/15(J)
Chartered Accountant

Kuala Lumpur
6 January 2014

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 30 September 2013

	Note	Group 2013 RM	Group 2012 RM (restated)	Company 2013 RM	Company 2012 RM
Continuing operations					
Revenue	3	688,219,437	545,291,945	97,562,501	143,695,500
Cost of sales	4	(440,037,170)	(362,358,742)	-	-
Gross profit		248,182,267	182,933,203	97,562,501	143,695,500
Other income		49,077,104	22,293,884	7,588,782	30,609,345
Sales and marketing expenses		(23,212,543)	(18,325,449)	-	-
Administrative expenses		(54,244,814)	(51,948,701)	(1,430,941)	(1,266,774)
Other expenses		(77,442,461)	(29,444,033)	(1,648,751)	(16,723,616)
Profit from operations		142,359,553	105,508,904	102,071,591	156,314,455
Finance costs		(18,220,067)	(21,536,111)	(2,941,240)	(3,254,403)
Share of results of associates		10,313,784	14,572,965	-	-
Profit before tax from continuing operations	5	134,453,270	98,545,758	99,130,351	153,060,052
Tax expense	7	(27,305,688)	(24,291,832)	(15,274,571)	(15,712,570)
Profit for the financial year from continuing operations		107,147,582	74,253,926	83,855,780	137,347,482
Discontinued operation					
Profit for the financial year from discontinued operation	8	-	1,200,196	-	-
Profit for the financial year carried down		107,147,582	75,454,122	83,855,780	137,347,482

STATEMENTS OF COMPREHENSIVE INCOME
for the financial year ended 30 September 2013
(continued)

	Note	Group 2013 RM	Group 2012 RM (restated)	Company 2013 RM	Company 2012 RM
Profit for the financial year brought down		107,147,582	75,454,122	83,855,780	137,347,482
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences		2,908,903	(30,428,268)	-	-
Reclassification of foreign translation reserve to profit or loss		10,540,216	-	-	-
Income tax relating to components of other comprehensive income	7	30,000	7,021,000	-	-
Other comprehensive income for the financial year, net of tax		13,479,119	(23,407,268)	-	-
Total comprehensive income for the financial year		120,626,701	52,046,854	83,855,780	137,347,482
Profit attributable to:					
Owners of the parent		103,969,591	77,409,513	83,855,780	137,347,482
Non-controlling interests		3,177,991	(1,955,391)	-	-
		107,147,582	75,454,122	83,855,780	137,347,482
Total comprehensive income attributable to:					
Owners of the parent		117,322,400	53,972,045		
Non-controlling interests		3,304,301	(1,925,191)		
		120,626,701	52,046,854		
Basic earnings per share (sen)	9				
From continuing operations		30.39	23.57		
From discontinued operation		-	0.38		
From continuing and discontinued operations		30.39	23.95		
Diluted earnings per share (sen)	9				
From continuing operations		30.36	23.57		
From discontinued operation		-	0.38		
From continuing and discontinued operations		30.36	23.95		

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

STATEMENTS OF
FINANCIAL POSITION

as at 30 September 2013

	Note	Group 2013 RM	Group 2012 RM (restated)	Group As at 1.10.2011 RM (restated)	Company 2013 RM	Company 2012 RM
Assets						
Property, plant and equipment	10	163,292,241	163,355,285	124,079,271	592,095	612,794
Intangible assets	11	4,930,865	5,651,065	6,107,777	-	-
Biological assets	12	217,596,351	210,399,807	176,509,868	-	-
Prepaid lease payments	13	28,226,040	29,145,231	30,470,484	-	-
Investment properties	14	263,604,652	237,681,393	216,081,400	-	-
Investment in subsidiaries	15	-	-	-	635,931,009	595,793,509
Investment in associates	16	26,652,266	50,350,073	38,277,108	-	-
Land held for property development	17	434,757,669	261,463,138	263,474,043	-	-
Deferred tax assets	18	29,947,743	21,767,675	12,975,075	777,500	754,575
Receivables, deposits and prepayments	19	4,483,445	35,202,608	12,197,001	-	-
Total non-current assets		1,173,491,272	1,015,016,275	880,172,027	637,300,604	597,160,878
Property development costs	20	277,744,695	128,816,258	114,894,979	-	-
Inventories	21	42,231,018	42,879,723	11,742,097	-	-
Amount due from customers on contracts	22	-	1,952,440	1,650,172	-	-
Accrued billings in respect of property development costs		125,039,130	100,765,267	29,564,095	-	-
Receivables, deposits and prepayments	19	117,799,017	94,462,860	92,614,255	101,118,584	101,964,593
Current tax assets		833,425	1,086,965	1,751,429	-	-
Cash and cash equivalents	23	122,138,158	109,664,266	62,868,100	57,925	7,139,229
		685,785,443	479,627,779	315,085,127	101,176,509	109,103,822
Assets for disposal group classified as held for sale	8	-	-	83,788,365	-	-
Non-current assets classified as held for sale	24	1,249,070	-	-	-	-
Total current assets		687,034,513	479,627,779	398,873,492	101,176,509	109,103,822
Total assets		1,860,525,785	1,494,644,054	1,279,045,519	738,477,113	706,264,700

STATEMENTS OF FINANCIAL POSITION
as at 30 September 2013
(continued)

	Note	Group 2013 RM	Group 2012 RM (restated)	Group As at 1.10.2011 RM (restated)	Company 2013 RM	Company 2012 RM
Equity						
Share capital	25	349,253,322	291,043,776	264,585,251	349,253,322	291,043,776
Reserves	26	604,078,624	506,538,153	468,376,003	385,110,072	321,461,385
Reserve of disposal group classified as held for sale	8	-	-	20,570,586	-	-
Equity attributable to owners of the parent		953,331,946	797,581,929	753,531,840	734,363,394	612,505,161
Non-controlling interests		2,593,558	(1,771,586)	153,605	-	-
Total equity		955,925,504	795,810,343	753,685,445	734,363,394	612,505,161
Liabilities						
Deferred tax liabilities	18	49,699,178	15,045,566	21,300,559	-	-
Provisions	27	3,102,423	1,893,592	1,153,393	-	-
Payables and accruals	28	92,805,412	15,758,173	9,964,025	-	-
Loans and borrowings	29	414,772,321	307,382,978	243,297,830	-	37,558,500
Total non-current liabilities		560,379,334	340,080,309	275,715,807	-	37,558,500
Provisions	27	17,918,026	18,481,750	8,755,245	3,074,400	3,074,400
Progress billings in respect of property development costs		8,066,860	662,705	8,040,536	-	-
Payables and accruals	28	201,804,202	139,924,179	73,708,561	286,152	7,185,788
Loans and borrowings	29	107,165,063	192,910,969	133,204,289	415,478	45,669,862
Current tax liabilities		9,266,796	6,773,799	3,207,634	337,689	270,989
		344,220,947	358,753,402	226,916,265	4,113,719	56,201,039
Liabilities of disposal group classified as held for sale	8	-	-	22,728,002	-	-
Total current liabilities		344,220,947	358,753,402	249,644,267	4,113,719	56,201,039
Total liabilities		904,600,281	698,833,711	525,360,074	4,113,719	93,759,539
Total equity and liabilities		1,860,525,785	1,494,644,054	1,279,045,519	738,477,113	706,264,700
Net assets per share (RM)	9	2.73	2.49	2.35		

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

for the financial year ended 30 September 2013

	Note	Share Capital RM	Share Premium RM	Warrant Reserve RM	Translation Reserve RM	Revaluation Reserve RM	Revaluation Reserve of Disposal Group Classified as Held for Sale RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
		← Non-distributable					→	Distributable			
At 1 October 2011											
As previously reported		264,585,251	-	-	6,984,134	10,101,815	20,570,586	431,562,141	733,803,927	153,605	733,957,532
Effect of adopting amendments to FRS 112		-	-	-	-	-	-	19,727,913	19,727,913	-	19,727,913
As restated		264,585,251	-	-	6,984,134	10,101,815	20,570,586	451,290,054	753,531,840	153,605	753,685,445
Comprehensive income											
Profit/(Loss) for the financial year		-	-	-	-	-	-	77,409,513	77,409,513	(1,955,391)	75,454,122
Other comprehensive income											
Foreign currency translation differences		-	-	-	(30,458,468)	-	-	-	(30,458,468)	30,200	(30,428,268)
Realisation of reserve of disposal group classified as held for sale		-	-	-	-	(1,071,391)	(20,570,586)	21,641,977	-	-	-
Income tax relating to components of other comprehensive income		-	-	-	7,021,000	-	-	-	7,021,000	-	7,021,000
Total comprehensive income		-	-	-	(23,437,468)	(1,071,391)	(20,570,586)	99,051,490	53,972,045	(1,925,191)	52,046,854
Transactions with owners											
Issuance of shares pursuant to											
- Bonus issue		26,458,525	-	-	-	-	-	(26,458,525)	-	-	-
Dividend	30	-	-	-	-	-	-	(9,921,956)	(9,921,956)	-	(9,921,956)
Total transactions with owners		26,458,525	-	-	-	-	-	(36,380,481)	(9,921,956)	-	(9,921,956)
At 30 September 2012		291,043,776	-	-	(16,453,334)	9,030,424	-	513,961,063	797,581,929	(1,771,586)	795,810,343

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 September 2013 (continued)

	Note	← Non-distributable →					Distributable			
		Share Capital RM	Share Premium RM	Warrant Reserve RM	Translation Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
At 1 October 2012										
As previously reported		291,043,776	-	-	(16,453,334)	9,030,424	491,461,250	775,082,116	(1,771,586)	773,310,530
Effect of adopting amendments to FRS 112		-	-	-	-	-	22,499,813	22,499,813	-	22,499,813
As restated		291,043,776	-	-	(16,453,334)	9,030,424	513,961,063	797,581,929	(1,771,586)	795,810,343
Comprehensive income										
Profit for the financial year		-	-	-	-	-	103,969,591	103,969,591	3,177,991	107,147,582
Other comprehensive income										
Foreign currency translation differences		-	-	-	2,782,593	-	-	2,782,593	126,310	2,908,903
Reclassification of foreign translation reserve to profit or loss		-	-	-	10,540,216	-	-	10,540,216	-	10,540,216
Income tax relating to components of other comprehensive income		-	-	-	30,000	-	-	30,000	-	30,000
Total comprehensive income		-	-	-	13,352,809	-	103,969,591	117,322,400	3,304,301	120,626,701
Transactions with owners										
Issuance of shares pursuant to										
- Bonus issue		29,104,378	-	-	-	-	(29,104,378)	-	-	-
- Rights issue with warrants		29,104,378	15,204,127	8,079,375	-	-	-	52,387,880	-	52,387,880
- Warrants		790	995	-	-	-	-	1,785	-	1,785
Share issue expenses		-	(1,290,235)	-	-	-	-	(1,290,235)	-	(1,290,235)
Non-controlling interest in respect of subsidiary acquired		-	-	-	-	-	-	-	18,673,507	18,673,507
Changes of ownership interest in a subsidiary		-	-	-	-	-	425,164	425,164	(18,425,164)	(18,000,000)
Issuance of shares by subsidiaries to non-controlling interest		-	-	-	-	-	-	-	812,500	812,500
Dividend	30	-	-	-	-	-	(13,096,977)	(13,096,977)	-	(13,096,977)
Total transactions with owners		58,209,546	13,914,887	8,079,375	-	-	(41,776,191)	38,427,617	1,060,843	39,488,460
At 30 September 2013		349,253,322	13,914,887	8,079,375	(3,100,525)	9,030,424	576,154,463	953,331,946	2,593,558	955,925,504

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

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 September 2013

	Note	Share Capital RM	Share Premium RM	Warrant Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total Equity RM
			◄ Non-Distributable		►	Distributable	
At 1 October 2011		264,585,251	-	-	12,375	220,482,009	485,079,635
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	137,347,482	137,347,482
Transaction with owners							
Issuance of shares pursuant to							
- Bonus issue		26,458,525	-	-	-	(26,458,525)	-
Dividend	30	-	-	-	-	(9,921,956)	(9,921,956)
		26,458,525	-	-	-	(36,380,481)	(9,921,956)
At 30 September 2012		291,043,776	-	-	12,375	321,449,010	612,505,161
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	83,855,780	83,855,780
Transactions with owners							
Issuance of shares pursuant to							
- Bonus issue		29,104,378	-	-	-	(29,104,378)	-
- Right issue with warrants		29,104,378	15,204,127	8,079,375	-	-	52,387,880
- Warrants		790	995	-	-	-	1,785
Share issue expenses		-	(1,290,235)	-	-	-	(1,290,235)
Dividend	30	-	-	-	-	(13,096,977)	(13,096,977)
		58,209,546	13,914,887	8,079,375	-	(42,201,355)	38,002,453
At 30 September 2013		349,253,322	13,914,887	8,079,375	12,375	363,103,435	734,363,394

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

STATEMENTS OF CASH FLOWS

for the financial year ended 30 September 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash flows from operating activities					
Profit before tax from:					
- continuing operations		134,453,270	98,545,758	99,130,351	153,060,052
- discontinued operation		-	1,541,496	-	-
Adjustments for:					
Amortisation of biological assets		5,174,149	1,859,762	-	-
Amortisation of prepaid lease payments		776,535	794,117	-	-
Bad debts written off		-	37,225	-	-
Depreciation of property, plant and equipment		7,966,882	6,870,176	20,698	21,280
Deposits written off		-	687,545	-	-
Dividend income		-	-	(97,562,501)	(143,651,500)
Loss on deposits measured at amortised cost		492,364	5,903,875	-	-
Impairment loss on:					
- property, plant and equipment		-	53,651	-	-
- investment in subsidiaries		-	-	-	16,549,092
- land held for property development		-	1,098,740	-	-
- trade receivables		-	52,692	-	-
- other receivables		27,306	3,737,219	-	46,130
Interest expense		17,463,062	21,103,808	2,809,487	3,158,683
Inventories written off		15,484	16,819	-	-
Net loss/(gain) on foreign exchange - unrealised		50,957,196	3,830,022	-	(1,625,000)
Property, plant and equipment written off		4,406	263,139	1	1,518
Provision for rectification works		-	1,950,550	-	-
Provision for retirement gratuity		241,920	8,870,400	-	-
Provision for retirement benefit obligations		2,055,374	899,740	-	-
Loss on disposal of investment property		-	117,400	-	-
Changes in fair value of investment properties		(3,810,700)	(12,668,000)	-	-
Gain on bargain purchase on acquisition of subsidiaries		(31,170,197)	-	-	-
Gain on disposal of discontinued operation		-	(611,637)	-	(23,795,919)
Gain on disposal of a subsidiary		-	(805)	-	-
Gain on retention sum measured at amortised cost		(1,742,699)	(1,416,448)	-	-
Gain on transfer of land held for property development to investment properties		-	(1,590,245)	-	-
Balance carried down		182,904,352	141,946,999	4,398,036	3,764,336

STATEMENTS OF CASH FLOWS
for the financial year ended 30 September 2013 (continued)

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Balance brought down		182,904,352	141,946,999	4,398,036	3,764,336
Loss/(Gain) on disposal of property, plant and equipment		109,010	(154,112)	-	-
Interest income		(4,046,913)	(2,636,877)	(7,526,282)	(5,174,826)
Reversal of impairment loss on receivables					
- loan and finance lease receivables		(61,575)	(22,057)	-	-
- trade receivables		(27,050)	(141,530)	-	-
- other receivables		(679,601)	(203,704)	(62,500)	(13,600)
Realisation of translation reserves		10,540,216	-	-	-
Share of results of associates		(10,313,784)	(14,572,965)	-	-
Operating profit/(loss) before changes in working capital		178,424,655	124,215,754	(3,190,746)	(1,424,090)
Change in property development costs		5,032,245	(11,541,880)	-	-
Change in inventories		21,473,010	(1,303,734)	-	-
Change in amount due from customers on contracts		1,952,440	(302,268)	-	-
Change in receivables, deposits and prepayments		(14,220,235)	(105,413,661)	357,923	3,852,056
Change in payables and accruals		(22,580,013)	67,400,200	(363,040)	(49,575)
Cash generated from/(used in) operations		170,082,102	73,054,411	(3,195,863)	2,378,391
Interest received		2,058,507	1,480,071	7,526,282	5,174,826
Interest paid		(28,586,097)	(25,747,597)	(2,809,487)	(3,158,683)
Tax paid		(36,312,502)	(28,664,863)	(1,312,671)	(315,502)
Tax refunded		1,972,180	490,308	-	-
Retirement benefit obligations paid		(544,100)	(16,162)	-	-
Rectification works paid		(805,644)	-	-	-
Tax penalties paid		-	(1,094,445)	-	-
Net cash from operating activities		107,864,446	19,501,723	208,261	4,079,032
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	31	(53,350,291)	-	(40,000,002)	(500,002)
Acquisition of investment properties		(22,112,559)	(2,570,393)	-	-
Subscription of shares in an associate		(800,000)	(200,000)	-	-
Acquisition of property, plant and equipment		(23,577,809)	(56,181,722)	-	-
Additions to biological assets		(24,256,738)	(51,465,923)	-	-
Additions to land held for property development		(56,967,106)	(34,610,880)	-	-
Acquisition of non-controlling interests in a subsidiary		(18,000,000)	-	-	-
Subscription of additional shares in a subsidiary		-	-	(137,498)	(979,998)
Balance carried down		(199,064,503)	(145,028,918)	(40,137,500)	(1,480,000)

STATEMENTS OF CASH FLOWS

for the financial year ended 30 September 2013
(continued)

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Net cash from operating activities carried down		107,864,446	19,501,723	208,261	4,079,032
Cash flows from investing activities					
Balance brought down		(199,064,503)	(145,028,918)	(40,137,500)	(1,480,000)
Dividends received		30,015,000	-	83,644,376	128,714,874
Proceeds from redemption of NCRPS		4,796,591	2,700,000	-	-
Proceeds from disposal of investment properties		-	55,000	-	-
Proceeds from disposal of property, plant and equipment		439,778	276,267	-	-
Disposal of discontinued operation, net of cash and cash equivalents disposed	8	-	58,789,640	-	61,888,559
Disposal of investment in subsidiary, net of cash and cash equivalents disposed	32	-	(2,444,721)	-	432,000
Net cash (used in)/from investing activities		(163,813,134)	(85,652,732)	43,506,876	189,555,433
Cash flows from financing actvities					
Net (repayment)/drawdown of short term bank borrowings		(140,087,020)	(36,290,930)	(37,599,500)	20,300,000
Drawdown of bridging loan		17,640,091	19,922,512	-	-
Drawdown of revolving credits		71,524,553	106,341,290	-	-
Drawdown of term loans		280,201,856	60,649,052	-	-
Repayments of term loans		(157,465,961)	(27,052,982)	(37,558,500)	-
Repayments of bridging loan		(10,547,107)	(10,326,795)	-	-
Payments of finance lease		(926,393)	(1,560,786)	-	-
Proceeds from government grant		-	250,000	-	-
Proceeds from issuance of shares		52,389,665	-	52,389,665	-
Share issue expenses		(1,290,235)	-	(1,290,235)	-
Repayment to subsidiaries		-	-	(5,986,010)	(206,534,383)
Proceeds from issuance of shares by subsidiaries to minority shareholders		812,500	-	-	-
Dividend paid		(13,096,977)	(9,921,956)	(13,096,977)	(9,921,956)
Net cash from/(used in) financing activities		99,154,972	102,009,405	(43,141,557)	(196,156,339)
Net increase/(decrease) in cash and cash equivalents carried down		43,206,284	35,858,396	573,580	(2,521,874)

STATEMENTS OF CASH FLOWS

for the financial year ended 30 September 2013 (continued)

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Net increase/(decrease) in cash and cash equivalents brought down		43,206,284	35,858,396	573,580	(2,521,874)
Effect of exchange rate fluctuations		(2,103,160)	(3,929,080)	-	-
Cash and cash equivalents at beginning of the financial year		77,528,199	45,598,883	(931,133)	1,590,741
Cash and cash equivalents at end of the financial year		118,631,323	77,528,199	(357,553)	(931,133)

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Continuing operations					
Deposits with licensed financial banks	23	5,768,302	13,738,278	-	6,536,596
Cash and bank balances	23	58,358,692	26,011,343	57,925	602,633
Cash held under housing development accounts	23	56,374,105	68,662,752	-	-
Fixed income funds	23				
- redeemable at call		1,567,894	676,897	-	-
- redeemable upon 1 day notice		-	10,328	-	-
- redeemable upon 7 days notice		69,165	564,668	-	-
		122,138,158	109,664,266	57,925	7,139,229
Bank overdrafts	29	(3,506,835)	(32,136,067)	(415,478)	(8,070,362)
		118,631,323	77,528,199	(357,553)	(931,133)

STATEMENTS OF CASH FLOWS
for the financial year ended 30 September 2013
(continued)

Acquisition of property, plant and equipment
During the financial year, the Group and the Company acquired property, plant and equipment with aggregate costs of RM24,309,289 (2012: RM57,819,152) and RMnil (2012: RM3,340) respectively, which were satisfied as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Continuing operations				
Finance lease arrangements	731,480	1,557,430	-	-
Cash payments	23,577,809	54,779,065	-	3,340
	24,309,289	56,336,495	-	3,340
Discontinued operation				
Finance lease arrangement	-	80,000	-	-
Cash payments	-	1,402,657	-	-
	24,309,289	57,819,152	-	3,340

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

NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Corporate information and principal activities

MKH Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office:
Suite 1, 5th Floor,
Wisma MKH,
Jalan Semenyih,
43000 Kajang,
Selangor Darul Ehsan.

Principal place of business:
5th Floor, Wisma MKH,
Jalan Semenyih,
43000 Kajang,
Selangor Darul Ehsan.

The Company is principally engaged in investment holding and providing management services while the principal activities of the subsidiaries are stated in Note 15. 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 passed at the Board of Directors' meeting held on 6 January 2014.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act, 1965.

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

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

On 1 October 2012, the Group and the Company adopted the following 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 101	Presentation of Financial Statements
FRS 112	Income Taxes

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

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

The adoption of the above amendments/improvements to FRSs, new IC Int and amendments to IC Int did not have any significant effect on the financial statements of the Group and of the Company other than the amendments to FRS 112 Income Taxes as mentioned below:

Amendments to FRS 112 Income Taxes
This amendment to FRS 112 addresses the measurement approach for deferred tax assets and liabilities in respect of investment properties which are measured at fair value. The amendment introduces a rebuttable presumption that the investment property is recovered entirely through sale. In such cases, deferred tax assets or liabilities are provided at tax rates applicable when recovering the property entirely through sale. If this presumption is rebutted, deferred tax assets or liabilities are provided based on tax rates applicable when consuming substantially the economic benefits embodied in the property over a period of time (for example via rental income).

The Group provides for deferred tax liabilities for its investment properties on the basis that the carrying amount of the investment properties will be recovered through use. Upon adoption of this amendment, as there is a presumption that the carrying amount of investment properties measured at fair value will be recovered entirely through sale, deferred tax liability on investment properties will be recognised based on the rates applicable to real property gains tax. The following are the effects on the financial statements of the Group arising from the above change in accounting policy:

	Increase/(Decrease)	
	As at 30.9.2012 RM	**As at 1.10.2011 RM**
Group		
Statement of financial position		
Retained earnings	22,499,813	19,727,913
Deferred tax assets	64,000	-
Deferred tax liabilities	(22,435,813)	(19,727,913)

NOTES TO THE
FINANCIAL STATEMENTS
30 September 2013
(continued)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

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

Amendments to FRS 112 Income Taxes (continued)

	Increase/ (Decrease) 2012 RM
Group	
Statement of comprehensive income	
Tax expense	(2,771,900)
Profit for the financial year from continuing operations	2,771,900
Profit for the financial year, attributable to owners of the parent	2,771,900
Total comprehensive income for the financial year	2,771,900

	Increase 2012 sen
Group	
Impact of earnings per share attributable to owners of the parent	
Basic	0.86
Diluted	0.86

NOTES TO THE
FINANCIAL STATEMENTS
30 September 2013
(continued)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

(ii) 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 FRSs		
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
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 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

NOTES TO THE FINANCIAL STATEMENTS
30 September 2013
(continued)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

(ii) 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 (continued)

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: (continued)

		Effective for financial periods beginning on or after
<u>New IC Int</u>		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IC Int 21	Levies	1 January 2014
<u>Amendments to IC Int</u>		
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 that are applicable to the Group 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.

FRS 119 Employee Benefits (Revised)
Revised FRS 119 makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. The existing FRS 119 shall be withdrawn on application of the amendments.

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.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

(ii) 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 (continued)

FRS 9 Financial Instruments (continued)

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 SIC-12, 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 12 Disclosures of Interests in Other Entities

FRS 12 is a single disclosure standard for interests in subsidiaries, 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.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2013
(continued)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

(ii) 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 (continued)

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.

(iii) MASB Approved Accounting Standards, MFRSs

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

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

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

As at 30 September 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 have been discussed in Note 1(a)(ii). The effects are based on the Group's and the Company's best estimates at the reporting date. The financial effects may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

NOTES TO THE
FINANCIAL STATEMENTS
30 September 2013
(continued)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

(iii) MASB Approved Accounting Standards, MFRSs (continued)

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")
MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for financial year beginning on 1 October 2015 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

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

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group 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 Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2013
(continued)

1. Basis of preparation (continued)

(d) Significant accounting estimates and judgements

The preparation of the financial statements requires management to make judgement, estimates and assumptions that effect 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Revenue and cost of sales recognition (Note 3 and 4) – the Company recognises property development revenue and cost of sales by reference to the stage of completion of the development activity at the reporting date. The stage of completion is determined based on the proportion of development costs incurred for work performed to-date bears to the estimated total property development costs. Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profits/(loss) recognised.

(ii) Tax expense (Note 7) – significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax in the periods in which the outcome is known.

(iii) Useful life of property, plant and equipment and biological assets (Note 10 and 12) – the cost of property, plant and equipment and biological assets is depreciated or amortised on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipments to be within 5 to 50 years and biological assets to be 20 years based on past experience with similar assets or/and common life expectancies of the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets resulting in revision of future depreciation or amortisation charges.

(iv) Impairment of intangible assets (Note 11) – significant judgement is used in the estimation of the present value of future cash flows generated by the cash-generating units which involve uncertainties and are based on assumptions used and judgement made regarding estimates of future cash flows and discount rate.

(v) Fair value of investment properties (Note 14) – the measurement of the fair value for investment properties performed by management is based on independent professional valuations with reference to direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, terrain, size, present market trends and other differences, investment method, being the projected net income and other benefits that the subject property can generate over the life of the property capitalised at market derived yields to arrive at the present value of the property, and cost method of valuation. The management believes that the chosen valuation techniques and assumptions are appropriate in determining the fair value of the Group's investment properties.

NOTES TO THE
FINANCIAL STATEMENTS
30 September 2013
(continued)

1. Basis of preparation (continued)

(d) Significant accounting estimates and judgements (continued)

Significant areas of estimation, uncertainty and critical judgements in applying accounting principles that have significant effect on the amount recognised in the financial statements are described in the following notes: (continued)

(vi) Deferred tax assets (Note 18) – deferred tax assets are recognised for deductible temporary differences in respect of expenses, unutilised tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future financial performance of the Group.

(vii) Impairment loss on receivables (Note 19) – the Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

(viii) Inventories (Note 21) – the saleability of inventories are reviewed by management on a periodic basis. This review involves comparison of the carrying value of the inventory items with the respective net realisable value. The purpose is to ascertain whether a write down to net realisable value is required to be made.

(ix) Construction contracts (Note 22) – significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the works that are recoverable from the customers. In making judgements, the Group evaluates based on past experience and work of specialists.

(x) Provision of retirement benefit obligations (Note 27) – the provision is determined using actuarial valuation prepared by an independent actuary. The actuarial valuation involved making assumptions about discount rate, future salary increase, mortality rates, resignation rate and normal retirement age. As such, this estimated provision amount is subject to significant uncertainty.

(xi) Provision for tax penalty (Note 27) – the Group recognised a provision for tax penalty in respect of the financial year 2009 using similar basis as in the decision letters of the local tax authority for a subsidiary's tax under payment of input Value Added Tax for the year 2008.

NOTES TO THE
FINANCIAL STATEMENTS
30 September 2013
(continued)

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The transaction costs of the investments shall be recognised as expense in the profit or loss in the period in which the costs are incurred.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group and continue to consolidate until the date that such control ceases.

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. These provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

NOTES TO THE
FINANCIAL STATEMENTS
30 September 2013
(continued)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Accounting for business combinations (continued)

Acquisition on or after 1 October 2011
For acquisition on or after 1 October 2011, the Group measures goodwill at the acquisition date as:-

i) The fair value of the consideration transferred; plus
ii) The recognised amount of any non-controlling interests in the acquiree; plus
iii) If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
iv) The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

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

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

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

Acquisition between 1 October 2006 and 30 September 2011
For acquisition between 1 October 2006 and 30 September 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. Any excess of the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the subsidiaries acquired over the cost of acquisition is recognised immediately in the profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 October 2006
For acquisition prior to 1 October 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2013
(continued)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Non-controlling interests

Non-controlling interests are the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Group, whether directly or indirectly through subsidiaries, and are presented in the consolidated statement of financial position and consolidated statement of changes in equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the financial year between non-controlling interests and the equity shareholders of the Company.

The interests of non-controlling shareholders may be initially measured either at fair value at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All losses attributable to the non-controlling interests are allocated to the minority shareholders even if the losses exceed the non-controlling interests in the subsidiary's equity.

(iv) Changes in group composition

The Group treats changes in the group composition that do not result in a loss of control as equity transaction between the Group and the minority shareholders. Any difference between the Group's shares of net assets before and after the change, and any consideration received or paid, is recognised directly in equity and attributed to owners of the Company.

Upon the loss of control of a subsidiaries, the Group derecognised the assets and liabilities of the subsidiaries, any non-controlling interests and the other components of equity related to the subsidiaries. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiaries, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and unrealised gains and losses arising from intra-group transactions are eliminated in full. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent the Group has interests. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

(b) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not in control, over the financial and operating policies.

2. Significant accounting policies (continued)

(b) Associates (continued)

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investment) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. Should the associate subsequently report profits, the Group will only resume to recognise its share of profits after its share of profits equals to the share of losses previously not recognised.

Where the audited financial statements of the associates are not co-terminous with those of the Group, the share of results is based on a limited review or full scope audit on the financial statements performed by auditors, or unaudited financial statements of the associates made up to the financial year end of the Group.

Investments in associates are stated in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(c) Foreign currency

(i) Foreign currency transactions

Transactions in currencies other than the Group entities' functional currency (foreign currencies) are translated into the Group entities' functional currency at the rates of exchange ruling at the time of the transaction date. Monetary items denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation of monetary items are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. Significant accounting policies (continued)

(c) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

(i) Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

(ii) Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(iii) All resulting exchange differences are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

Upon disposal of a foreign subsidiary, the cumulative amount of translation differences at the date of disposal of the subsidiaries is taken to the consolidated statement of comprehensive income.

(d) Revenue recognition

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

(i) Development properties

Revenue from development properties sold is recognised on the percentage of completion method when the outcome of the property development projects can be reliably estimated. The stage of completion is measured by the proportion that development costs incurred for work performed to-date bear to the estimated total development costs for units sold. Where foreseeable losses on development properties are anticipated, full allowance of those losses is made in the financial statements.

Revenue from the sale of completed development properties and land held for development are measured at fair value of the consideration received or receivable net of trade discounts and rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of properties can be estimated reliably, and there is no continuing management involvement with the properties.

2. Significant accounting policies (continued)

(d) Revenue recognition (continued)

(ii) Construction contracts

Revenue from construction contracts is recognised on the percentage of completion method when the outcome of the construction contracts can be reliably estimated. The stage of completion is measured by reference to the certified work done to-date or by the proportion that contract costs incurred for work performed to-date bear to the estimated total construction costs. Where foreseeable losses on construction contracts are anticipated, full allowance of those losses is made in the financial statements.

Construction revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentives payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

(iii) Investment properties

Revenue from sale of investment properties is measured at fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the properties.

(iv) Goods sold

Revenue from sales of goods, crude palm oil and palm kernel is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods and customer acceptance, if any, when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(v) Services

Revenue from services is recognised as and when services are rendered.

(vi) Entrance and subscription fees

Entrance and subscription fees received from club members are recognised on an accrual basis. When members account become inactive, subscription fee is suspended until it is realised on a cash basis. Members' accounts are deemed to be inactive where subscriptions are in arrears for more than 6 months.

2. Significant accounting policies (continued)

(d) Revenue recognition (continued)

(vii) Rental income

Rental income is recognised on a straight line basis over the lease terms. The aggregate cost of incentives provided to lessee is requested as a reduction of rental income over the lease term on the straight line basis.

(viii) Interest income

Interest income from deposits with licensed banks and contract revenue under deferred payment term is recognised on an accrual basis using the effective interest method.

Interest income from hire purchase financing, housing loan and term loan are recognised on an accrual basis as follows:

(i) interest earned on hire purchase financing is recognised using the 'sum-of-digits' method so as to produce a constant periodic rate of interest on the balance for each period. Unearned interest is deducted in arriving at the net balance of the hire purchase debts;

(ii) interest earned on housing loan and term loan is calculated on a monthly rest basis.

(ix) Dividend income

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

(x) Income from fixed income fund

Income from fixed income fund is recognised when the right to receive payment is established.

(e) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligation in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans, if any, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the Employees Provident Fund or other defined contributable plans are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

2. Significant accounting policies (continued)

(e) Employee benefits (continued)

(ii) Defined benefit plans

A subsidiary of the Company operates an unfunded defined benefit scheme. The subsidiary's net obligation under the scheme is determined by estimating the amount of benefit that employees have earned in return for their service in the current and prior periods and that benefit is discounted to determine the present value of the liability. The subsidiary's obligation is calculated using the projected unit credit method.

Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the employees participating in the plans when the cumulative unrecognised actuarial gains or losses for the defined benefit plan exceed 10% of the present value of the defined benefit obligations.

(iii) Retirement gratuity scheme

The Company established a retirement gratuity scheme in 2005 for certain Executive Directors of the Company. The amount of retirement gratuity payable is determined by the Board of Directors in relation to the past services rendered and it does not account for the director's services to be rendered in later years up to retirement. The retirement gratuity is calculated based on the last drawn monthly salaries of the eligible directors and contribution to Employees Provident Fund for three years. The retirement gratuity payable is vested upon the directors reaching retirement age and is classified as current liabilities.

(f) Borrowing costs

All borrowing costs are recognised in profit or loss using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

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

2. Significant accounting policies (continued)

(g) Leases - The Group as lessee

(i) Finance leases

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

Finance leases 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 so as to achieve a periodic constant rate of interest on the remaining balance. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the 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.

(ii) Operating leases

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

(h) Leases - The Group as lessor

(i) Finance leases

Leases where the Group transfers substantially all the risks and rewards of ownership of the asset are classified as finance leases. initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest earned on hire purchase or finance lease financing is recognised using the 'sum-of-digits' method so as to produce a constant periodic rate of interest on the balance for each period. Unearned interest is deducted in arriving at the net balance of the hire purchase or finance lease debts.

(i) 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 financial year, using tax rates enacted or substantially enacted by the reporting date and any adjustments recognised for prior financial 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.

2. Significant accounting policies (continued)

(i) Tax expense (continued)

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.

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 acquirer's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(j) Property, plant and equipment

(i) Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment except for freehold land and buildings are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at valuation, which is the fair value at the date of valuation, less impairment loss, if any. Buildings are stated at valuation, which is the fair value at the date of the valuation, less accumulated depreciation and impairment loss, if any.

The Group revalues its property comprising land and building every five years from the last date of valuation and at shorter intervals whenever the fair value of the said assets is expected to differ substantially from its carrying amounts.

Surplus arising from revaluation are transferred to revaluation reserve. Any deficits are offset against the unutilised previously recognised revaluation surplus to the extent of a previous increase for the same property and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any unutilised revaluation reserve relating to the particular asset is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2013
(continued)

2. Significant accounting policies (continued)

(j) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon 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 net carrying amount is recognised in profit or loss.

(ii) Reclassification to investment properties

When the use of a property changes from owner-occupied to investment property, it is remeasured to fair value and reclassified as investment property. Any gain arising from remeasurement is recognised in equity. Any loss arising from remeasurement is recognised in profit or loss.

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day-to-day servicing of the property, plant and equipment are recognised in profit or loss as incurred.

(iv) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until these assets are ready for their intended use.

2. Significant accounting policies (continued)

(j) Property, plant and equipment (continued)

(iv) Depreciation (continued)

The principal annual rates for the current and comparative financial years are as follows:

Long term leasehold land	Over 78 to 99 years
Buildings	2% to 12.5%
Motor vehicles, plant and machinery	10% to 20%
Furniture, fittings and equipment	10% to 20%
Plantation infrastructure	12.5%

The initial cost of operating equipment comprising of linen, crockery and related items are treated as base inventories and depreciated over a period of 5 years. Subsequent replacements are written off in the profit or loss as and when incurred.

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(k) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries.

The goodwill represents the 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 of the acquiree.

Goodwill is measured at cost and is not amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment.

Goodwill is allocated to cash generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment when there is objective evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS 30 September 2013 (continued)

2. Significant accounting policies (continued)

(k) Intangible assets (continued)

(ii) Other intangible assets

Other intangible assets acquired by the Group are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level.

(l) Biological assets

This represents plantation development expenditure consisting of cost incurred on land preparation and planting and upkeep of oil palm trees to maturity which are initially recognised at cost. Upon maturity, all subsequent maintenance expenditure is recognised in profit or loss and the capitalised expenditure is amortised on a straight-line basis over the estimated productive years of the plantation of 20 years from the date of maturity.

(m) Investment properties

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies within the Group are accounted for as owner's occupied rather than as investment properties.

All investment properties are measured initially and subsequently at fair value with any change therein recognised in profit or loss.

When an item of inventory or land held for property development is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to the transfer and its fair value is recognised in profit or loss.

2. Significant accounting policies (continued)

(m) Investment properties (continued)

An external, independent valuer, having appropriate professional qualifications and experience, values the Group's investment property portfolio. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, investment method, being the projected net income and other benefits that the subject property can generate over the life of the property capitalised at market derived yields to arrive at the present value of the property, direct comparison method, being comparison of transactions and asking prices of similar properties in the locality and adjusting for location, terrain, size, present market trends and other differences, and cost method of valuation, being cross checking it with the income method of valuation.

Investment property under construction is classified as investment property. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

(n) Land held for property development

Land held for property development which consists of land is carried at cost less accumulated impairment losses, if any, and classified as non-current assets where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

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.

(o) Impairment of non-financial assets

The carrying amounts of non-financial assets other than investment properties measured at fair value, deferred tax assets, inventories, assets arising from construction contracts, property development cost and non-current assets (or disposal groups) classified as held for sale 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.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2013
(continued)

2. Significant accounting policies (continued)

(o) Impairment of non-financial assets (continued)

An impairment loss is recognised whenever the carrying amount of an item of assets exceeds its recoverable amount. An impairment loss is recognised as an expense in profit or loss except for assets that are previously revalued and where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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.

(p) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Costs consist of land, construction costs and other development costs including related overheads and capitalised borrowing costs.

When the financial outcome of a development activity can be reliably estimated, property development revenue and costs are recognised in profit or loss by reference to the stage of completion of development activities at the reporting date.

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

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

(q) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the specific identification, first-in first-out and weighted average principles, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and finished goods cost includes raw materials, direct labour and an appropriate production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2. Significant accounting policies (continued)

(q) Inventories (continued)

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

Cost of completed development properties is determined on specific identification basis and includes land, construction and appropriate development overheads.

(r) Construction contracts

Construction contracts are measured at contract cost plus profit recognised to date less progress billing and recognised losses. Contract cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

When the cost incurred on construction contract plus profit recognised to date less recognised losses exceeds progress billings, the balance is classified as amounts due from customers on contracts. When progress billings exceed cost incurred plus recognised profits to date less recognised losses, the balance is classified as amounts due to customers on contracts.

(s) Non-current assets classified as held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell.

(t) 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 have categorised their financial assets in financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS 30 September 2013 (continued)

2. Significant accounting policies (continued)

(t) Financial assets (continued)

(i) Financial assets at FVTPL

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

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

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

(ii) Loans and receivables

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

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

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.

The Group and the Company classify the following financial assets as loans and receivables:

- cash and cash equivalents, except for bank overdraft; and
- trade and other receivables, including amount due from subsidiaries and deposits.

(iii) 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 FVTPL, held-to-maturity investments and loans and receivables.

NOTES TO THE
FINANCIAL STATEMENTS
30 September 2013
(continued)

2. Significant accounting policies (continued)

(t) Financial assets (continued)

(iii) Available-for-sale financial assets (continued)

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 and the Company's right to receive payment is established.

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

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

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. 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.

Regular way purchases or sales are purchases and sales of financial asset that require delivery of asset within the period generally established by regulation or connection 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 Company commit to purchase or sell 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.

NOTES TO THE
FINANCIAL STATEMENTS
30 September 2013
(continued)

2. Significant accounting policies (continued)

(u) 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.

(i) Trade and other 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.

(ii) 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 trading market are considerations to determine whether there is objective evidence that investment securities 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 equity 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 debt 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. Significant accounting policies (continued)

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term highly liquid investments which are subject to an insignificant risk of changes in value. For the purposes of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(w) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and 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.

(x) Warrant reserve

Proceeds from the issuance of warrants, net of issue cost, are credited to warrants reserve which is non-distributable as cash dividend. Warrants reserve is transferred to the share premium account upon the exercise of warrant and the warrant reserve in relation to unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

(y) 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 statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Other financial liabilities

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

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

2. Significant accounting policies (continued)

(y) Financial liabilities (continued)

(i) Other financial liabilities (continued)

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

(z) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(aa) Governments grants

Government grants relating to the purchase of assets are treated as deferred income and are credited to profit or loss on the straight line basis over the expected lives of the related assets.

(ab) Provisions

A provision is recognised if, as a result of a past event, the Group has 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.

NOTES TO THE
FINANCIAL STATEMENTS
30 September 2013
(continued)

2. Significant accounting policies (continued)

(ac) 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.

Contingent liabilities or assets are not recognised in the statements of financial positions.

(ad) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by their 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 disclosed in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. Revenue

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Attributable revenue from sales of uncompleted development properties and sales of completed development properties	477,012,215	392,753,294	-	-
Dividend income from subsidiaries	-	-	97,562,501	143,651,500
Interest income from money lending	896,745	296,407	-	-
Management fees	-	-	-	44,000
Rental income	902,249	622,478	-	-
Rental income from investment properties	25,504,584	24,200,187	-	-
Revenue from hotel operations	4,874,628	5,111,006	-	-
Sales of goods	76,567,374	76,312,910	-	-
Sales of investment properties	-	55,000	-	-
Sales of crude palm oil and palm kernel	101,146,703	44,912,468	-	-
Services rendered	1,314,939	1,028,195	-	-
	688,219,437	545,291,945	97,562,501	143,695,500

Group revenue excludes intra-group transactions.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2013
(continued)

4. Cost of sales

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Attributable property development costs and cost of completed development properties sold	299,850,477	251,630,309	-	-
Cost of investment properties disposed (Note 14)	-	172,400	-	-
Direct operating expenses from investment properties				
- Generated rental income	7,606,687	7,774,556	-	-
Cost of goods sold	73,485,626	71,750,461	-	-
Cost of services	1,273,620	1,256,299	-	-
Cost of sales of crude palm oil and palm kernel	57,820,760	29,774,717	-	-
	440,037,170	362,358,742	-	-

5. Profit before tax from continuing operations

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Profit before tax is arrived at after charging:				
Amortisation of prepaid lease payments	776,535	794,117	-	-
Amortisation of biological assets	5,174,149	1,859,762	-	-
Auditors' remuneration				
- Audit services	316,641	241,230	48,000	45,000
- Other services by auditors of the Company	17,800	35,600	17,800	35,600
Bad debts written off	-	20,400	-	-
Deposits written off	-	687,545	-	-
Depreciation of property, plant and equipment	7,966,882	6,109,027	20,698	21,280
Loss on disposal of investment property	-	117,400	-	-
Loss on disposal of property, plant and equipment	109,010	-	-	-
Loss on deposits measured at amortised cost	492,364	5,903,875	-	-
Interest expense	17,463,062	21,044,589	2,809,487	3,158,683
Inventories written off	15,484	16,188	-	-

5. Profit before tax from continuing operations (continued)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax is arrived at after charging: (continued)				
Impairment loss on:				
- property, plant and equipment	-	53,651	-	-
- investment in subsidiaries	-	-	-	16,549,092
- land held for property development	-	1,098,740	-	-
- trade receivables	-	52,692	-	-
- other receivables	27,306	3,737,219	-	46,130
Net loss on foreign exchange - realised	17,825,429	21,780	1,441,062	20,315
- unrealised	50,957,196	3,830,022	-	-
Personnel expenses (including key management personnel)				
- Contributions to Employees Provident Fund	4,263,535	3,506,032	-	-
- Provision for retirement benefit obligations	2,055,374	899,740	-	-
- Provision for retirement gratuity	241,920	8,870,400	-	-
- Wages, salaries and others	36,278,182	27,208,058	240,311	143,942
Property, plant and equipment written off	4,406	179,519	1	1,518
Provision for rectification works	-	1,950,550	-	-
Rental of motor vehicles, equipment and machinery	25,858	50,253	-	-
Rental of premises	1,560,809	1,320,648	-	-
and after crediting:				
Bad debts recovered	-	14,062	-	-
Gain on bargain purchase on acquisition of subsidiaries	31,170,197	-	-	-
Changes in fair value of investment properties	3,810,700	12,668,000	-	-
Dividend income (gross)	-	-	97,562,501	143,651,500
Gain on changes in fair value of fixed income fund	-	481	-	-
Gain on disposal of property, plant and equipment	-	151,353	-	-

NOTES TO THE FINANCIAL STATEMENTS
30 September 2013
(continued)

5. Profit before tax from continuing operations (continued)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
and after crediting: (continued)				
Gain on disposal of subsidiaries	-	805	-	23,795,919
Gain on retention sum measured at amortised cost	1,742,699	-	-	-
Gain on transfer of land held for property development to investment properties	-	1,590,245	-	-
Interest income	4,046,913	2,636,841	7,526,282	5,174,826
Net gain on foreign exchange - realised	-	236,748	-	-
- unrealised	-	-	-	1,625,000
Rental income	26,542,873	24,855,716	-	-
Reversal of impairment loss on:				
- loan and finance lease receivables	61,575	22,057	-	-
- trade receivables	27,050	141,530	-	-
- other receivables	679,601	203,704	62,500	13,600

6. Directors' remuneration

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors of the Company				
Executive Directors				
- Other emoluments *	12,859,738	18,316,722	-	-
- Estimated monetary value of benefits-in-kind	100,581	109,696	-	-
	12,960,319	18,426,418	-	-
Non-Executive Directors				
- Fees	210,000	120,000	210,000	120,000
- Other emoluments	91,160	86,115	16,500	11,500
- Estimated monetary value of benefits-in-kind	5,300	5,300	-	-
	306,460	211,415	226,500	131,500
	13,266,779	18,637,833	226,500	131,500

6. Directors' remuneration (continued)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors of subsidiaries				
Executive Directors				
- Other emoluments	2,256,436	1,375,859	-	-
- Estimated monetary value of benefits-in-kind	13,919	8,800	-	-
	2,270,355	1,384,659	-	-
	15,537,134	20,022,492	226,500	131,500

* Includes provision for retirement gratuity of the Group amounting to RM241,920 (2012: RM8,870,400) for certain eligible directors of the Company.

7. Tax expense

	Group		Company	
	2013 RM	2012 RM (restated)	2013 RM	2012 RM
Continuing operations:				
Current tax expense				
Malaysian - current financial year	36,704,189	32,980,940	15,253,500	15,620,800
- prior financial year	328,103	(1,281,024)	43,996	91,770
Overseas - current financial year	54,197	261,469	-	-
	37,086,489	31,961,385	15,297,496	15,712,570
Deferred tax expense				
Origination and reversal of temporary differences	(7,563,779)	(9,133,299)	1,836	-
(Over)/Under provision in prior financial year	(2,217,022)	1,463,746	(24,761)	-
	(9,780,801)	(7,669,553)	(22,925)	-
Tax expense attributable to continuing operations	27,305,688	24,291,832	15,274,571	15,712,570

NOTES TO THE FINANCIAL STATEMENTS
30 September 2013
(continued)

7. Tax expense (continued)

	Group		Company	
	2013 RM	**2012 RM (restated)**	**2013 RM**	**2012 RM**
Tax expense attributable to discontinued operations (Note 8)	-	341,300	-	-
Total tax expense recognised in profit or loss	27,305,688	24,633,132	15,274,571	15,712,570
Deferred tax related to other comprehensive income				
- Exchange differences on monetary item that form part of net investment in foreign subsidiary	(30,000)	(7,021,000)	-	-
	(30,000)	(7,021,000)	-	-

Reconciliation of effective tax expense

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Profit before tax from continuing operations	134,453,270	98,545,758	99,130,351	153,060,052
Profit before tax from discontinued operation	-	1,541,496	-	-
Accounting profit before tax	134,453,270	100,087,254	99,130,351	153,060,052
Tax calculated using Malaysian tax rate of 25%	33,613,300	25,021,800	24,782,600	38,265,000
Share of results of an associate	(2,578,400)	(3,643,200)	-	-
Non-taxable income	(11,839,300)	(4,124,400)	(10,472,500)	(28,015,800)
Non-deductible expenses	9,969,916	7,121,099	945,236	5,371,600
Deferred tax assets not recognised during the financial year	29,091	652,811	-	-
Utilisation of deferred tax assets not recognised in prior financial years	-	(19,600)	-	-
Recognition of previously unrecognised deferred tax assets	-	(558,100)	-	-
(Over)/Under provision in prior financial years				
- Current tax expense	328,103	(1,281,024)	43,996	91,770
- Deferred tax expense	(2,217,022)	1,463,746	(24,761)	-
Tax expense	27,305,688	24,633,132	15,274,571	15,712,570

7. Tax expense (continued)

The Group has estimated unutilised tax losses of RM77,221,600 (2012: RM56,745,900), and unabsorbed capital allowances of RM68,500 (2012: RM63,200) carried forward, available for set-off against future taxable profits.

During the financial year, the Group utilised its brought forward unutilised tax losses and unabsorbed capital allowance to set off against its chargeable income resulting in a tax saving of approximately RM632,500 (2012: RM19,100).

8. Discontinued operation and disposal group classified as held for sale

During the financial year ended 30 September 2011, the Company was in negotiation with a third party to dispose of its wholly-owned subsidiary, Makin Jernih Sdn. Bhd. ("MJSB") and its subsidiaries ("MJSB Group") which consists of AA Meat Shop Sdn. Bhd., Chau Yang Farming Sdn. Bhd. and Tip Top Meat Sdn. Bhd. and which is classified in the farming, food processing and retail segment. The decision to sell the segment is in line with the Group's objective of disposing its non-core business and focus on its core business in property development, property investment, construction and oil palm plantation. On 29 December 2011, the Company entered into a Sale and Purchase Agreement with the third party for the said disposal. The disposal was completed on 16 January 2012.

Statement of profit or loss disclosure
The results attributable to the discontinued operation for the financial year ended 30 September 2012 are as follows:

	Group 2012 RM
Revenue	10,632,586
Cost of sales	(7,469,386)
Gross profit	3,163,200
Other income	49,063
Sales and marketing expenses	(259,372)
Administrative expenses	(1,793,720)
Other expenses	(164,457)
Profit from operations	994,714
Finance cost	(64,855)
Profit before tax	929,859
Tax expense	(341,300)
Profit from operating activities, net of tax	588,559
Gain on disposal of discontinued operation	611,637
Profit for the financial year	1,200,196

The profit from discontinued operation of RM1,200,196 is attributable entirely to the owners of the parent.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2013
(continued)

8. Discontinued operation and disposal group classified as held for sale (continued)

Statement of profit or loss disclosure

Included in profit before tax from discontinued operations are:

	Group 2012 RM
Profit before tax is arrived at after charging/(crediting)	
Auditors' remuneration	
- audit services	5,175
Bad debts written off	16,825
Depreciation of property, plant and equipment	761,149
Interest expense	59,219
Inventories written off	631
Personnel expenses (including key management personnel) ^	
- Contributions to Employees Provident Fund	208,569
- Wages, salaries and others	3,496,868
Property, plant and equipment written off	83,620
Rental of office equipment	2,450
Rental of machinery and equipment	4,766
Rental of factory	6,000
Rental of motor vehicles	300
Rental of premises	150,967
Interest income	(36)
Gain on disposal of property, plant and equipment	(2,759)
Net realised loss on foreign exchange	496
Rental income	(1,500)
Reversal of impairment loss on receivables	(16,825)

^ Included in personnel expenses are other emoluments of directors of a subsidiary amounting to RM6,000.

Statement of cash flows disclosure

The cash flows attributable to MJSB Group are as follows:

	Group 2012 RM
Operating	714,663
Investing	(1,398,058)
Financing	1,225,321
Effect on cash flows	541,926

NOTES TO THE
FINANCIAL STATEMENTS
30 September 2013
(continued)

8. Discontinued operation and disposal group classified as held for sale (continued)

Effects of disposal on the statement of financial position of the Group:

	2012 RM
Assets	
Property, plant and equipment	71,033,775
Intangible assets	1,270,000
Inventories	7,626,227
Receivables, deposits and prepayments	1,473,202
Current tax assets	4,742
Cash and bank balances	4,131,488
	85,539,434
Liabilities	
Payables and accruals	4,874,177
Finance lease liabilities	465,756
Term loan - secured	2,984,070
Revolving credit - secured	2,000,000
Bank overdraft - unsecured	1,032,569
Deferred income	5,000,000
Deferred tax liabilities	7,905,940
	24,262,512
Total net assets	61,276,922
Gain on disposal of discontinued operation	611,637
Total cash consideration received, net of cost to sell	61,888,559
Less: Cash and cash equivalents of subsidiaries disposed	(3,098,919)
Disposal of discontinued operation, net of cash and cash equivalents disposed	58,789,640

NOTES TO THE
FINANCIAL STATEMENTS
30 September 2013
(continued)

9. Earnings and net assets per share

Basic earnings per share

The basic earnings per share is calculated by dividing the Group profit attributable to shareholders by the weighted average number of ordinary shares of RM1/- each in issue during the financial year.

The previous financial year's basic earnings per share has been restated based on the weighted average number of shares of 323,269,727 ordinary shares in issue during the financial year after taking into consideration the bonus issue of 29,104,378 ordinary shares of RM1/- each and the right issue of 29,104,378 ordinary shares of RM1/- each.

Basic earnings per share are calculated based on the following information:

	Group	
	2013	**2012**
	RM	**RM**
Profit attributable to shareholders:		
From continuing operations	103,969,591	76,209,317
From discontinued operation	-	1,200,196
	103,969,591	77,409,513

	2013	**2012 (restated)**
Weighted average number of ordinary shares in issue during the financial year	342,063,094	323,269,727

Diluted earnings per share

The diluted earnings per share of the Group is calculated by dividing the Group's net profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue, adjusted to assume the conversion of all dilutive potential ordinary shares, i.e. warrants. A calculation is done to determine the number of shares that could have been acquired at market price based on the monetary value of the subscription rights attached to the outstanding warrants.

9. Earnings and net assets per share (continued)

Diluted earnings per sharee (continued)

	Group	
	2013 RM	2012 RM
Profit attributable to shareholders:		
From continuing operations	103,969,591	76,209,317
From discontinued operation	-	1,200,196
	103,969,591	77,409,513

	2013	2012 (restated)
Weighted average number of ordinary shares in issue during the financial year	342,063,094	323,269,727
Adjustments for warrants	415,933	-
Weighted average number of ordinary shares for diluted earnings	342,479,027	323,269,727

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

Net assets per share

The net assets per share is calculated by dividing the total equity attributable to shareholders by the number of ordinary shares in issue as at the reporting date after taking into consideration the bonus issue of 29,104,378 ordinary shares of RM1/- each issued during the financial year.

10. Property, plant and equipment

	Freehold Land RM	Long term Leasehold Land RM	Buildings RM	Motor Vehicles, Plant & Machinery RM	Furniture, Fittings & Equipment RM	Plantation Infrastructure RM	Under Construction RM	Total RM
Group								
2013								
Cost/Valuation								
At 1 October 2012	9,610,000	5,600,000	73,480,993	38,586,635	13,280,247	33,072,033	12,004,808	185,634,716
Additions	-	-	-	4,313,434	2,528,467	-	17,467,388	24,309,289
Disposals	-	-	-	(930,455)	(66,900)	-	-	(997,355)
Written off	-	-	(53,742)	(57,848)	(90,975)	-	-	(202,565)
Reclassification	-	-	12,287,269	-	-	4,337,316	(16,624,585)	-
Effect of movements in exchange rates	-	-	(4,304,091)	(3,649,677)	(453,972)	(4,409,056)	(1,571,480)	(14,388,276)
At 30 September 2013	9,610,000	5,600,000	81,410,429	38,262,089	15,196,867	33,000,293	11,276,131	194,355,809
Accumulated Depreciation								
At 1 October 2012	-	142,222	3,533,150	11,517,111	5,152,931	1,880,366	-	22,225,780
Charge for the financial year *	-	71,111	3,028,265	4,807,629	1,590,209	1,485,881	-	10,983,095
Disposals	-	-	-	(386,091)	(62,476)	-	-	(448,567)
Written off	-	-	(5,038)	(54,640)	(89,777)	-	-	(149,455)
Effect of movements in exchange rates	-	-	(268,136)	(921,153)	(58,253)	(299,743)	-	(1,547,285)
At 30 September 2013	-	213,333	6,288,241	14,962,856	6,532,634	3,066,504	-	31,063,568
Impairment Loss								
At 1 October 2012	-	-	53,651	-	-	-	-	53,651
Written off	-	-	(48,704)	-	-	-	-	(48,704)
Effect of movements in exchange rates	-	-	(4,947)	-	-	-	-	(4,947)
At 30 September 2013	-	-	-	-	-	-	-	-
Net Carrying Amount								
At 30 September 2013	9,610,000	5,386,667	75,122,188	23,299,233	8,664,233	29,933,789	11,276,131	163,292,241

10. Property, plant and equipment (continued)

	Freehold Land RM	Long term Leasehold Land RM	Buildings RM	Motor Vehicles, Plant & Machinery RM	Furniture, Fittings & Equipment RM	Plantation Infrastructure RM	Under Construction RM	Total RM
Group								
2012								
Cost/Valuation								
At 1 October 2011	9,610,000	5,600,000	40,132,843	22,214,614	11,314,870	8,866,054	44,410,570	142,148,951
Additions	-	-	2,176,308	9,568,883	2,737,100	226,895	41,627,309	56,336,495
Disposals	-	-	-	(836,758)	(30,074)	-	-	(866,832)
Written off	-	-	-	(168,000)	(3,053,882)	-	-	(3,221,882)
Reclassification	-	-	31,902,110	9,694,705	2,297,983	25,283,746	(69,178,544)	-
Effect of movements in exchange rates	-	-	(730,268)	(1,886,809)	14,250	(1,304,662)	(4,854,527)	(8,762,016)
At 30 September 2012	9,610,000	5,600,000	73,480,993	38,586,635	13,280,247	33,072,033	12,004,808	185,634,716
Accumulated Depreciation								
At 1 October 2011	-	71,111	1,323,873	9,126,722	5,902,722	1,645,252	-	18,069,680
Charge for the financial year *	-	71,111	2,248,855	3,696,257	2,180,319	430,659	-	8,627,201
Disposals	-	-	-	(725,534)	(20,983)	-	-	(746,517)
Written off	-	-	-	(130,696)	(2,911,667)	-	-	(3,042,363)
Effect of movements in exchange rates	-	-	(39,578)	(449,638)	2,540	(195,545)	-	(682,221)
At 30 September 2012	-	142,222	3,533,150	11,517,111	5,152,931	1,880,366	-	22,225,780
Impairment Loss								
Addition	-	-	53,651	-	-	-	-	53,651
At 30 September 2012	-	-	53,651	-	-	-	-	53,651
Net Carrying Amount								
At 30 September 2012	9,610,000	5,457,778	69,894,192	27,069,524	8,127,316	31,191,667	12,004,808	163,355,285

* Included in depreciation charge for the financial year is an amount of RM3,016,214 (2012: RM2,518,174) capitalised in biological assets.

10. Property, plant and equipment (continued)

The freehold and leasehold land and buildings stated at valuation were revalued by the directors in September 2010 based on independent professional valuation on the market value basis using the cost method of valuation or direct comparison method.

	Freehold Land RM	Long term Leasehold Land RM	Buildings RM	Motor Vehicles, Plant & Machinery RM	Furniture, Fittings & Equipment RM	Plantation Infrastructure RM	Under Construction RM	Total RM
Group								
2013								
Analysis of Cost and Valuation								
At valuation - 2010	9,610,000	5,600,000	34,956,490	-	-	-	-	50,166,490
At cost	-	-	46,453,939	38,262,089	15,196,867	33,000,293	11,276,131	144,189,319
	9,610,000	5,600,000	81,410,429	38,262,089	15,196,867	33,000,293	11,276,131	194,355,809
Net Carrying Amount								
At valuation - 2010	9,610,000	5,386,667	32,555,497	-	-	-	-	47,552,164
At cost	-	-	42,566,691	23,299,233	8,664,233	29,933,789	11,276,131	115,740,077
	9,610,000	5,386,667	75,122,188	23,299,233	8,664,233	29,933,789	11,276,131	163,292,241
2012								
Analysis of Cost and Valuation								
At valuation - 2010	9,610,000	5,600,000	39,606,877	-	-	-	-	54,816,877
At cost	-	-	33,874,116	38,586,635	13,280,247	33,072,033	12,004,808	130,817,839
	9,610,000	5,600,000	73,480,993	38,586,635	13,280,247	33,072,033	12,004,808	185,634,716
Net Carrying Amount								
At valuation - 2010	9,610,000	5,457,778	37,449,383	-	-	-	-	52,517,161
At cost	-	-	32,444,809	27,069,524	8,127,316	31,191,667	12,004,808	110,838,124
	9,610,000	5,457,778	69,894,192	27,069,524	8,127,316	31,191,667	12,004,808	163,355,285

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10. Property, plant and equipment (continued)

	Freehold Land RM	Buildings RM	Furniture, Fittings & Equipment RM	Total RM
Company				
2013				
Cost/Valuation				
At 1 October 2012	110,000	465,000	91,664	666,664
Written off	-	-	(6,599)	(6,599)
At 30 September 2013	110,000	465,000	85,065	660,065
Accumulated Depreciation				
At 1 October 2012	-	18,932	34,938	53,870
Charge for the financial year	-	9,490	11,208	20,698
Written off	-	-	(6,598)	(6,598)
At 30 September 2013	-	28,422	39,548	67,970
Net Carrying Amount				
At 30 September 2013	110,000	436,578	45,517	592,095
2012				
Cost/Valuation				
At 1 October 2011	110,000	465,000	96,519	671,519
Written off	-	-	(4,855)	(4,855)
At 30 September 2012	110,000	465,000	91,664	666,664
Accumulated Depreciation				
At 1 October 2011	-	9,442	26,485	35,927
Charge for the year	-	9,490	11,790	21,280
Written off	-	-	(3,337)	(3,337)
At 30 September 2012	-	18,932	34,938	53,870
Net Carrying Amount				
At 30 September 2012	110,000	446,068	56,726	612,794

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10. Property, plant and equipment (continued)

The net carrying amount of revalued assets had they been carried at cost would have been as follows:

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Freehold land	666,424	666,424	110,000	110,000
Long term leasehold land	1,042,983	1,044,096	-	-
Buildings	25,645,013	25,965,620	436,578	446,068
	27,354,420	27,676,140	546,578	556,068

Included in the above property, plant and equipment are:

(a) Motor vehicles, plant and machinery analysed as follows:

	Motor Vehicles RM	**Plant & Machinery RM**	**Total RM**
Group			
2013			
Cost	9,512,385	28,749,704	38,262,089
Accumulated depreciation	(6,054,385)	(8,908,471)	(14,962,856)
Net carrying amount	3,458,000	19,841,233	23,299,233
2012			
Cost	9,828,651	28,757,984	38,586,635
Accumulated depreciation	(5,287,790)	(6,229,321)	(11,517,111)
Net carrying amount	4,540,861	22,528,663	27,069,524

(b) Property, plant and equipment pledged as security for bank guarantee and credit facilities granted to certain subsidiaries as mentioned in Note 29 as follows:

	Group	
	2013 RM	**2012 RM**
Cost/Valuation		
Buildings	24,800,000	24,800,000
Net Carrying Amount		
Buildings	23,182,610	23,721,740

10. Property, plant and equipment (continued)

(c) Motor vehicles under finance lease arrangements as follows:

	Group 2013 RM	2012 RM
Cost	7,151,991	7,484,231
Net Carrying Amount	4,861,400	4,900,183

(d) Property, plant and equipment under construction

These are in respect of construction of buildings, plant and machinery in oil palm plantation.

(e) The long term leasehold land of the Group has remaining unexpired lease period of more than 50 years.

11. Intangible assets

	Group 2013 RM	2012 RM
At cost:		
Goodwill on acquisition		
At 1 October 2012/2011	5,755,293	6,212,005
Effect of movements in exchange rate	(720,200)	(456,712)
At 30 September	5,035,093	5,755,293
Less: Accumulated impairment losses	(104,228)	(104,228)
	4,930,865	5,651,065

Impairment test for intangible assets
Goodwill on acquisition is allocated to the Group's cash-generating units (CGUs), business segments as follows:

	Group 2013 RM	2012 RM
Plantation	4,900,865	5,621,065
Property development	31,698	31,698
Services	98,067	98,067
Investment holding	4,463	4,463
	5,035,093	5,755,293

11. Intangible assets (continued)

Key assumptions used in the value-in-use calculations based on a twenty-year cash flow projection in respect of impairment test for goodwill on the plantation segment are:

(i) discount rate of 11.5% (2012: 11.5%) which is pre-tax and reflected specific risks of the plantation segment in Indonesia;

(ii) oil palm trees with an average life of 25 (2012: 25) years with the first three years as immature and remaining years as mature which is the average life cycle of the trees;

(iii) Crude Palm Oil (CPO) average selling price of RM2,500 (2012: RM2,500) per metric tonne based on the management's estimate;

(iv) Average CPO extraction rate of 22% (2012: 21%) based on the industry trend and past performance; and

(v) Average annual oil palm yield per hectare of 7 to 32 (2012: 7 to 28) metric tonnes based on management's estimate and historic yield.

In assessing the value-in-use, management does not foresee any possible changes in the above key assumptions that would cause the carrying amounts of the intangible assets to materially exceed its recoverable amounts.

12. Biological assets

	Group	
	2013 RM	**2012 RM**
At cost:		
At 1 October 2012/2011	210,399,807	176,509,868
Additions	36,014,021	57,361,179
Amortisation for the financial year	(5,174,149)	(1,859,762)
Effect of movements in exchange rate	(23,643,328)	(21,611,478)
At 30 September	217,596,351	210,399,807

Biological assets represent the plantation development expenditure for oil palm in Indonesia.

12. Biological assets (continued)

Expenses capitalised during the financial year include the following:

	Group	
	2013 RM	2012 RM
Depreciation	3,016,214	2,518,174
Interest capitalised	8,741,069	3,377,082
Personnel expenses		
- Wages, salaries and others	3,087,687	7,234,368

The interest on borrowing for the financial year is capitalised at rates ranging from 5.10% to 6.10% (2012: 4.50% to 5.80%) per annum.

The biological assets have been pledged as security for credit facilities granted to a subsidiary and the Company as mentioned in Note 29.

13. Prepaid lease payments

	Group	
	2013 RM	2012 RM
At 1 October 2012/2011	29,145,231	30,470,484
Amortisation for the financial year	(776,535)	(794,117)
Effect of movements in exchange rate	(142,656)	(531,136)
At 30 September	28,226,040	29,145,231

The above is short term leasehold land with remaining unexpired lease period of less than 50 years.

The short term leasehold land of RM24,845,164 (2012:RM25,964,888) is pledged as security for credit facilities granted to the Group as disclosed in Note 29.

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14. Investment properties

	2013			2012		
	Completed investment property RM	Investment under construction ("IPUC") RM	Total RM	Completed investment property RM	Investment under construction ("IPUC") RM	Total RM
At fair value/cost						
At 1 October 2012/2011	228,577,000	9,104,393	237,681,393	216,081,400	-	216,081,400
Additions	-	22,112,559	22,112,559	-	2,570,393	2,570,393
Transfer from land held for property development	-	-	-	-	6,534,000	6,534,000
Disposal (Note 4)	-	-	-	(172,400)	-	(172,400)
Changes in fair values	3,810,700	-	3,810,700	12,668,000	-	12,668,000
At 30 September	232,387,700	31,216,952	263,604,652	228,577,000	9,104,393	237,681,393

Included in the above are:

	Group 2013 RM	2012 RM
Freehold land and buildings		
Freehold land		
- at fair value	23,300,000	21,880,000
Buildings		
- at fair value	13,017,700	13,157,000
	36,317,700	35,037,000
Leasehold land and buildings		
Leasehold land		
- at fair value		
- unexpired lease period of more than 50 years	59,250,000	57,690,000
Buildings		
- at fair value	136,820,000	135,850,000
	196,070,000	193,540,000
IPUC		
Freehold land		
- at cost	7,930,181	6,534,000
Buildings under construction		
- at cost	23,286,771	2,570,393
	31,216,952	9,104,393
	263,604,652	237,681,393

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14. Investment properties (continued)

This IPUC is carried at cost as the management believes that due to the nature and amount of remaining project risks, its fair value cannot be reliably determined.

Included in the above are land and buildings amounting to RM223,534,652 (2012: RM189,657,000) pledged for credit facilities granted to subsidiaries as mentioned in Note 29.

15. Investment in subsidiaries

	Company	
	2013 RM	2012 RM
At cost:		
Unquoted shares		
Ordinary shares	397,580,100	357,442,600
Redeemable convertible preference shares ("RCPS")	255,000,000	255,000,000
Less: Accumulated impairment loss		
At 1 October 2012/2011	(16,649,091)	(99,999)
Provision for the financial year	-	(16,549,092)
At 30 September	(16,649,091)	(16,649,091)
	635,931,009	595,793,509

Details of the subsidiaries are as follows:

	Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest 2013	2012
	Aliran Perkasa Sdn. Bhd.	Malaysia	Property development	100%	100%
∞	Budi Bidara Sdn. Bhd.	Malaysia	Property development	100%	-
	Dapat Jaya Builder Sdn. Bhd.	Malaysia	Building and civil works contracting and project management services	100%	100%
	Detik Merdu Sdn. Bhd.	Malaysia	Investment holding	100%	100%
	Everland Asia Development Sdn. Bhd.	Malaysia	Property development	100%	100%
	Gabung Wajib Sdn. Bhd.	Malaysia	Property development	100%	100%
	Gerak Teguh Sdn. Bhd.	Malaysia	Property development	100%	100%

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15. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows: (continued)

	Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest 2013	2012
	GK Resort Berhad	Malaysia	Investment holding	100%	100%
	Global Retreat (MM2H) Sdn. Bhd.	Malaysia	Insurance agency	100%	100%
	Intelek Kekal (M) Sdn. Bhd.	Malaysia	Building and civil works contracting and management services	100%	100%
~	Intelek Murni (M) Berhad	Malaysia	Operating a recreational club	100%	100%
	Intra Tegas (M) Sdn. Bhd.	Malaysia	Property development	100%	100%
	Kajang Resources Corporation Sdn. Bhd.	Malaysia	Property development	100%	100%
	Kumpulan Indah Bersatu Sdn. Bhd.	Malaysia	Property development	100%	100%
	Metro Kajang Construction Sdn. Bhd.	Malaysia	Building and civil works contracting and project and building management services	100%	100%
	MKH Credit Corporation Sdn. Bhd.	Malaysia	Money lending, hire purchase and leasing finance	100%	100%
	MKH Management Sdn. Bhd.	Malaysia	Management, secretarial services and insurance agency	100%	100%
	Metro Kajang Trading Sdn. Bhd.	Malaysia	Trading of building materials and household related products	100%	100%
^	Metro Kajang (Oversea) Sdn. Bhd.	Malaysia	Investment holding	100%	100%
	Metro K.L. City Sdn. Bhd.	Malaysia	Property development	100%	100%
	Metro Nusantara Sdn. Bhd.	Malaysia	Dormant	100%	100%
	Metro Tiara (M) Sdn. Bhd.	Malaysia	Property investment	100%	100%
	Metro Kajang Development Sdn. Bhd.	Malaysia	Ceased operation	100%	100%
	MKH Resources Sdn. Bhd.	Malaysia	Management services	100%	100%
*	Pelangi Seri Alam Development Sdn. Bhd.	Malaysia	Building and civil works contracting	100%	100%
	Pelangi Semenyih Sdn. Bhd.	Malaysia	Property development	100%	100%

15. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows: (continued)

	Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest 2013	2012
	Perkasa Bernas (M) Sdn. Bhd.	Malaysia	Property development	100%	100%
	Serba Sentosa Sdn. Bhd.	Malaysia	Property development	100%	100%
	Serentak Maju Corporation Sdn. Bhd.	Malaysia	Property development	100%	100%
	Srijang Indah Sdn. Bhd.	Malaysia	Property investment and management and investment holding	100%	100%
	Srijang Kemajuan Sdn. Bhd.	Malaysia	Property development and property investment	99.99%	99.99%
	Stand Allied Corporation Sdn. Bhd.	Malaysia	Property development	100%	100%
	Sumber Lengkap Sdn. Bhd.	Malaysia	Property development	100%	100%
	Vast Marketing & Services Sdn. Bhd.	Malaysia	Trading and marketing	100%	100%
∞ µ	Vista Haruman Development Sdn. Bhd.	Malaysia	Property development	55%	-
	Subsidiaries of Detik Merdu Sdn. Bhd.				
# @	PT Khaleda Agroprima Malindo	Republic of Indonesia	Oil palm plantation	95%	95%
#	PT Nusantara Makmur Jaya	Republic of Indonesia	Dormant	100%	100%
	Subsidiary of Gabung Wajib Sdn. Bhd.				
	Amona Metro Development Sdn. Bhd.	Malaysia	Property development	60%	60%
	Subsidiary of GK Resort Berhad				
	PNSB-GK Resort Sdn. Bhd.	Malaysia	Property development	70%	70%

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15. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows: (continued)

	Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest 2013	2012
	Subsidiary of Kumpulan Indah Bersatu Sdn. Bhd.				
	Palga Sdn. Bhd.	Malaysia	Investment holding	100%	100%
	Subsidiary of Kajang Resources Corporation Sdn. Bhd.				
	Achieve Acres Sdn. Bhd.	Malaysia	Property development	100%	-
	Subsidiary of Pelangi Seri Alam Development Sdn. Bhd.				
	Puncak Alam Resources Sdn. Bhd.	Malaysia	Property development	100%	-
	Subsidiary of Metro Kajang (Oversea) Sdn. Bhd.				
#	Vast Furniture Manufacturing (Kunshan) Co. Ltd.	The People's Republic of China	Furniture manufacturing	100%	100%
	Subsidiary of Palga Sdn. Bhd.				
	Hiliran Juara Sdn. Bhd.	Malaysia	Property development	100%	100%
	Subsidiaries of Srijang Indah Sdn. Bhd.				
	Laju Jaya Sdn. Bhd.	Malaysia	Hotel business and property investment	100%	100%
	Maha Usaha Sdn. Bhd.	Malaysia	Property investment and management	100%	100%

\# Subsidiaries audited by firms of auditors other than Baker Tilly AC.
* In the previous financial year, the Company fully subscribed for a total of 979,998 new ordinary shares of RM1/- each in the subsidiary.
^ In the previous financial year, the Company fully subscribed for 1,000,000 new redeemable convertible preference shares of RM1/- at a premium of RM99 each in the subsidiary via settlement of debts due from the subsidiary to the Company.
∞ The Company acquired the respective subsidiaries for a total cash consideration of RM40,000,002 (~ 2012: RM500,002).
µ The Company subscribed for 137,498 new ordinary shares of RM1/- in the subsidiary, representing 55% of the total allotment of 249,998 new ordinary shares.
@ The investment in shares have been pledged as security for credit facilities granted to a subsidiary as mentioned in Note 29.

15. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows: (continued)

The salient features of the Redeemable Convertible Preference Shares ("RCPS") are as follows:

(a) Dividends

(i) The holder has the right to be paid, out of such profits of the subsidiary available for distribution determined by the directors at their discretion to be distributed in respect of each financial year or other accounting period of the subsidiary, a dividend at a rate as the Board of Directors shall determine from time to time.

(b) Voting rights

The RCPS carry rights to vote at any general meeting of the subsidiary if:

(i) any resolution is proposed for the winding up of the subsidiary, in which case the holder of the RCPS may only then vote at such general meeting on the election of a chairman, any motion for adjournment and the resolution for winding up; or

(ii) the meeting is convened for the purpose of considering the reduction of the capital of the subsidiary; or

(iii) the meeting is relating to any dividend or part thereof unpaid on any RCPS; or

(iv) the proposition which is submitted to the meeting proposes to abrogate or vary or otherwise directly affects the special rights and privileges attaching to the RCPS; in which event the holder of the RCPS shall have such number of votes for each RCPS registered in his name equivalent to the number of ordinary shares, which solely for the purpose of calculating the number of votes of the holder of the RCPS is entitled to, one RCPS held by the holder of RCPS shall be deemed to be equivalent to one of ordinary share of the subsidiary. The holder of the RCPS shall further be entitled to speak, demand a poll, to move resolutions and participate in the meeting of the shareholders of RCPS of the subsidiary.

(c) Redemption

(i) Subject to the provision of Section 61 of the Companies Act,1965, the subsidiary shall have the right to redeem all or any of the RCPS at RM100 only per RCPS (being the par value of RM1/- and premium of RM99 per RCPS) at anytime after the date of issuance of RCPS; and

(ii) no RCPS redeemed by the subsidiary shall be capable of reissue.

15. Investment in subsidiaries (continued)

The salient features of the Redeemable Convertible Preference Shares ("RCPS") are as follows: (continued)

(d) Conversion

The subsidiary is entitled, at any time during the period commencing on the date of issuance of RCPS to convert all or any of the RCPS registered in the name of each holder of the RCPS. Each RCPS is convertible into 100 ordinary shares of RM1/- each in the share capital of the subsidiary.

(e) Capital

The holder has the right on winding up or other return of capital (other than on the redemption of the RCPS) to receive, in priority to the holders of any other class of shares in the capital of the subsidiary.

16. Investment in associates

	Group	
	2013 RM	**2012 RM**
At cost:		
Unquoted shares	3,250,000	2,450,000
5% Non-Cumulative Redeemable Preference Shares of RM1/- each	-	4,796,591
Share of post-acquisition reserves	23,402,266	43,103,482
	26,652,266	50,350,073

The salient features of the 5% Non-Cumulative Redeemable Preference Shares ("NCRPS") are as follows:

(i) The NCRPS holders have the right to a fixed non-cumulative preferential dividend at a rate of 5% per annum on its nominal value;

(ii) The NCRPS do not carry any rights to participate in the profits or surplus assets of the associate;

(iii) The NCRPS holders do not carry any right to vote at any general meeting of the associate except on resolutions of reduction and return of capital, winding up of the associate, for sanctioning the disposal of the whole of the associate property, business and undertaking and for the consideration of any matter which directly affects the NCRPS holders' rights; and

(iv) The NCRPS may at the option of the associate be converted into ordinary shares or redeemable at par.

16. Investment in associates (continued)

The details of the associates, incorporated in Malaysia, are as follows:

	Name of associate	Principal activity	Proportion of ownership interest 30 September 2013	2012	Financial year end
*	Rimbunan Melati Sdn. Bhd.	Property development	45%	45%	31 December
**	Rafflesia School (Kajang) Sdn. Bhd. (formerly known as Rafflesia Learning Centre (Kajang) Sdn. Bhd.)	Education centre	20%	20%	31 December

* Interest held through Dapat Jaya Builder Sdn. Bhd.

** Interest held through Metro Tiara (M) Sdn. Bhd ("MTSB"). During the financial year, MTSB subscribed for 800,000 new ordinary shares of RM1/- each in the associate.

The summarised financial information of the associates is as follows:

	Group 2013 RM	2012 RM
Total assets	78,019,458	140,004,105
Total liabilities	17,019,197	27,746,684
Revenue	62,887,262	126,049,441
Profit for the financial year	21,101,932	32,197,180

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17. Land held for property development

	Group 2013 RM	2012 RM
At cost:		
Freehold land and land equivalent		
At 1 October 2012/2011	175,605,926	180,491,978
In respect of subsidiaries acquired	10,100,000	-
Additions	34,130,186	11,158,925
Transfer to non-current assets held for sale (Note 24)	(847,791)	-
Transfer to inventories	-	(43,671)
Transfer to investment properties	-	(4,091,655)
Transfer to property development costs (Note 20)	-	(11,909,651)
At 30 September	218,988,321	175,605,926
Leasehold land and land equivalent		
At 1 October 2012/2011	45,608,844	45,295,656
In respect of subsidiaries acquired	143,895,537	-
Additions	-	313,188
Transfer to property development costs (Note 20)	(49,363,518)	-
At 30 September	140,140,863	45,608,844
Development costs		
At 1 October 2012/2011	46,533,356	42,872,657
In respect of subsidiaries acquired	20,835,855	-
Additions	22,836,920	23,138,767
Transfer to non-current assets held for sale (Note 24)	(401,279)	-
Transfer to investment properties	-	(852,100)
Transfer to property development costs (Note 20)	(7,891,379)	(18,625,968)
At 30 September	81,913,473	46,533,356
Total land and land equivalent and development costs	441,042,657	267,748,126
Less: Accumulated impairment loss		
At 1 October 2012/2011	(6,284,988)	(5,186,248)
Additions	-	(1,098,740)
At 30 September	(6,284,988)	(6,284,988)
	434,757,669	261,463,138

17. Land held for property development (continued)

Included in land held for property development are:

(i) titles of freehold land and land equivalent amounting to RM97,117,698 (2012: RM77,741,438) which have been deposited with a financial institution for term loan and revolving credit facilities granted to subsidiaries as mentioned in Note 29;

(ii) freehold land and land equivalent amounting to RM63,047,433 (2012: RM70,508,547) which have been pledged for term loan and revolving credit facilities granted to certain subsidiaries as mentioned in Note 29;

(iii) leasehold land and land equivalent amounting to RMnil (2012: RM16,860,050) which have been pledged for revolving credit and bank overdraft facilities granted to a subsidiary as mentioned in Note 29; and

(iv) leasehold land and land equivalent amounting to RM87,902,148 (2012: RMnil) being entitlement of the landowner pursuant to a joint land development agreement to undertake a property development project. The titles to the development land will be transferred from landowner to the purchasers.

18. Deferred tax assets and liabilities

	Group		Company	
	2013 RM	**2012 RM (restated)**	**2013 RM**	**2012 RM**
Deferred tax assets				
At 1 October 2012/2011 (as previously reported)	21,703,675	12,975,075	754,575	754,575
Effect of adopting amendments to FRS 112	64,000	-	-	-
At 1 October 2012/2011 (as restated)	21,767,675	12,975,075	754,575	754,575
Recognised in profit or loss	8,180,068	8,792,600	22,925	-
At 30 September	29,947,743	21,767,675	777,500	754,575

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

18. Deferred tax assets and liabilities (continued)

	Group		Company	
	2013 RM	2012 RM (restated)	2013 RM	2012 RM
Deferred tax liabilities				
At 1 October 2012/2011 (as previously reported)	(37,481,379)	(41,028,472)	-	-
Effect of adopting amendments to FRS 112	22,435,813	19,727,913	-	-
At 1 October 2012/2011 (as restated)	(15,045,566)	(21,300,559)	-	-
Recognised in profit or loss	1,600,733	(731,047)	-	-
In respect of subsidiaries acquired	(34,890,795)	-	-	-
Recognised in other comprehensive income	-	7,021,000	-	-
Effect of movements in exchange rate	(1,363,550)	(34,960)	-	-
At 30 September	(49,699,178)	(15,045,566)	-	-

Deferred tax assets and liabilities are attributable to the following:

	Group			Company	
	2013 RM	2012 RM (restated)	As at 1.10.2011 RM (restated)	2013 RM	2012 RM
Deferred tax assets					
Differences between the carrying amount of property, plant and equipment and its tax base	(67,142)	(101,900)	(357,900)	13,025	(9,900)
Differences between the carrying amount of biological assets and its tax base	(5,396,812)	-	-	-	-
Balance carried down	(5,463,954)	(101,900)	(357,900)	13,025	(9,900)

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18. Deferred tax assets and liabilities (continued)

Deferred tax assets and liabilities are attributable to the following: (continued)

	Group			Company	
	2013 RM	2012 RM (restated)	As at 1.10.2011 RM (restated)	2013 RM	2012 RM
Deferred tax assets (continued)					
Balance brought down	(5,463,954)	(101,900)	(357,900)	13,025	(9,900)
Deductible temporary differences in respect of expenses	15,003,320	12,575,900	9,347,500	768,600	768,600
Unrecognised profits on disposal of completed properties	4,495,400	3,387,500	-	-	-
Fair value adjustment in respect of contract revenue	68,400	62,900	357,000	-	-
Loss on financial assets measured at amortised cost	1,046,000	1,454,000	195,800	-	-
Gain on financial liabilities measured at amortised cost	(692,000)	(721,200)	(545,000)	-	-
Impairment loss on land held for property development	202,300	202,300	202,300	-	-
Surplus arising from revaluation of buildings	(4,125)	(4,125)	(4,125)	(4,125)	(4,125)
Unutilised tax losses	16,952,302	2,021,100	1,414,400	-	-
Unabsorbed capital allowances	6,300	4,600	11,700	-	-
Unrealised profits on inter-company construction contract	1,744,000	2,050,600	1,257,400	-	-
Unrealised profits on inter-company sale of properties	836,000	836,000	1,096,000	-	-
Fair value adjustment in respect of subsidiaries acquired	(4,246,200)	-	-	-	-
	29,947,743	21,767,675	12,975,075	777,500	754,575

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

18. Deferred tax assets and liabilities (continued)

Deferred tax assets and liabilities are attributable to the following: (continued)

	Group			Company	
	2013 RM	2012 RM (restated)	As at 1.10.2011 RM (restated)	2013 RM	2012 RM
Deferred tax liabilities					
Differences between the carrying amount of property, plant and equipment and its tax base	(2,338,728)	(2,210,881)	(2,079,810)	-	-
Differences between the carrying amount of biological assets and its tax base	-	(5,991,099)	(4,287,425)	-	-
Capital allowances claimed on certain assets recognised as part of investment properties	(2,524,600)	(2,524,600)	(2,524,600)	-	-
Surplus arising from revaluation of land and buildings	(4,007,000)	(4,073,800)	(3,691,300)	-	-
Deductible temporary differences in respect of expenses	496,450	842,706	648,633	-	-
Unutilised tax losses	15,100	9,750,608	3,092,643	-	-
Unabsorbed capital allowances	200	-	-	-	-
Gain on financial liabilities measured at amortised cost	(8,726,600)	-	-	-	-
Fair value adjustment in respect of subsidiaries acquired	(32,614,000)	(10,838,500)	(12,458,700)	-	-
	(49,699,178)	(15,045,566)	(21,300,559)	-	-

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

18. Deferred tax assets and liabilities (continued)

Unrecognised deferred tax assets

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

	Group			Company	
	2013 RM	2012 RM	As at 1.10.2011 RM	2013 RM	2012 RM
Impairment loss on land held for property development	4,376,900	4,376,900	4,376,900	-	-
Unutilised tax losses	9,354,300	9,251,300	4,975,000	-	-
Unabsorbed capital allowances	43,000	70,600	45,700	-	-
Other deductible temporary differences	30,500	30,500	2,269,500	-	-
	13,804,700	13,729,300	11,667,100	-	-

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiaries can utilise the benefits therefrom.

19. Receivables, deposits and prepayments

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Non-current					
Trade					
Trade receivable	(a)	-	9,748,866	-	-
Loan receivables	(b)	-	8,200,000	-	-
		-	17,948,866	-	-
Non-trade					
Other receivables	(c)	2,107,053	2,416,691	-	-
Deposits	(d)	2,376,392	14,837,051	-	-
		4,483,445	35,202,608	-	-

NOTES TO THE FINANCIAL STATEMENTS
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19. Receivables, deposits and prepayments (continued)

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Current					
Trade					
Trade receivables		87,006,881	76,781,050	-	-
Less : Allowance for impairment loss		(863,306)	(890,356)	-	-
	(e)	86,143,575	75,890,694	-	-
Finance lease receivables	(f)	749	852	-	-
Loan receivables	(b)	643,847	2,099,787	-	-
		86,788,171	77,991,333	-	-
Non-trade					
Amount due from subsidiaries	(g)	-	-	101,270,584	101,821,170
Less : Allowance for impairment loss		-	-	(178,000)	(178,000)
		-	-	101,092,584	101,643,170
Other receivables	(h)	8,693,200	5,466,673	66,755	134,055
Less : Allowance for impairment loss		(3,713,443)	(4,365,738)	(66,755)	(129,255)
		4,979,757	1,100,935	-	4,800
Deposits for development land acquisition		11,278,463	1,212,770	-	-
Other deposits	(i)	10,023,817	10,175,982	26,000	28,000
Prepayments	(j)	4,728,809	3,981,840	-	288,623
		117,799,017	94,462,860	101,118,584	101,964,593

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19. Receivables, deposits and prepayments (continued)

(a) The trade receivable represents net present value of progress billings in respect of a construction contract under deferred payment term. The discount rate used is 6.18% (2012: 6.18%) per annum. The maturity profile of trade receivable is as follows:

	Group	
	2013 **RM**	**2012** **RM**
Receivable after 1 year but not later than 2 years	-	9,748,866

The above receivable was neither pass due nor impaired as the debtor was a creditworthy customer. The repayment term of this amount has been extended for one year in the previous financial year.

(b) Loan receivables

	Group	
	2013 **RM**	**2012** **RM**
Housing loan	198,807	198,807
Term loan (business)	759,715	10,475,655
Other loan	8,920	8,920
Gross outstanding	967,442	10,683,382
Less: Allowance for impairment loss		
At 1 October 2012/2011	(383,595)	(403,595)
Reversal during the financial year	60,000	20,000
At 30 September	(323,595)	(383,595)
	643,847	10,299,787

The maturity profile of loan receivables, net of allowance for impairment loss, is as follows:

	Term Loan RM	**Other Loan RM**	**Total RM**
2013			
Fixed rate instruments			
Receivable within 1 year	640,115	3,732	643,847
2012			
Fixed rate instruments			
Receivable within 1 year	2,096,055	3,732	2,099,787
Receivable after 1 year but not later than 2 years	8,200,000	-	8,200,000
	10,296,055	3,732	10,299,787

The loan receivables bear effective interest at a rate of 8.7% (2012: 8.1%) per annum.

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FINANCIAL STATEMENTS
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19. Receivables, deposits and prepayments (continued)

(c) This is in respect of an amount due from Plasma Farmers Cooperative in Indonesia. In accordance with existing Indonesian Government policy, a subsidiary assumes the responsibilities to develop plantation for small land holders (known as Plasma Farmers) in addition to its own plantation. The subsidiary is also required to train and supervise the Plasma Farmers and purchase the fresh fruit bunches from the farmers at prices determined by the Government. The amount is unsecured, interest free, to be settled in cash and not expected to be settled within one year.

(d) Included in non-current deposits of the Group are amounts of:

(i) RMnil (2012: RM12,586,680) being long term security deposits placed for a turnkey construction project; and

(ii) RM2,376,392 (2012: RM2,250,371) being joint venture deposit placed for a joint development project.

(e) Trade receivables

(i) Credit term of trade receivables
The Group's and the Company's normal trade credit term ranges from 7 to 90 days (2012: 7 to 90 days).

(ii) The ageing analysis of the Group's and of the Company's trade receivables is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Neither past due nor impaired	61,905,191	39,455,397	-	-
1 to 30 days past due not impaired	7,336,798	7,851,759	-	-
31 to 60 days past due not impaired	5,021,476	7,072,844	-	-
61 to 90 days past due not impaired	10,792,783	16,938,402	-	-
More than 90 days past due not impaired	1,087,327	4,572,292	-	-
	24,238,384	36,435,297	-	-
Impaired	863,306	890,356	-	-
	87,006,881	76,781,050	-	-

19. Receivables, deposits and prepayments (continued)

(e) Trade receivables (continued)

(ii) Ageing analysis of trade receivables (continued)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired comprise property purchasers mostly are with end financing facilities from reputable end-financiers whilst the other debtors are creditworthy customers with good payment records and mostly are regular customers that have been transacting with the Group.

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

Receivables that are past due but not impaired

Trade receivables of the Group amounting to RM24,238,384 (2012: RM36,435,297) which are past due but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Receivables that are impaired

The movement of allowance accounts used to record the impairment is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At 1 October 2012/2011	890,356	962,369	-	-
Provision for the financial year	-	52,692	-	-
Reversal during the financial year	(27,050)	(124,705)	-	-
At 30 September	863,306	890,356	-	-

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

(iii) Included in trade receivables of the Group are:

(a) retention sums amounting to RM12,248,481 (2012: RM6,846,582) held by stakeholders;

(b) amounts of RM62,890 (2012: RM164,400) due from key management personnel of the Group in respect of purchase of development properties of the Group which includes retention sum of RM49,650 (2012: RM54,400) held by stakeholders; and

(c) amounts of RM1,670,855 (2012: RM330,000) due from a corporate shareholder of a subsidiary in respect of purchase of development properties of that subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2013
(continued)

19. Receivables, deposits and prepayments (continued)

(f) Finance lease receivables

	Group 2013 RM	Group 2012 RM
Receivable within 1 year		
Gross investment in finance lease receivables	1,113,275	1,115,045
Less : Unearned finance income	(88,992)	(89,084)
Present value of minimum lease payment receivables	1,024,283	1,025,961
Less : Allowance for impairment loss		
At 1 October 2012/2011	(1,025,109)	(1,027,166)
Reversal during the financial year	1,575	2,057
At 30 September	(1,023,534)	(1,025,109)
	749	852

The finance lease receivables bear effective interest at rate of 8.15% (2012: 8.15%) per annum.

The maturity profile of finance lease receivables is as follows:

	Group 2013 RM	Group 2012 RM
Fixed rate instrument		
Receivable within 1 year	749	852

(g) Included are unsecured amounts of:

(i) RM99,230,693 (2012: RM100,494,953) which bears interest at a rate of 5.6% (2012: 5.6%) per annum, expected to be settled in cash and is repayable on demand; and

(ii) RM2,039,891 (2012: RM1,326,217) which is interest free, expected to be settled in cash and is repayable on demand.

(h) Included in other receivables of the Group is an amount of RM132,749 (2012: RM90,321) being indirect taxes paid in advance to tax authorities by foreign subsidiaries.

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FINANCIAL STATEMENTS
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(continued)

19. Receivables, deposits and prepayments (continued)

The movement of allowance accounts used to record the impairment of other receivables is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At 1 October 2012/2011	4,365,738	1,600,315	129,255	96,725
Provision for the financial year	27,306	3,737,219	-	46,130
Reversal during the financial year	(679,601)	(203,704)	(62,500)	(13,600)
Disposal of subsidiary	-	(768,092)	-	-
At 30 September	3,713,443	4,365,738	66,755	129,255

The impaired other receivables at the reporting date relate to debtors that have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

(i) Included in other deposits of the Group are amounts of:

(i) RMnil (2012: RM3,396,787) being performance deposit placed for a development project which shall be refundable upon completion of projects and expiry of defects liability period; and

(ii) RM968,144 (2012: RM67,331) paid to suppliers for purchase of inventories and machineries.

(j) Included in prepayments of the Group is an amount of RM1,356,537 (2012: RM1,314,841) paid for acquisition of land in Indonesia.

20. Property development costs

	Group	
	2013 RM	2012 RM
At cost:		
Freehold land and land equivalent		
At 1 October 2012/2011	90,203,244	62,928,730
Additions	17,819,145	28,154,885
Reclassify from property development costs	-	3,184,732
Transfer from land held for property development (Note 17)	-	11,909,651
Transfer to inventories	(2,571,439)	(1,425,912)
Adjustment on completion of projects	(31,067,171)	(14,548,842)
At 30 September	74,383,779	90,203,244

NOTES TO THE FINANCIAL STATEMENTS 30 September 2013 (continued)

20. Property development costs (continued)

	Group 2013 RM	Group 2012 RM
At cost: (continued)		
Leasehold land and land equivalents		
At 1 October 2012/2011	-	12,712,401
In respect of subsidiary acquired	100,516,304	-
Additions	313,947	-
Transfer from land held for property development (Note 17)	49,363,518	-
Transfer to inventories	-	(5,577,990)
Adjustment on completion of projects	-	(7,134,411)
At 30 September	150,193,769	-
Development costs		
At 1 October 2012/2011	304,113,177	200,627,678
In respect of subsidiary acquired	14,647,304	-
Additions	280,776,277	258,373,331
Reclassify to freehold land and land equivalent	-	(3,184,732)
Transfer from land held for property development (Note 17)	7,891,379	18,625,968
Transfer to inventories	(18,268,350)	(23,429,692)
Adjustment on completion of projects	(227,374,720)	(146,899,376)
At 30 September	361,785,067	304,113,177
Total land and land equivalents and development costs	586,362,615	394,316,421
Less: Costs recognised as an expense in profit or loss		
At 1 October 2012/2011	265,500,163	161,373,830
Additions	301,559,648	272,708,962
Adjustment on completion of projects	(258,441,891)	(168,582,629)
At 30 September	308,617,920	265,500,163
	277,744,695	128,816,258

Included in the above are:

(i) interest on borrowing capitalised for the financial year amounting to RM2,381,966 (2012: RM2,277,374);

(ii) freehold land and land equivalent amounting to RMnil (2012: RM17,265,160) which have been pledged for term loan facility granted to a subsidiary as mentioned in Note 29;

(iii) titles of freehold land and land equivalent amounting to RM3,885,451 (2012: RM29,861,919) which have been deposited with a financial institution for term loan and revolving credit facilities granted to certain subsidiaries as mentioned in Note 29;

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30 September 2013
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20. Property development costs (continued)

Included in the above are: (continued)

(iv) master titles of leasehold land and land equivalent amounting to RM5,095,797 (2012: RMnil) which have been deposited with a financial institution for term loan and revolving credit facilities granted to certain subsidiaries as mentioned in Note 29;

(v) titles of freehold land and land equivalent amounting to RMnil (2012: RM12,777,583) which have been on lien holder's caveat by a financial institution for bridging loan facility granted to a subsidiary as mentioned in Note 29; and

(vi) freehold and leasehold land and land equivalents amounting to RM43,981,173 (2012: RM14,240,000) being entitlement of the landowners pursuant to joint venture and joint land development agreements to undertake property development projects. The titles to the development land will be transferred from landowners to the purchasers.

21. Inventories

	Group	
	2013 RM	**2012 RM**
At cost:		
Raw materials	817,503	772,412
Residential land	-	43,671
Work-in-progress	153,560	364,981
Finished goods	827,231	982,443
Food and beverages	23,613	20,118
Plantation consumables	2,894,788	2,608,348
Fertilizers	1,313,795	3,344,477
Crude palm oil and palm kernel	4,936,801	2,552,840
Completed development properties	31,263,727	32,153,835
	42,231,018	42,843,125
At net realisable value:		
Trading inventories	-	36,598
	42,231,018	42,879,723

Included in completed development properties are titles of leasehold land and buildings amounting to RMnil (2012: RM19,953,368) which have been deposited with a financial institution for bridging loan facility as mentioned in Note 29.

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM152,624,911 (2012: RM102,910,305).

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30 September 2013
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22. Amount due from customers on contracts

	Group 2013 RM	Group 2012 RM
Aggregate costs incurred to-date	-	1,952,440

23. Cash and cash equivalents

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Deposits with licensed banks	5,768,302	13,738,278	-	6,536,596
Cash and bank balances	58,358,692	26,011,343	57,925	602,633
Cash held under housing development accounts	56,374,105	68,662,752	-	-
Fixed income funds in Malaysia				
- redeemable at call	1,567,894	676,897	-	-
- redeemable upon 1 day notice	-	10,328	-	-
- redeemable upon 7 days notice	69,165	564,668	-	-
	122,138,158	109,664,266	57,925	7,139,229

Included in deposits with licensed banks of the Group are deposits of RM483,716 (2012: RM457,227) pledged for bank guarantee facilities granted to a subsidiary.

The deposits bear effective interest at rates ranging from 2.14% to 3.30% (2012: 1.80% to 3.25%) per annum with maturity period ranging from 1 day to 365 days (2012: 1 day to 365 days).

Fixed income funds represent investment in highly liquid money market, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents held by the Group which are not freely available for general use are as follows:

(i) cash held under housing development accounts maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966;

(ii) deposits amounting to RM483,716 (2012: RM457,227) pledged for bank guarantee facilities granted to a subsidiary;

(iii) cash and bank balances of RM7,776,877 (2012: RM1,051,443) pledged as restricted fund held as security for the credit facilities as mentioned in Note 29; and

(iv) cash and bank balances of RM23,282 (2012: RM16,300) held under sinking fund account for the recreational club.

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24. Non-current assets classified as held for sale

	Group 2013 RM	Group 2012 RM
At 1 October 2012/2011	-	-
Transfer from land held for property development (Note 17)	1,249,070	-
At 30 September	1,249,070	-

This is in respect of the sales and purchase agreement entered between a subsidiary and a third party for disposal of a piece of freehold land held under land held for property development. The disposal is expected to be completed within the next financial year.

25. Share capital

	Group/Company			
	Number of shares		Amount	
	2013	2012	2013 RM	2012 RM
Authorised:				
Ordinary shares of RM1/-each				
At 1 October 2012/2011	500,000,000	500,000,000	500,000,000	500,000,000
Created during the financial year	500,000,000	-	500,000,000	-
At 30 September	1,000,000,000	500,000,000	1,000,000,000	500,000,000
Issued and fully paid:				
Ordinary shares of RM1/- each				
At 1 October 2012/2011	291,043,776	264,585,251	291,043,776	264,585,251
Issuance of shares pursuant to:				
- Bonus issue	29,104,378	26,458,525	29,104,378	26,458,525
- Rights issue with warrants	29,104,378	-	29,104,378	-
- Warrants	790	-	790	-
At 30 September	349,253,322	291,043,776	349,253,322	291,043,776

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25. Share capital (continued)

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

During the financial year, the issued and paid-up share capital increased from RM291,043,776 to RM349,253,322 by way of the following:

(i) renounceable rights issue of 29,104,378 new ordinary shares of RM1/- each together with free detachable warrants at RM1.80 per share on the basis of one (1) new ordinary share for every ten (10) existing ordinary shares held ("Rights Issue");

(ii) bonus issue of 29,104,378 new ordinary shares of RM1/- each via capitalisation from retained earnings on the basis of one (1) new ordinary share for every one (1) Rights Issue subscribed by the shareholders; and

(iii) exercise of 790 warrants for 790 new ordinary shares of RM1/- each at a subscription price of RM2.26 per share.

The above newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company.

26. Reserves

	Group			Company	
	2013 RM	2012 RM (restated)	As at 1.10.2011 RM (restated)	2013 RM	2012 RM
Non-distributable					
Share premium	13,914,887	-	-	13,914,887	-
Translation reserve	(3,100,525)	(16,453,334)	6,984,134	-	-
Revaluation reserve	9,030,424	9,030,424	10,101,815	12,375	12,375
Warrant reserve	8,079,375	-	-	8,079,375	-
	27,924,161	(7,422,910)	17,085,949	22,006,637	12,375
Distributable					
Retained earnings	576,154,463	513,961,063	451,290,054	363,103,435	321,449,010
	604,078,624	506,538,153	468,376,003	385,110,072	321,461,385

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26. Reserves (continued)

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

Warrant reserve

On 31 December 2012, the Company allotted and issued 29,104,378 free warrants constituted under the deed poll dated 23 November 2012.

The salient features of the warrants are as follows:

(i) entitles its registered holders to subscribe for one (1) new ordinary share of RM1/- each at the exercise price during the exercise period;

(ii) the exercise price is RM2.26 per share subject to adjustments in accordance with the provisions of the deed poll executed; and

(iii) the warrants may be exercised at any time for a period of five years commencing from 31 December 2012 until 30 December 2017 ("exercise period"). The warrants that are not exercised during the exercise period will thereafter lapse and become void.

The movements in the Company's warrants to subscribe for new ordinary shares of RM1/- each during the financial year is as follows:

	Number of warrants			
	At 1 October 2012	Allotted	Exercised	At 30 September 2013
Number of warrants	-	29,104,378	(790)	29,103,588

The weighted average quoted price of shares of the Company at the time when the warrants were exercised was RM2.24 (2012: RMnil).

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26. Reserves (continued)

Retained earnings
Section 108 tax credit
With effect from year of assessment 2008, a single tier company income tax system ("single tier system") was introduced. The Company did not elect for the irrevocable option to disregard the Section 108 tax credit. Accordingly, the Section 108 tax credit as at 30 September 2013 will be available to the Company until such time the credit is fully utilised or upon expiry of the six years transitional period on 31 December 2013, whichever is earlier.

The Company has sufficient Section 108 tax credit of approximately RM12,708,400 (2012: RM17,074,100) and tax exempt income of approximately RM2,328,000 (2012: RM2,328,000) to frank future dividends of approximately RM40,453,200 (2012: RM53,550,300). If the balance of retained earnings of approximately RM322,649,800 (2012: RM267,898,700) were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

27. Provisions

	Retirement Benefit Obligations RM	Retirement Gratuity RM	Rectification Works RM	Tax Penalty RM	Total RM
Group					
2013					
At 1 October 2012	1,893,592	16,531,200	1,950,550	-	20,375,342
Provision during the financial year	2,055,374	241,920	-	-	2,297,294
Incurred during the financial year	(544,100)	-	(805,644)	-	(1,349,744)
Effect of movements in exchange rate	(302,443)	-	-	-	(302,443)
At 30 September 2013	3,102,423	16,773,120	1,144,906	-	21,020,449
2012					
At 1 October 2011	1,153,393	7,660,800	-	1,094,445	9,908,638
Provision during the financial year	899,740	8,870,400	1,950,550	-	11,720,690
Incurred during the financial year	(16,162)	-	-	(1,094,445)	(1,110,607)
Effect of movements in exchange rate	(143,379)	-	-	-	(143,379)
At 30 September 2012	1,893,592	16,531,200	1,950,550	-	20,375,342

27. Provisions (continued)

The above provisions are classified as follows:

	Retirement Benefit Obligations RM	Retirement Gratuity RM	Rectification Works RM	Tax Penalty RM	Total RM
Group					
2013					
Non-current	3,102,423	-	-	-	3,102,423
Current	-	16,773,120	1,144,906	-	17,918,026
	3,102,423	16,773,120	1,144,906	-	21,020,449
2012					
Non-current	1,893,592	-	-	-	1,893,592
Current	-	16,531,200	1,950,550	-	18,481,750
	1,893,592	16,531,200	1,950,550	-	20,375,342
Company					
2013					
Current					
At 1 October 2012/ 30 September 2013	-	3,074,400	-	-	3,074,400
2012					
Current					
At 1 October 2011/ 30 September 2012	-	3,074,400	-	-	3,074,400

NOTES TO THE FINANCIAL STATEMENTS
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27. Provisions (continued)

(a) Retirement benefit obligations

A subsidiary of the Company in Indonesia operates an unfunded defined benefit scheme, as required under the Labour Law of the Republic of Indonesia.

The amount recognised in the consolidated statement of financial position are determined as follows:

	Group 2013 RM	2012 RM
Present value of obligations	2,570,662	3,052,719
Unrecognised actuarial gain/(loss)	531,761	(1,159,127)
Retirement benefit obligations	3,102,423	1,893,592

The expenses recognised in profit or loss are as follows:

	Group 2013 RM	2012 RM
Current service costs	1,834,042	864,295
Interest on obligation	176,448	90,725
Past service costs	-	(57,550)
Recognised actuarial net losses	44,884	2,270
	2,055,374	899,740

The defined benefit obligation expenses were determined based on actuarial valuations prepared by an independent actuary using the projected unit credit method. Principal assumptions at reporting date are as follows:

	Group 2013	2012
Discount rate	8.8%	6.5%
Future salary increase	10%	10%
Mortality rate	100% TM13	100% TMI2
Resignation rate	4%	4%
Normal retirement age	58 - 60	58 - 60

27. Provisions (continued)

(b) Retirement gratuity

Provision for retirement gratuity are for certain eligible directors. The details of the retirement gratuity scheme is disclosed in Note 2(e)(iii).

(c) Rectification works

This is in respect of rectification works on completed property development projects.

(d) Tax penalty

In the previous year, provision for tax penalty relates to penalty in respect of value-added tax of the subsidiary. PT Khaleda Agroprima Malindo ("PTKAM"), a subsidiary of the Company. In May 2011, PTKAM received tax assessment letters from the local tax office for under payment of input Value Added Tax ("VAT") for the period from January to September 2009 amounting to approximately IDR 6.3 billion and penalty of approximately IDR 6.3 billion, totalling approximately IDR 12.6 billion (equivalent to approximately RM4.6 million). Based on the tax audit, the subsidiary was denied the input VAT credit in relation to its planting activities on the ground that the subsidiary engages in the production and sale of Fresh Fruit Bunches ("FFB"). The subsidiary disagreed with the assessment as the subsidiary has not generated any sale of FFB and has submitted an objection letter dated 11 July 2011. In the financial year ended 30 September 2011, the subsidiary has made a provision amounting to approximately IDR 3.0 billion (equivalent to RM1,094,445) using similar basis as in the decision letters of the local tax authority for the subsidiary's tax under payment of input VAT for the year 2008. The provision was fully settled in last financial year.

28. Payables and accruals

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Non-current					
Trade payables	(a)	83,041,000	-	-	-
Retention sum payable to subcontractors after one year		9,764,412	15,758,173	-	-
		92,805,412	15,758,173	-	-

NOTES TO THE FINANCIAL STATEMENTS
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28. Payables and accruals (continued)

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Current					
Trade					
Trade payables	(b)	144,693,171	102,618,754	-	-
Retention sum payable to subcontractors within one year		14,300,715	6,327,206	-	-
Non-trade					
Amount due to subsidiaries	(c)	-	-	24,000	6,560,596
Other payables		9,388,436	3,428,073	1,272	-
Deposits received	(d)	10,861,440	9,604,206	-	-
Advances from customers	(e)	13,116,050	11,398,845	-	-
Accruals		9,444,390	6,547,095	260,880	625,192
		201,804,202	139,924,179	286,152	7,185,788

(a) This is in respect of payable for landowner's entitlement under deferred payment term pursuant to the joint land development agreement ("JLD") entered into with the landowner. Pursuant to the JLD, the entitlement is determined based on agreed percentage on the total gross development value of the property development project. This deferred payable is measured at amortised cost at an imputed interest of 10% per annum.

(b) The normal trade credit term granted to the Group ranges from 7 to 90 days (2012: 7 to 90 days) unless as specified in agreements.

(c) The amount due to subsidiaries of the Company is unsecured, interest free, expected to be settled in cash and is repayable on demand.

(d) Included in deposits received of the Group are rental, utilities and other deposits received of RM8,174,267 (2012: RM7,861,587) from tenants.

(e) Included in advances from customers of the Group are:

(i) downpayments of RM9,396,835 (2012: RM10,188,445) from purchasers of development properties; and

(ii) downpayments of RM3,719,215 (2012: RM1,210,400) from purchasers of crude palm oil and palm kernel.

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29. Loans and borrowings

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Non-current				
Term loans				
- secured				
- RM	72,921,220	100,840,133	-	-
- United States Dollar	248,021,458	118,097,700	-	37,558,500
- unsecured				
- RM	657,014	-	-	-
Bridging loan				
- secured	19,740,091	4,473,478	-	-
Revolving credits				
- secured	67,308,207	81,727,775	-	-
- unsecured	4,500,000	-	-	-
Finance lease liabilities				
- RM	1,117,463	1,392,887	-	-
- Indonesian Rupiah	506,868	851,005	-	-
	414,772,321	307,382,978	-	37,558,500
Current				
Term loans				
- secured	19,451,082	17,425,956	-	-
Bridging loan				
- secured	-	8,173,629	-	-
Revolving credits				
- secured				
- RM	79,987,818	74,843,697	-	-
- United States Dollar	-	10,736,940	-	2,299,500
- unsecured				
- RM	2,500,000	48,300,000	-	35,300,000
Bank overdrafts				
- secured	-	17,563,489	-	-
- unsecured	3,506,835	14,572,578	415,478	8,070,362
Finance lease liabilities				
- RM	779,084	508,826	-	-
- Indonesian Rupiah	940,244	785,854	-	-
	107,165,063	192,910,969	415,478	45,669,862
	521,937,384	500,293,947	415,478	83,228,362

29. Loans and borrowings (continued)

The maturity profile of loans and borrowings of the Group is as follows:

	Carrying amount RM	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM
Group							
2013							
Fixed rate instrument							
Finance lease liabilities							
- RM	1,896,547	779,084	479,999	381,142	178,945	77,377	-
- Indonesian Rupiah	1,447,112	940,244	313,815	193,053	-	-	-
	3,343,659	1,719,328	793,814	574,195	178,945	77,377	-
Floating rate instruments							
Term loans							
- secured							
- RM	92,372,302	19,451,082	24,378,259	24,671,045	15,693,259	7,368,583	810,074
- United States Dollar	248,021,458	-	11,548,579	52,357,966	64,560,281	64,621,722	54,932,910
- unsecured							
- RM	657,014	-	657,014	-	-	-	-
Bridging loan							
- secured	19,740,091	-	17,750,091	1,990,000	-	-	-
Revolving credits							
- secured							
- RM	147,296,025	79,987,818	22,333,207	12,350,000	15,450,000	15,300,000	1,875,000
- unsecured							
- RM	7,000,000	2,500,000	2,250,000	2,250,000	-	-	-
Bank overdrafts							
- unsecured	3,506,835	3,506,835	-	-	-	-	-
	518,593,725	105,445,735	78,917,150	93,619,011	95,703,540	87,290,305	57,617,984
	521,937,384	107,165,063	79,710,964	94,193,206	95,882,485	87,367,682	57,617,984

29. Loans and borrowings (continued)

The maturity profile of loans and borrowings of the Group is as follows: (continued)

	Carrying amount RM	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM
Group							
2012							
Fixed rate instrument							
Finance lease liabilities							
- RM	1,901,713	508,826	510,272	467,495	365,695	49,425	-
- Indonesian Rupiah	1,636,859	785,854	851,005	-	-	-	-
	3,538,572	1,294,680	1,361,277	467,495	365,695	49,425	-
Floating rate instruments							
Term loans							
- secured							
- RM	118,266,089	17,425,956	19,743,956	31,773,956	32,053,956	12,322,106	4,946,159
- United Stated Dollar	118,097,700	-	-	3,603,819	16,563,312	28,373,730	69,556,839
Bridging loan							
- secured	12,647,107	8,173,629	2,373,478	2,100,000	-	-	-
Revolving credit							
- secured							
- RM	156,571,472	74,843,697	10,100,000	18,365,007	16,521,310	15,772,180	20,969,278
- United States Dollar	10,736,940	10,736,940	-	-	-	-	-
- unsecured							
- RM	48,300,000	48,300,000	-	-	-	-	-
Bank overdrafts							
- secured	17,563,489	17,563,489	-	-	-	-	-
- unsecured	14,572,578	14,572,578	-	-	-	-	-
	496,755,375	191,616,289	32,217,434	55,842,782	65,138,578	56,468,016	95,472,276
	500,293,947	192,910,969	33,578,711	56,310,277	65,504,273	56,517,441	95,472,276

29. Loans and borrowings (continued)

The maturity profile of loans and borrowings of the Group is as follows:

	Carrying amount RM	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM
Company							
2013							
Floating rate instruments							
Bank overdraft							
- unsecured	415,478	415,478	-	-	-	-	-
2012							
Floating rate instruments							
Revolving credit							
- unsecured							
- RM	35,300,000	35,300,000	-	-	-	-	-
- secured							
- United States Dollar	2,299,500	2,299,500	-	-	-	-	-
Term loan							
- secured							
- United States Dollar	37,558,500	-	-	1,801,275	6,745,200	9,581,250	19,430,775
Bank overdrafts							
- unsecured	8,070,362	8,070,362	-	-	-	-	-
	83,228,362	45,669,862	-	1,801,275	6,745,200	9,581,250	19,430,775

29. Loans and borrowings (continued)

Finance lease liabilities
Finance lease liabilities are payable as follows:

	2013			2012		
	Future minimum lease payments RM	Finance charges RM	Present value of minimum lease payments RM	Future minimum lease payments RM	Finance charges RM	Present value of minimum lease payments RM
Less than one year	1,950,326	230,998	1,719,328	1,577,949	283,269	1,294,680
Between one and five years	1,758,844	134,513	1,624,331	2,444,559	200,667	2,243,892
	3,709,170	365,511	3,343,659	4,022,508	483,936	3,538,572

The finance lease liabilities bear effective interest at rates ranging from 3.80% to 6.60% (2012: 3.80% to 5.60%) per annum.

The term loans, bridging loan and revolving credits bear effective interest at rates ranging from 3.10% to 7.35% (2012: 3.10% to 8.10%) per annum.

The bank overdrafts bear effective interest at rates from 5.70% to 8.10% (2012: 6.35% to 8.10%) per annum. **Unsecured bank overdrafts** are supported by corporate guarantee of the Group and of the Company.

Term loan I of RM4,875,000 (2012: RM6,175,000) is repayable by 40 quarterly principal instalments of RM325,000 each over 10 years commencing from the third month from the day of first drawdown and is secured and supported as follows:

(a) legal charge over the leasehold land and building of a subsidiary;

(b) corporate guarantee of the Company;

(c) deposit of titles of the freehold land held for property development of a subsidiary; and

(d) debenture by way of fixed and floating charge over the freehold land held for property development and leasehold land and building of subsidiaries.

29. Loans and borrowings (continued)

Term loan II of RM26,242,786 (2012: RM39,053,150) is repayable by 24 quarterly principal instalments of RM2,375,000 each over 8 1/2 years commencing from the first day of the 34th month following the date of the first drawdown or payment by way of redemption, whichever is earlier. **Secured revolving credit I** of RM35,800,000 (2012: RM23,000,000) are reduced by semi-annually with first reduction commencing June 2013. The term loan and revolving credits are secured and supported as follows:

(a) legal charge over the leasehold land and building of a subsidiary;

(b) corporate guarantee of the Company;

(c) deposit of titles of the land held for property development of a subsidiary;

(d) general debenture over a subsidiary; and

(e) debenture by way of fixed and floating charge over the land held for property development and leasehold land and building of subsidiaries.

Term loan III of RMnil (2012: RM7,772,000) is repayable by 20 quarterly principal instalments commencing September 2010 or by way of redemption of the development units at the fixed redemption sum or redemption rate, whichever is earlier. In the previous financial year, the instalment commencement date was extended to July 2011 and is secured and supported as follows:

(a) facility agreement;

(b) legal charge over the freehold land held for property development of a subsidiary; and

(c) corporate guarantee of the Company.

Term loan IV of RM21,800,000 (2012: RM23,000,000) is repayable by 20 quarterly principal instalments commencing June 2013 or by way of redemption of the development units at the fixed redemption sum or redemption rate to be determined by the financial institution, whichever is earlier and **Term loan V** of RMnil (2012: RM4,750,000) is repayable by ten (10) quarterly principal instalments of RM475,000 each commencing December 2014 and is secured and supported as follows:

(a) facility agreement;

(b) legal charge over the freehold land held for property development of a subsidiary; and

(c) corporate guarantee of the Company.

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29. Loans and borrowings (continued)

Term loan VI of RMnil (2012: RM37,584,960) is repayable in 16 quarterly principal instalments of RM1,170,000 each commencing 5 years from the day of first drawdown and **Term loan VII** of RMnil (2012: RM42,954,240) is repayable in 16 quarterly principal instalments commencing 4 years from the day of first drawdown. **Term loan VIII** of RM248,021,458 (2012: RMnil) is repayable in 20 quarterly principal instalments commencing 27th month from the day of first drawdown. **Secured revolving credit II** of RMnil (2012: RM8,437,440) is repayable on demand. The term loans and revolving credit are secured and supported as follows:

(a) facility agreement and security sharing agreement;

(b) legal charge over the oil palm plantation land of a subsidiary in Indonesia;

(c) deed of fiduciary by way of fixed and floating charge over the oil palm plantation in Indonesia;

(d) charge over a designated bank account of a subsidiary in Indonesia;

(e) corporate guarantee of the Company;

(f) pledged of shares of a subsidiary;

(g) assignment over all applicable insurance policies; and

(h) negative pledge over a subsidiary's assets.

Term loan IX of RM11,700,000 (2012: RM11,700,000) is repayable by ten (10) quarterly principal instalments of RM1,170,000 each commencing August 2014 and is secured and supported as follows:

(a) legal charge over the freehold land held for property development of a subsidiary; and

(b) corporate guarantee of the Company.

Term loan X of RM3,300,000 (2012: RMnil) is repayable by six (6) quarterly principal instalments of RM550,000 each commencing August 2016 or by way of redemption unit sold, whichever is earlier and is secured and supported as follows:

(a) facility agreement;

(b) legal charge over the freehold land held for property development of a subsidiary; and

(c) corporate guarantee of the Company.

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29. Loans and borrowings (continued)

Term loan XI of RM2,853,919 (2012: RM3,375,939) is repayable by 96 monthly instalments of RM51,163 each commencing December 2010 and is secured and supported as follows:

(a) by way of charge over the freehold buildings of a subsidiary upon issuance of titles;

(b) first party open monies deed of assignment; and

(c) corporate guarantee of the Company.

Term loan XII of RMnil (2012: RM9,440,000) is repayable by 27 quarterly principal instalments of RM390,000 each and final principal instalment of RM470,000 commencing October 2011. **Term loan XIII** of RM7,957,700 (2012: RMnil) is repayable in 19 quarterly principal instalments of RM471,076 each and final instalments to be calculated and advised by the bank commencing on 4th month after the first drawdown. **Secured revolving credit III** RM23,000,000 (2012: RM23,000,000) is repayable on demand. The term loan and revolving credit are secured and supported as follows:

(a) facility agreement;

(b) legal charge over the leasehold land and building of a subsidiary;

(c) legal assignment over debt service account;

(d) legal assignment over all tenancy and rent agreements;

(e) specific debenture on fixed and floating charge over the leasehold land and building of a subsidiary;

(f) deed of subordinate in respect of shareholders advances and loans to the subsidiary;

(g) legal assignment of all of the subsidiary's present and future rights, title and benefits in and under such insurance policies procure in respect of the charge; and

(h) corporate guarantee of the Company.

Term loan XIV of RM382,823 (2012: RM13,000,000) is repayable by 8 quarterly principal instalments of RM1,625,000 each commencing October 2014 or payment by way of redemption, whichever is earlier. **Bridging loan I** of RM15,990,000 (2012: RM2,100,000) which is part of the total bridging loan of RM28,000,000 is repayable by 8 quarterly principal instalments of RM3,500,000 each commencing November 2014. **Secured revolving credit IV** of RM4,000,000 (2012: RM3,500,000) which is part of the total revolving credit of RM4,000,000 is repayable by 8 quarterly principal instalments of RM500,000 each commencing November 2014 or payment by way of redemption, whichever is earlier. The term loan, bridging loan and revolving credit are secured and supported as follows:

(a) legal charge over the freehold land belong to joint venture partner

(b) specific debenture by way of fixed and floating charge over all present and future assets of the project; and

(c) corporate guarantee of the Company.

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29. Loans and borrowings (continued)

Term loan XV of RM13,260,074 (2012: RMnil) is repayable by 84 monthly principal instalments commencing 19th month from the date of first drawdown or on 1st January 2014, whichever is earlier. The term loan is secured and supported as follows:

(a) legal charge over the freehold land of a subsidiary;

(b) a limited debenture by way of a fixed and floating charge over construction costs for a private and international school developed on the said freehold land;

(c) legal assignment over a subsidiary and /or the customer's rights and interest under an offer to lease and purchase;

(d) legal assignment over all rents and other monies payables; and

(e) corporate guarantee of the Company.

Unsecured term loan of RM657,014 (2012: RMnil) is part of the total term loan of RM6,000,000 and is repayable by 5 quarterly principal instalments of RM1,200,000 each commencing November 2014 and is supported by corporate guarantee of the company.

Bridging loan II of RMnil (2012: RM5,674,899) is part of the total bridging loan of RM16,000,000 granted to a subsidiary and is repayable by ten (10) quarterly principal instalments of RM1,600,000 each commencing December 2012 or by way of redemption of the development on the subsidiary's leasehold land at the fixed redemption sum or redemption rate, whichever is earlier and is secured and supported as follows:

(a) deposit of land titles of a subsidiary's inventories as mentioned in Note 21;

(b) negative pledge; and

(c) corporate guarantee of the Company.

Bridging loan III of RM3,750,091 (2012: RMnil) is part of the total bridging loan of RM35,000,000 granted to a subsidiary and is repayable by 4 quarterly principal instalments of RM8,750,000 each commencing June 2015. **Secured revolving credit V** of RM5,000,000 (2012: RMnil) is repayable by 4 quarterly principal instalment of RM1,250,000 each commencing February 2015. The bridging loan and secured revolving credit are secured and supported as follows:

(a) legal charge over the leasehold land held for property development of a subsidiary;

(b) assignment by way of charge over surplus sales proceed;

(c) a limited debenture by way of fixed and floating charges over the proposed development; and

(d) corporate guarantee of the Company.

29. Loans and borrowings (continued)

Bridging loan IV of RMnil (2012: RM4,872,208) is part of the total bridging loan of RM15,000,000 granted to a subsidiary and is repayable by 12 quarterly principal instalments of RM1,250,000 each commencing June 2014 or by way of redemption of the development on the subsidiary's freehold land at the fixed redemption sum or redemption rate, whichever is earlier and is secured and supported as follows:

(a) lien holder's caveat over the freehold land held for property development;

(b) negative pledge; and

(c) corporate guarantee of the Company.

Secured revolving credit VI of RMnil (2012: RM10,000,000) and **secured bank overdraft** of RMnil (2012: RM9,299,891) are repayable on demand and are secured and supported as follows:

(a) legal charge over the leasehold land and building of a subsidiary; and

(b) corporate guarantee of the Company.

Secured revolving credit VII of RM4,125,000 (2012: RM5,225,000) is repayable by 20 quarterly instalments of RM275,000 each commencing on 25 August 2012 and is secured and supported as follows:

(a) legal charge over the leasehold land and building of a subsidiary; and

(b) corporate guarantee of the Company.

Secured revolving credit VIII of RM12,300,000 (2012: RM20,000,000) is repayable on demand. **Secured bank overdraft** of RMnil (2012: RM8,263,598) is repayable on demand. The revolving credit and bank overdraft are secured and supported as follows:

(a) legal charge over the leasehold land held for property development of a subsidiary; and

(b) corporate guarantee of the Company.

Secured revolving credit IX of RMnil (2012: RM10,000,000) is repayable by eight (8) quarterly principal instalments of RM1,250,000 each commencing May 2013 and is secured and supported as follows:

(a) deposit part of land titles of the freehold land held for property development of a subsidiary;

(b) negative pledged on fixed and floating assets of a subsidiary; and

(c) corporate guarantee of the Company.

29. Loans and borrowings (continued)

Secured revolving credit X of RM15,000,000 (2012: RMnil) is repayable by 8 quarterly principal instalments of RM1,875,000 each commencing on the 39th month from the date of first drawdown and is secured and supported as follows:

(a) facility agreement;

(b) legal charge over leasehold land and building of a subsidiary; and

(c) corporate guarantee of the Company.

Secured revolving credit XI of RM8,483,207 (2012: RM44,602,775) is part of the total revolving credit of RM45,000,000 granted to a subsidiary and is repayable by 18 quarterly principal instalments of RM2,500,000 each commencing December 2014 and **secured revolving credit XII** of RM39,587,818 (2012: RM17,243,697) is part of the total revolving credit of RM40,000,000 and is repayable on demand. All revolving credits are secured and supported as follows:

(a) legal charge over the leasehold land and building of a subsidiary;

(b) corporate guarantee of the Company;

(c) specific debenture by way of fixed and floating charge over the leasehold land and building of a subsidiary; and

(d) legal assignment of rental proceeds from the investment property of a subsidiary.

Unsecured revolving credits of RM7,000,000 (2012: RM13,000,000) of the Group is repayable on demand and is supported by corporate guarantee of the Company.

Unsecured revolving credits of RMnil (2012: RM35,300,000) of the Company is repayable on demand.

Secured term loan of RMnil (2012: RM37,558,500) of the Group and of the Company is repayable in 16 quarterly principal instalments commencing 5 years from the day of first drawdown. **Secured revolving credit XIII** of RMnil (2012: RM2,299,500) is repayable on demand. The term loan and revolving credit are secured and supported as follows:

(a) facility agreement and security sharing agreement;

(b) legal charge over the oil palm plantation land of a subsidiary in Indonesia;

(c) deed of fiduciary by way of fixed and floating charge over the oil palm plantation in Indonesia;

(d) charge over a designated bank account of a subsidiary in Indonesia;

(e) pledged of shares of a subsidiary; and

(f) assignment over all applicable insurance policies.

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30. Dividend

Group/ Company

	Net dividend per share sen	Total Amount RM	Date of payment
2013			
Final dividend of 5.0 sen less 25% tax per ordinary share in respect of financial year ended 30 September 2012	3.75	13,096,977	5 March 2013
2012			
Final dividend of 5.0 sen less 25% tax per ordinary share in respect of financial year ended 30 September 2011	3.75	9,921,956	26 March 2012

A first interim dividend of 10.0 sen less 25% tax per ordinary share amounting to RM26,194,005 was declared on 10 December 2013 and paid on 31 December 2013. The financial statements for the current financial year do not reflect the dividend. Such dividend will be accounted in equity as an appropriation of retained earnings in the financial year ending 30 September 2014.

The Board of Directors does not recommend any final dividend payment in respect of the financial year ended 30 September 2013.

31. Acquisition of subsidiaries

(a) On 23 January 2013, the Company acquired 10% equity interest in Budi Bidara Sdn. Bhd. ("BBSB") for a total cash consideration of RM4,000,000. On 6 February 2013, the Company acquired additional 45% equity interest in BBSB. for a total cash consideration of RM18,000,000, which was completed on 25 June 2013. As a result, BBSB became a 55% owned subsidiary of the Company. The revenue and loss of the acquired subsidiary included in the consolidated statement of comprehensive income amounted to RMnil and RM663,352 respectively. If the acquisition had occurred on 1 October 2012, management estimates that revenue and the loss for the financial year attributable to the Group would have been RMnil and RM811,636 respectively.

31. Acquisition of subsidiaries (continued)

The fair values of the assets acquired and the liabilities assumed at the effective date of acquisition are as follows:

	Group 2013 RM
Property development costs	85,695,000
Receivables, deposits and prepayments	278,078
Cash and bank balances	70,152
Payables and accruals	(30,631,177)
Current tax liabilities	(371)
	55,411,682
Deferred tax liabilities	(13,915,000)
Total net identifiable assets	41,496,682
Non-controlling interest	(18,673,507)
Equity attributable to owners of the parent	22,823,175
Gain on bargain purchase on acquisition included in other income	(823,175)
Total purchase consideration paid in cash	22,000,000
Cash and bank balances of subsidiary acquired	(70,152)
Acquisition of subsidiary, net of cash acquired	21,929,848

On 12 September 2013, the Company acquired the remaining 45% equity interest in BBSB from its non-controlling interest for a cash consideration of RM18,000,000. As a result of this acquisition, BBSB became a wholly-owned subsidiary of the Company. On the date of acquisition, the carrying value of the additional interest was RM18,425,164. The difference between the consideration and the carrying value of the interest acquired which is a discount on acquisition of non-controlling interest of RM425,164 is credited to retained earnings.

(b) On 17 April 2013, the Company has acquired 100% equity interest in Vista Haruman Development Sdn. Bhd. for a cash consideration of RM2. The acquisition of Vista Haruman Development Sdn. Bhd. did not have a material impact on the financial statements of the Group.

(c) On 6 August 2013, Pelangi Seri Alam Development Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired the entire equity interest in Puncak Alam Resources Sdn. Bhd. for a total cash consideration of RM30,600,000. The revenue and the loss of the acquired subsidiary included in the consolidated statement of comprehensive income amounted to RMnil and RM2,303,458 respectively. If the acquisition had occurred on 1 October 2012, management estimates that revenue and the loss for the financial year attributable to the Group would have been RMnil and RM278,814 respectively.

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FINANCIAL STATEMENTS
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31. Acquisition of subsidiaries (continued)

The fair values of the assets acquired and the liabilities assumed at the effective date of acquisition are as follows:

	Group 2013 RM
Land held for property development	164,731,392
Property development costs	29,468,608
Receivables, deposits and prepayments	747,382
Cash and bank balances	1,016,739
Payables and accruals	(114,740,922)
Deferred tax liabilities	(20,341,595)
Total identifiable net assets	60,881,604
Gain on bargain purchase on acquisition included in other income	(30,281,604)
Total purchase consideration paid in cash	30,600,000
Cash and bank balances of subsidiary acquired	(1,016,739)
Acquisition of subsidiary, net of cash acquired	29,583,261

(d) On 13 September 2013, Kajang Resources Corporation Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired the entire equity interest in Achieve Acres Sdn. Bhd. for a total cash consideration of RM1,837,184. The revenue and the loss of the acquired subsidiary included in the consolidated statement of comprehensive income amounted to RMnil and RM3,620 respectively. If the acquisition had occurred on 1 October 2012, management estimates that revenue and the loss for the financial year attributable to the Group would have been RMnil and RM3,620.

The fair values of the assets acquired and the liabilities assumed at the effective date of acquisition are as follows:

	Group 2013 RM
Land held for property development	10,100,000
Cash and bank balances	2
Payables and accruals	(7,563,200)
	2,536,802
Deferred tax liabilities	(634,200)
Total identifiable net assets	1,902,602
Gain on bargain purchase on acquisition included in other income	(65,418)
Total purchase consideration in cash	1,837,184
Cash and bank balances of subsidiary acquired	(2)
Acquisition of subsidiary, net of cash acquired	1,837,182

NOTES TO THE
FINANCIAL STATEMENTS
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31. Acquisition of subsidiaries (continued)

The Group has completed the purchase price allocation exercise on the above acquisitions during the current financial year.

Transaction costs related to the above acquisitions of RM128,904 (2012: RMnil) had been recognised in profit or loss as administrative expenses of the Group during the financial year.

32. Disposal of subsidiary

On 6 September 2012, the Company disposed its entire equity interest of 2,000,000 ordinary shares of RM1/- each in Cekap Corporation Berhad (“CCB”).

As a result, CCB ceased to be a subsidiary of the Company.

Effect of disposal on the financial position of the Group is as follows:

	Group 2012 RM
Assets	
Inventories	72,072
Receivables, deposits and prepayments	270,000
Current tax assets	486,677
Cash and bank balances	2,876,721
	3,705,470
Liability	
Payables and accruals	3,274,275
Total net assets	431,195
Gain on disposal of subsidiary	805
Total cash consideration	432,000
Less: Cash and cash equivalents of subsidiary disposed	(2,876,721)
Disposal of subsidiary, net of cash and cash equivalents disposed	(2,444,721)

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33. Contingent liabilities - unsecured

	Company 2013 RM	Company 2012 RM
Corporate guarantees given by the Company to financial institutions and creditors for banking and credit facilities granted to the subsidiaries		
- outstanding as at financial year end	537,000,145	422,054,869

The financial guarantees have not been recognised since the fair value on initial recognition was immaterial as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by the subsidiaries and it was not probable that the counterparties to financial guarantee contracts will claim under the contracts.

34. Capital commitments

	Group 2013 RM	Group 2012 RM
Approved and contracted for:		
- Property, plant and equipment	17,644,694	9,073,685
- Investment property	4,496,560	24,323,793
Approved but not contracted for:		
- Property, plant and equipment	-	43,859,563

35. Related party disclosures

(a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, 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 Group has a related party relationship with its subsidiaries, associates and key management personnel.

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35. Related party disclosures (continued)

(b) Key management personnel compensation

The key management personnel compensation is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors of the Company				
- Fees	210,000	120,000	210,000	120,000
- Other short term emoluments	10,727,642	8,054,861	16,500	11,500
Estimated monetary value of benefits-in-kind	105,881	114,996	-	-
Total short-term employee benefits	11,043,523	8,289,857	226,500	131,500
- Post-employment benefits	2,223,256	10,347,976	-	-
	13,266,779	18,637,833	226,500	131,500
Other key management personnel				
- Remuneration	5,560,088	4,849,427	-	-
- Other short term employee benefits	7,744	9,613	-	-
- Post-employment benefits	627,328	549,153	-	-
	6,195,160	5,408,193	-	-
	19,461,939	24,046,026	226,500	131,500

Other key management personnel comprises persons other than the directors of Company, having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

(c) Related party transactions and balances of the Company

	Company	
	2013 RM	2012 RM
Received or receivable from subsidiaries		
Gross dividend	(97,562,501)	(143,651,500)
Interest income	(7,492,091)	(5,166,662)
Management fees	-	(44,000)

35. Related party disclosures (continued)

(c) Related party transactions and balances of the Company (continued)

	Company 2013 RM	Company 2012 RM
Paid or payable to subsidiaries		
Interest expense	-	166,391
Management fee	24,000	24,000
Other transaction		
Subscription of shares in subsidiaries via settlement of debts due from subsidiaries to the Company	-	100,000,000

Information on outstanding balances with related parties of the Company are disclosed in Notes 19 and 28.

(d) Related party transactions and balances of the Group

	Group 2013 RM	Group 2012 RM
Received and receivable from company in which a director has substantial equity interests		
Secretarial fees	1,980	2,668
Received or receivable from other related parties		
Progress billings to :		
i. certain directors of the Company	364,100	439,672
ii. a corporate shareholder of a subsidiary	903,925	390,000
iii. a corporation in which a director of the Company has substantial interest	932,500	186,500
iv. a person connected to a director of the Company	183,050	53,300
v. certain key management personnel of the Group	1,484,400	1,384,770

Information on outstanding balances with related parties of the Group is disclosed in Note 19.

36. Segment information

For management purposes, the Group is organised into business segments based on their products and services. The Group's chief operation decision maker reviews the information of each business segment on at least monthly basis for the purposes of resource allocation and assessment of segment performance. Therefore, the Group's reportable segments under FRS 8 are as follows:

(i) Property development and construction	-	property development, building and civil works contracting.
(ii) Hotel and property investment	-	hotel business and property investment and management.
(iii) Farming, food processing and retail	-	livestock farming, food processing and retail.
(iv) Trading	-	trading in building materials and household related products and general trading.
(v) Manufacturing	-	furniture manufacturing.
(vi) Plantation	-	oil palm cultivation.
(vii) Investment holding	-	Investment holding and management services.

Non-reportable segments comprise recreational club operation, money lending and provision of insurance broking services.

Segment revenue and results
The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment results represents profit before tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets
Segment assets are measured based on all assets (including goodwill) of the segment, excluding investment in associates, deferred tax assets, current tax assets and other investment.

Segment liabilities
Segment liabilities are measured based on all liabilities, excluding current tax liabilities, interest bearing loans and borrowings and deferred tax liabilities.

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36. Segment information (continued)

Segment revenue and results

	Property development & construction RM	Hotel & property investment RM	Trading RM	Manu-facturing RM	Plantation RM	Investment holding RM	Non-reportable segments RM	Farming, food processing & retail (Discontinued Operation) RM	Eli-minations RM	Consolidated RM
2013										
Revenue										
Total external revenue	476,094,805	32,341,461	67,090,932	9,476,442	101,146,703	-	2,069,094	-	-	688,219,437
Inter-segment revenue	-	5,480,000	1,161,077	-	-	148,945,839	-	-	(155,586,916)	-
Total segment revenue	476,094,805	37,821,461	68,252,009	9,476,442	101,146,703	148,945,839	2,069,094	-	(155,586,916)	688,219,437
Results										
Operating results	148,271,085	19,388,392	4,501,059	(204,008)	(36,667,716)	21,649,596	364,434	-	(19,747,207)	137,555,635
Interest expense	(19,499,895)	(2,417,848)	-	-	(8,405,894)	(14,988,995)	(320,065)	-	28,169,635	(17,463,062)
Interest income	4,406,543	26,047	-	223,642	208,583	7,597,700	6,826	-	(8,422,428)	4,046,913
Share of results of associates	10,608,115	(294,331)	-	-	-	-	-	-	-	10,313,784
Segment results	143,785,848	16,702,260	4,501,059	19,634	(44,865,027)	14,258,301	51,195	-	-	134,453,270
Tax (expense)/credit	(27,494,174)	(3,704,178)	(1,171,473)	(54,197)	7,955,455	(2,603,464)	(233,657)	-	-	(27,305,688)
Profit/(Loss) for the financial year	116,291,674	12,998,082	3,329,586	(34,563)	(36,909,572)	11,654,837	(182,462)	-	-	107,147,582
2013										
Other segment information										
Depreciation and amortisation	1,131,280	1,391,995	16,644	410,838	10,834,549	20,698	111,562	-	-	13,917,566
Changes in fair value of investment properties	-	(3,810,700)	-	-	-	-	-	-	-	(3,810,700)
Loss/(Gain) on disposal of property, plant and equipment	109,376	(366)	-	-	-	-	-	-	-	109,010
Impairment loss on trade and other receivables	21,253	6,053	-	-	-	-	-	-	-	27,306
Loss on deposits measured at amortised cost	492,364	-	-	-	-	-	-	-	-	492,364
Provision for retirement gratuity	-	-	-	-	-	241,920	-	-	-	241,920
Net loss on foreign exchange										
- realised	-	-	-	151,893	17,459,328	214,190	18	-	-	17,825,429
- unrealised	-	-	-	-	49,555,889	809,507	591,800	-	-	50,957,196
Gain on bargain purchase on acquisition of subsidiaries	(31,170,197)	-	-	-	-	-	-	-	-	(31,170,197)
Gain on retention sum measured at amortised cost	(1,742,699)	-	-	-	-	-	-	-	-	(1,742,699)
Reversal of impairment loss on receivables	(25,301)	-	(27,050)	-	-	(62,500)	(653,375)	-	-	(768,226)

36. Segment information (continued)

Segment revenue and results (continued)

	Property development & construction RM	Hotel & property investment RM	Trading RM	Manu-facturing RM	Plantation RM	Investment holding RM	Non-reportable segments RM	Farming, food processing & retail (Discontinued Operation) RM	Eli-minations RM	Consolidated RM
2012										
Revenue										
Total external revenue	390,609,774	32,228,671	63,026,695	13,286,215	44,912,468	-	1,228,122	10,632,586	-	555,924,531
Inter-segment revenue	6,534,000	11,628,500	60,601	-	-	157,850,824	-	-	(176,073,925)	-
Total segment revenue	397,143,774	43,857,171	63,087,296	13,286,215	44,912,468	157,850,824	1,228,122	10,632,586	(176,073,925)	555,924,531
Results										
Operating results	82,463,757	26,025,744	4,443,265	1,093,736	232,270	(3,713,313)	(3,365,237)	1,600,679	(4,799,681)	103,981,220
Interest expense	(16,189,640)	(2,677,956)	-	-	(409,462)	(13,210,655)	(383,489)	(59,219)	11,826,613	(21,103,808)
Interest income	3,651,831	377,230	-	198,774	243,327	5,176,860	15,751	36	(7,026,932)	2,636,877
Share of results of associates	14,640,352	(67,387)	-	-	-	-	-	-	-	14,572,965
Segment results	84,566,300	23,657,631	4,443,265	1,292,510	66,135	(11,747,108)	(3,732,975)	1,541,496	-	100,087,254
Tax expense	(19,738,684)	(3,436,797)	(1,113,557)	(261,469)	(1,709,258)	2,036,455	(68,522)	(341,300)	-	(24,633,132)
Profit/(Loss) for the financial year	64,827,616	20,220,834	3,329,708	1,031,041	(1,643,123)	(9,710,653)	(3,801,497)	1,200,196	-	75,454,122
2012										
Other segment information										
Bad debts written off	20,400	-	-	-	-	-	-	16,825	-	37,225
Depreciation and amortisation	1,969,521	1,283,604	21,123	364,088	5,077,336	21,280	25,954	761,149	-	9,524,055
Changes in fair value of investment properties	-	(12,668,000)	-	-	-	-	-	-	-	(12,668,000)
Gain on disposal of property, plant and equipment	(133,370)	(12,000)	-	-	(5,983)	-	-	(2,759)	-	(154,112)
Impairment loss on:										
- property, plant and equipment	-	-	-	-	53,651	-	-	-	-	53,651
- land held for property development	1,098,740	-	-	-	-	-	-	-	-	1,098,740
- trade and other receivables	120,689	-	49,599	-	-	46,130	3,573,493	-	-	3,789,911
Loss on deposits measured at amortised cost	5,903,875	-	-	-	-	-	-	-	-	5,903,875
Provision for rectification works	1,950,550	-	-	-	-	-	-	-	-	1,950,550
Provision for retirement gratuity	-	-	-	-	-	8,870,400	-	-	-	8,870,400
Net (gain)/loss on foreign exchange										
- unrealised	-	-	-	-	5,158,222	(1,625,000)	296,800	-	-	3,830,022
Gain on retention sum measured at amortised cost	(1,416,448)	-	-	-	-	-	-	-	-	(1,416,448)
Reversal of impairment loss on receivables	(99,313)	(85,776)	(38,929)	-	(90,791)	(13,600)	(22,057)	(16,825)	-	(367,291)

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36. Segment information (continued)

Segment assets and liabilities

	Property development & construction RM	Hotel & property investment RM	Trading RM	Manu-facturing RM	Plantation RM	Investment holding RM	Non-reportable segments RM	Farming, food processing & retail (Discontinued Operation) RM	Eli-minations RM	Consolidated RM
2013										
Assets										
Segment assets	1,048,959,522	304,323,601	20,911,033	22,359,804	388,063,050	3,522,788	14,952,553	-	-	1,803,092,351
Investment in associates	26,013,984	638,282	-	-	-	-	-	-	-	26,652,266
Deferred tax assets	19,638,600	-	26,400	-	6,427,743	3,855,000	-	-	-	29,947,743
Current tax assets	813,309	2,690	-	-	100	-	17,326	-	-	833,425
Total assets	1,095,425,415	304,964,573	20,937,433	22,359,804	394,490,893	7,377,788	14,969,879	-	-	1,860,525,785
Liabilities										
Segment liabilities	254,463,001	30,348,517	10,271,104	1,948,599	23,239,748	3,406,120	19,834	-	-	323,696,923
Current tax liabilities	7,074,170	1,252,647	170,531	-	-	763,623	5,825	-	-	9,266,796
Interest bearing liabilities	172,471,921	51,510,388	-	-	249,468,571	48,486,504	-	-	-	521,937,384
Deferred tax liabilities	39,842,400	8,803,600	-	1,025,000	-	-	28,178	-	-	49,699,178
Total liabilities	473,851,492	91,915,152	10,441,635	2,973,599	272,708,319	52,656,247	53,837	-	-	904,600,281
Other segment information										
Additions to non-current assets other than financial instruments and deferred tax assets	58,307,753	23,450,942	-	21,576	54,401,242	-	205,250	-	-	136,386,763
2012										
Assets										
Segment assets	693,923,573	278,276,438	21,329,824	23,988,272	368,374,448	11,564,499	23,982,287	-	-	1,421,439,341
Investment in associates	50,217,460	132,613	-	-	-	-	-	-	-	50,350,073
Deferred tax assets	17,956,700	-	29,100	-	-	3,776,975	4,900	-	-	21,767,675
Current tax assets	775,004	198,162	-	-	143	4,250	109,406	-	-	1,086,965
Total assets	762,872,737	278,607,213	21,358,924	23,988,272	368,374,591	15,345,724	24,096,593	-	-	1,494,644,054
Liabilities										
Segment liabilities	116,604,848	22,859,815	8,416,885	2,140,212	21,348,840	4,048,798	1,301,001	-	-	176,720,399
Current tax liabilities	4,597,500	1,536,001	302,263	67,045	-	270,990	-	-	-	6,773,799
Interest bearing liabilities	216,972,027	47,633,587	-	-	90,613,499	145,074,834	-	-	-	500,293,947
Deferred tax liabilities	5,002,300	8,853,500	-	1,025,000	164,165	-	601	-	-	15,045,566
Total liabilities	343,176,675	80,882,903	8,719,148	3,232,257	112,126,504	149,394,622	1,301,602	-	-	698,833,711
Other segment information										
Additions to non-current assets other than financial instruments and deferred tax assets	36,025,072	4,122,744	2,770	224,852	107,970,734	-	14,600	1,482,658	-	149,843,430

36. Segment information (continued)

Geographical information

Revenue and non-current assets information is presented based on the segment's country of domicile. Revenue from external customers based on the location of its customers has not been disclosed as revenue earned outside Malaysia is insignificant. Non-current assets do not include financial instruments and deferred tax assets.

	Revenue 2013 RM	Revenue 2012 RM	Non-current assets 2013 RM	Non-current assets 2012 RM
Malaysia	577,596,292	497,725,848	749,874,344	563,458,306
The Peoples' Republic of China	9,476,442	13,286,215	12,677,391	11,972,100
Republic of Indonesia	101,146,703	44,912,468	352,232,475	347,102,564
	688,219,437	555,924,531	1,114,784,210	922,532,970

Major customer information

There is no single customer with revenue equal or more than 10% of the Group revenue.

37. Significant events during the financial year

(a) On 13 August 2012, the Company proposed to undertake the following:

(i) A renounceable rights issue of 29,104,378 new ordinary shares of RM1/- each in MKH ("MKH Share(s)" or Share(s)") ("Rights Share(s)") on the basis of one (1) Rights Share for every ten (10) existing MKH Shares held together with 29,104,378 free detachable warrants in MKH ("Warrant(s)") on the basis of one (1) Free Warrant for every one (1) Rights Share subscribed for based on an entitlement date to be determined later ("Rights Issue with Warrants"); and

(ii) A bonus issue of 29,104,378 new MKH Shares ("Bonus Share(s)") to be credited as fully paid-up on the basis of one (1) Bonus Share for every one (1) Rights Share subscribed by the shareholders of MKH and/or their renouncee(s) pursuant to the Rights Issue with Warrants ("Bonus Issue");

The above transactions were completed on 10 January 2013.

(b) On 23 January 2013, the Company has entered into Share Sale and Purchase Agreements to acquire 10,000 ordinary shares of RM1/- each or equivalent to 10% of the issued and paid-up share capital of Budi Bidara Sdn. Bhd. ("BBSB") for a cash consideration of RM4,000,000. On 6 February 2013, the Company acquired additional 45,000 ordinary shares of RM1/- each or equivalent to 45% of the issued and paid-up share capital of BBSB for a total cash consideration of RM18,000,000, and this transaction was completed on 25 June 2013. As a result, BBSB became a 55% owned subsidiary of the Company. On 12 September 2013, the Company acquired the remaining 45% equity interest in BBSB for a total cash consideration of RM18,000,000. Consequently, BBSB became a wholly-owned subsidiary of the Company. Information on the effects of the acquisition is set out in Note 31.

37. Significant events during the financial year (continued)

(c) On 20 February 2013, a subsidiary entered into an agreement with the Government of Malaysia ("the Government") and Bank Pembangunan Malaysia for financial assistance in respect of the Company's project from the Government of Malaysia of an amount of RM20 million or 10% in respect of the subsidiary's project cost, whichever is lower. The financial assistance is subject to the availability of the Government fund, the issuance of the Certificate of Completion and Compliance in respect of the project before the expiry of the availability period, which is by 30 April 2015 together with fulfilment of other conditions precedent, and the final approval of the Government. The availability period may be extended for a period of up to 6 months at the absolute discretion of the Government.

(d) On 17 April 2013, the Company has acquired two (2) existing ordinary shares of RM1/- each representing the entire issued and paid-up share capital of Vista Haruman Development Sdn. Bhd. ("VHDSB"), for a cash consideration of RM2. As a result, VHDSB became a wholly-owned subsidiary of the Company. On 24 September 2013, the Company subscribed for additional 137,498 ordinary shares of RM1/- representing 55% of the total allotment of 249,998 ordinary shares for a total cash consideration of RM137,498. Consequently, VHDSB became a 55% owned subsidiary of the Company. Information on the effects of the acquisition is set out in Note 31.

(e) On 6 August 2013, Pelangi Seri Alam Development Sdn. Bhd. ("PSADSB"), a wholly-owned subsidiary of the Company has entered into a Share Sale and Purchase Agreement to acquire 1,200,000 ordinary shares of RM1/- each representing 100% of the issued and paid-up share capital of Puncak Alam Resources Sdn. Bhd. ("PARSB") for a total cash consideration of RM30,600,000. As a result, PARSB became a wholly-owned subsidiary of PSADSB. Information on the effects of the acquisition is set out in Note 31.

(f) On 13 September 2013, Kajang Resources Corporation Sdn. Bhd. ("KRCSB"), a wholly-owned subsidiary of the Company has entered into Shares Sale Agreement to acquire 2 ordinary shares of RM1/- each representing the entire issued and paid-up share capital of Achieve Acres Sdn. Bhd. ("AASB") for a total cash consideration of RM1,837,184. As a result, AASB became a wholly-owned subsidiary of KRCSB. Information on the effects of the acquisition is set out in Note 31.

38. Significant events subsequent to the financial year end

(a) On 17 October 2013, Kajang Resources Corporation Sdn. Bhd., a wholly-owned subsidiary of the Company has through its agent, Petik Mekar Sdn. Bhd. completed the acquisition of a parcel of freehold land held under Geran 44865, Lot 1014, situated in Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor Darul Ehsan measuring approximately 64 acres for a total cash consideration of RM50,656,932.

(b) On 21 October 2013, the Company has acquired 2 ordinary shares of RM1/- each representing the entire issued and paid-up share capital of Petik Mekar Sdn. Bhd. ("PMSB"), for a cash consideration of RM2. As a result, PMSB became a wholly-owned subsidiary of the Company. The acquisition is not expected to have a material impact on the Group's financial statements.

39. Operating lease arrangements – the Group as lessor

The Group have entered into property leases on its investment properties, which comprise freehold and leasehold land, with non-cancellable lease terms ranging from 12 to 30 years. The lease contracts contain fixed upward revision of the rental charges over the lease period.

Future minimum rental receivables under non-cancellable operating leases at the reporting date but not recognised as receivables, are as follows:

	Group	
	2013 RM	**2012 RM**
Not later than 1 year	3,496,109	1,820,257
Later than 1 year but not later than 5 years	16,532,682	7,067,946
Later than 5 years	62,389,810	48,796,951
	82,418,601	57,685,154

40. Financial Instruments

(a) Categories of financial instruments

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group 2013 Financial assets	**Loans and receivables RM**	**Total RM**
Receivables and deposits	103,898,798	103,898,798
Cash and cash equivalents	122,138,158	122,138,158
	226,036,956	226,036,956

Group 2013 Financial liabilities	**Financial liabilities at amortised cost RM**	**Total RM**
Payables and accruals	281,493,564	281,493,564
Loans and borrowings	521,937,384	521,937,384
	803,430,948	803,430,948

NOTES TO THE FINANCIAL STATEMENTS
30 September 2013
(continued)

40. Financial Instruments (continued)

(a) Categories of financial instruments (continued)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (continued)

Group 2012 Financial assets	Loans and receivables RM	Total RM
Receivables and deposits	109,633,807	109,633,807
Cash and cash equivalents	109,664,266	109,664,266
	219,298,073	219,298,073

Group 2012 Financial liabilities	Financial liabilities at amortised cost RM	Total RM
Payables and accruals	144,283,507	144,283,507
Loans and borrowings	500,293,947	500,293,947
	644,577,454	644,577,454

Company 2013 Financial assets	Loans and receivables RM	Total RM
Receivables and deposits	101,118,584	101,118,584
Cash and bank balances	57,925	57,925
	101,176,509	101,176,509

Company 2013 Financial liabilities	Financial liabilities at amortised cost RM	Total RM
Payables and accruals	286,152	286,152
Loan and borrowings	415,478	415,478
	701,630	701,630

NOTES TO THE
FINANCIAL STATEMENTS
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(continued)

40. Financial Instruments (continued)

(a) Categories of financial instruments (continued)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (continued)

Company 2012 Financial assets	Loans and receivables RM	Total RM
Receivables and deposits	101,675,970	101,675,970
Cash and cash equivalents	7,139,229	7,139,229
	108,815,199	108,815,199

Company 2012 Financial liabilities	Financial liabilities at amortised cost RM	Total RM
Payables and accruals	7,185,788	7,185,788
Loan and borrowings	83,228,362	83,228,362
	90,414,150	90,414,150

41. Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main risks and corresponding management policies arising from the Group's normal course of business are as follows:

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2013
(continued)

41. Financial risk management objectives and policies (continued)

(i) Credit risk (continued)

The Group's and the Company's exposure to credit risk primarily arises from its receivables. For other financial assets, the Group minimises credit risk by dealing with high credit rating counterparties. The maximum risk associated with recognised financial assets is the carrying amounts as presented in the statements of financial position and corporate guarantee provided by the Company to banks on subsidiaries' credit facilities.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade related receivables at the reporting date are as follows:

	Group		Group	
	2013 RM	% of total	2012 RM	% of total
By country:				
Malaysia	82,243,783	94.76	93,277,520	97.22
The Peoples' Republic of China	1,632,759	1.88	1,598,451	1.67
Republic of Indonesia	2,911,629	3.35	1,064,228	1.11
	86,788,171	100.00	95,940,199	100.00

The Group does not have any significant exposure to any individual customer at the reporting date.

Financial guarantee
The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries and creditors for credit terms granted to subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

The maximum exposure to credit risk amounts to RM537,000,145 (2012: RM422,054,869) representing the outstanding credit facilities of the subsidiaries guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiaries would default on its repayment.

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FINANCIAL STATEMENTS
30 September 2013
(continued)

41. Financial risk management objectives and policies (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions so as to achieve overall cost effectiveness.

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

	Carrying amount RM	Total Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
Group						
2013						
Financial liabilities:						
Payables and accruals	281,493,564	283,472,872	275,108,317	5,868,113	2,496,442	-
Loans and borrowings	521,937,384	616,728,681	135,819,440	101,486,395	318,067,301	61,355,545
	803,430,948	900,201,553	410,927,757	107,354,508	320,563,743	61,355,545
2012						
Financial liabilities:						
Payables and accruals	144,283,507	147,166,504	128,887,164	15,137,744	3,141,596	-
Loans and borrowings	500,293,947	564,666,111	210,331,218	48,945,296	206,172,306	99,217,291
	644,577,454	711,832,615	339,218,382	64,083,040	209,313,902	99,217,291

NOTES TO THE FINANCIAL STATEMENTS
30 September 2013
(continued)

41. Financial risk management objectives and policies (continued)

(ii) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	Carrying amount RM	Total Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
Company						
2013						
Financial liabilities:						
Payables and accruals	286,152	286,152	286,152	-	-	-
Loans and borrowings	415,478	415,478	415,478	-	-	-
	701,630	701,630	701,630	-	-	-
2012						
Financial liabilities:						
Payables and accruals	7,185,788	7,185,788	7,185,788	-	-	-
Loans and borrowings	83,228,362	90,710,918	47,193,068	1,523,206	21,897,964	20,096,680
	90,414,150	97,896,706	54,378,856	1,523,206	21,897,964	20,096,680

(iii) Foreign currency risk

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

The Group is exposed to foreign currency risk when the currency denomination differs from its functional currency.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Ringgit Malaysia ("RM"), Indonesian Rupiah ("IDR") and Chinese Renminbi ("RMB"). The foreign currency in which these transactions are denominated is mainly USD. Foreign currency exposure in transactions and currencies other than functional currencies of the operating entities are kept to an acceptable level.

41. Financial risk management objectives and policies (continued)

(iii) Foreign currency risk (continued)

The Group also holds cash and bank balances denominated in USD for working capital purposes.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investment in The Peoples' Republic of China and Republic of Indonesia are not hedged as currency positions in RMB and IDR are considered to be long-term in nature.

Financial assets and liabilities denominated in USD are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
United States Dollar				
Cash and bank balances	10,890,434	8,314,269	-	7,096,514
Trade receivables	1,632,759	1,598,451	-	-
Revolving credit	-	10,736,940	-	2,299,500
Term loans	248,021,458	118,097,700	-	37,558,500
	260,544,651	138,747,360	-	46,954,514

Sensitivity analysis for foreign currency risk
The following table demonstrates the sensitivity of the Group's profit for the financial year to a reasonably possible change in the USD exchange rate against RM, with all other variables held constant.

		Group		Company	
		2013 RM Profit for the financial year	2012 RM Profit for the financial year	2013 RM Profit for the financial year	2012 RM Profit for the financial year
USD/RM	- strengthened 5% (2012: 5%)	-	17,609,000	-	1,760,800
	- weakened 5% (2012: 5%)	-	(17,609,000)	-	(1,760,800)
USD/RMB	- strengthened 3% (2012: 3%)	36,700	422,000	-	-
	- weakened 3% (2012: 3%)	(36,700)	(422,000)	-	-
USD/IDR	- strengthened 10% (2012: 10%)	17,784,800	6,743,500	-	-
	- weakened 10% (2012: 10%)	(17,784,800)	(6,743,500)	-	-

NOTES TO THE
FINANCIAL STATEMENTS
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(continued)

41. Financial risk management objectives and policies (continued)

(iv) Interest rate risk

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

The Group's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities. Interest bearing financial assets include finance lease receivables, loan receivables and deposits with licensed banks. Deposits are placed for better yield returns than cash at banks and to satisfy conditions for bank guarantee.

The Group's interest bearing financial liabilities comprise finance lease, bank overdrafts, revolving credits, bridging loan and term loans.

The fixed deposits placed with licensed banks and loan receivables at fixed rate exposes the Group to fair value interest rate risk. The bank overdrafts, revolving credits, bridging loan and term loans totalling RM518,593,725 (2012: RM496,755,375) at floating rate expose the Group to cash flow interest rate risk whilst finance lease of RM3,343,659 (2012: RM3,538,572) at fixed rate expose the Group to fair value interest rate risk.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group also actively reviews its debts portfolio to ensure favourable rates are obtained, taking into account the investment holding period and nature of assets.

Sensitivity analysis for interest rate risk

As at the reporting date, a change of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the total equity and profit after tax by approximately RM1,944,700 (2012: RM1,862,800), arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

42. Fair value of financial instruments

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts approximate fair values due to the relatively short term maturities of these financial assets and liabilities.

(ii) Long term trade receivable and payable, loan receivables and finance lease receivables

The fair values of long term trade receivable and payable, loan receivables and finance lease receivables are estimated using expected future cash flows of contractual instalment payments discounted at current prevailing rates offered for similar types of credit or lending arrangements.

42. Fair value of financial instruments (continued)

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows: (continued)

(iii) Borrowings

The carrying amounts of bank overdrafts, short term revolving credits, bridging loan and short term loans approximate fair values due to the relatively short term maturities of these financial liabilities.

The carrying amounts of long term floating rate revolving credits and loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease is estimated using discounted cash flow analysis, based on current lending rates for similar types of lending arrangements.

The carrying amounts of financial assets and liabilities recognised in the financial statements approximate their fair values except as follows:

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
2013				
Financial assets				
Long term other receivables	2,107,053	938,696	-	-
Financial liabilities				
Finance lease liabilities	3,343,659	3,316,543	-	-
2012				
Financial assets				
Long term trade receivable	9,748,866	9,038,694	-	-
Long term other receivables	2,416,691	252,054	-	-
Loan receivables	10,299,787	10,218,842	-	-
Financial liabilities				
Finance lease liabilities	3,538,572	3,527,078	-	-

NOTES TO THE FINANCIAL STATEMENTS
30 September 2013
(continued)

43. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to sustain future development of the businesses so that it can continue to maximise returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or repay existing borrowings. No changes were made in the objectives, policies and processes during the financial years ended 30 September 2013 and 30 September 2012.

The debt-to-equity ratio is calculated as total debts divided by total capital of the Group. Total debts comprise interest bearing loans and borrowings whilst total capital is the total equity attributable to owners of the parent. The Group's policy is to keep the debt-to-equity ratio not exceeding 70%. The debt-to-equity ratio as at 30 September 2013 and 2012, which are within the Group's objectives of capital management are as follows:

	Group	
	2013	**2012**
Loans and borrowings (RM)	521,937,384	500,293,947
Total equity attributable to owners of the parent (RM)	953,331,946	797,581,929
Debt-to-equity ratio (%)	55%	63%

The Group is not subject to any externally imposed capital requirements other than a subsidiary which is required to maintain a debt-to-equity ratio of 70:30.

44. Comparative figures

The following comparative figures of the Group have been restated due to effect of adopting the Amendments to FRS 112:

Group	As restated RM	Prior year adjustments RM	As previously reported RM
Statement of financial position			
As at 30.9.2012			
Retained earnings	513,961,063	22,499,813	491,461,250
Deferred tax assets	(21,767,675)	(64,000)	(21,703,675)
Deferred tax liabilities	15,045,566	(22,435,813)	37,481,379
Statement of financial position			
As at 1.10.2011			
Retained earnings	451,290,054	19,727,913	431,562,141
Deferred tax liabilities	21,300,559	(19,727,913)	41,028,472

Group	2012 As restated RM	2012 As previously reported RM
Statement of comprehensive income		
Tax expense	(24,291,832)	(27,063,732)
Profit for the financial year from continuining operations	74,253,926	71,482,026
Profit for the financial year, attributable to owners of the parent	77,409,513	74,637,613
Total comprehensive income for the financial year, attributable to owners of the parent	53,972,045	51,200,145

SUPPLEMENTARY INFORMATION

on the disclosure of realised and unrealised profit or loss.

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 30 September 2013 and 2012 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") 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 Malaysia Securities Berhad Listing Requirements,* as issued by the Malaysian Institute of Accountants.

The retained earnings of the Group and of the Company as at 30 September 2013 and 2012 is analysed as follows:

	Group		Company	
	2013 RM	**2012 RM (restated)**	**2013 RM**	**2012 RM**
Total retained earnings of the Company and its subsidiaries:				
- realised	598,599,638	516,642,342	362,321,810	319,065,310
- unrealised	73,371,938	80,043,827	781,625	2,383,700
	671,971,576	596,686,169	363,103,435	321,449,010
Total share of retained earnings from associates:				
- realised	23,402,266	43,103,482	-	-
	695,373,842	639,789,651	363,103,435	321,449,010
Less: Consolidation adjustments	(119,219,379)	(125,828,588)	-	-
Total retained earnings	576,154,463	513,961,063	363,103,435	321,449,010

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

LIST OF PROPERTIES

as at 30 September 2013

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2013 RM'000	*Date of Revaluation/ Date of Acquisition
Achieve Acres Sdn. Bhd.					
Lot 21740, Mukim Semenyih, Daerah Ulu Langat, Selangor	Agricultural title Existing use: vacant land	10.237	Freehold	10,100	05.07.2013
Aliran Perkasa Sdn. Bhd.					
Lot 42195, Mukim Kajang, Daerah Ulu Langat, Selangor	Agricultural title Existing use: vacant land	3.088	Freehold	1,345	01.04.2004
Lot 42182, Seksyen 10, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for development Existing use: rubber trees	1.495	Freehold	660	07.02.2005
Lot 1996, Mukim Semenyih, Daerah Ulu Langat, Selangor	Agricultural title Existing use: vacant land	113.460	Freehold	51,157	22.03.2010
Lot 25310 (previously Lot 2322), Mukim Semenyih, Daerah Ulu Langat, Selangor	Agricultural title Existing use: vacant land	5.805	Freehold	2,051	01.07.2010
Lot 2006, Mukim Semenyih, Daerah Ulu Langat, Selangor	Agricultural title Existing use: vacant land	10.394	Freehold	7,167	25.10.2011
Lot 25301, Mukim Semenyih, Daerah Ulu Langat, Selangor	Agricultural title Existing use: oil palm/rubber trees	6.588	Freehold	1,992	01.08.2011
Lot 1990, Mukim Semenyih, Daerah Ulu Langat, Selangor	Agricultural title Existing use: oil palm/rubber trees	12.906	Freehold	4,860	01.08.2011
Budi Bidara Sdn. Bhd.					
Lot PT 10502 – PT 10522, Mukim of Kajang, Daerah Hulu Langat, Selangor	Vacant commercial land	3.146	Leasehold expiring in year 2107	33,281	25.06.2013
Lot PT 68858 – PT 68941 Mukim of Kajang, Daerah Hulu Langat, Selangor	Vacant commercial land	14.990	Leasehold expiring in year 2107	52,863	25.06.2013
Gerak Teguh Sdn. Bhd.					
All of the parcels of land held by this subsidiary are located at Mukim Semenyih, Daerah Ulu Langat, Selangor and form part of the mixed development project of Taman Pelangi Semenyih					
PT 26791	Vacant residential land	16.140	Freehold	1,429	08.10.2001
PT 26792	Vacant commercial land	0.500	Freehold	139	08.10.2001

LIST OF PROPERTIES
as at 30 September 2013 (continued)

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2013 RM'000	*Date of Revaluation/ Date of Acquisition
PT 26793	Existing use: 1-storey clubhouse, car park and swimming pool (built-up area of 17,797 sq. ft., Building age: 5 years) and part of the land is vacant	2.530	Freehold	513	08.10.2001
PT 26794	Existing use: lease out for commercial building	2.200	Freehold	5,500	27.09.2013 (Investment Properties stated at fair value)
PT 26795	Existing use: lease out for commercial building	6.900	Freehold	12,000	27.09.2013 (Investment Properties stated at fair value)
Hiliran Juara Sdn. Bhd.					
PT 417 to 427 (11 lots), Pekan Baru Sungai Besi, Daerah Petaling, Selangor	Land approved for residential and commercial development Existing use: partly vacant & partly lease out for commercial building	11.980	Leasehold expiring in year 2100	19,066	14.01.2005
Intelek Murni (M) Berhad					
PT 25624, Taman Bukit Mewah, Kajang, Selangor	3-storey clubhouse, car park and swimming pool, all known as Mewah Club (built-up area of 39,478 sq. ft.) (Building age: 19 years)	4.840	Freehold	12,416	*29.09.2010
Kajang Resources Corporation Sdn. Bhd.					
All of the parcels of land held by this subsidiary are located at Batu 18, Jalan Semenyih, Mukim Semenyih, Daerah Ulu Langat, Selangor					
Lot 12835 (previous PT 21725)	Vacant commercial land	3.606	Freehold	2,310	1991
PT Nos. 50 and 51	Residential land Existing use: oil palm plantation	9.659	Leasehold expiring in year 2089	2,800	1991
PT Nos. 131 and 132	Vacant residential land	1.572	Freehold	248	19.08.1997
Lot 27977	Agricultural title Existing use: vacant land	9.219	Freehold	1,851	26.05.1994
Lot Nos. 2118 and 2119	Agricultural title Existing use: vacant land	10.380	Freehold	1,620	11.08.1995

LIST OF PROPERTIES as at 30 September 2013 (continued)

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2013 RM'000	*Date of Revaluation/ Date of Acquisition
Lot No. 2217	Agricultural title Existing use: vacant land	7.394	Freehold	3,324	19.08.1997
Lot 2121	Agricultural title Existing use: vacant land	5.181	Freehold	4,497	18.05.2012
Lot 2231	Agricultural title Existing use: vacant land	7.387	Freehold	3,751	23.04.2010
PT 10952	Agricultural title Existing use: vacant land	3.296	Freehold	1,855	06.08.2010
PT 10953	Agricultural title Existing use: vacant land	3.296	Freehold	1,613	04.08.2010
Lot 2227	Agricultural title Existing use: vacant land	7.006	Freehold	4,580	14.01.2011
Lot 2822	Agricultural title Existing use: vacant land	5.669	Freehold	3,709	13.01.2011
Lot 2823	Agricultural title Existing use: vacant land	5.672	Freehold	3,658	13.01.2011
Lot 2824	Agricultural title Existing use: vacant land	5.666	Freehold	3,646	13.01.2011
Laju Jaya Sdn. Bhd.					
PT Nos. 19379 to 19391 (13 lots) Jalan Semenyih, Kajang, Selangor	Wisma MKH. A 6-storey hotel cum office building with built-up area of 171,935 sq.ft. Existing use: 100% tenanted (Building age: 19 years)	0.585	Leasehold expiring in 2089	28,569	*29.09.2010
Maha Usaha Sdn. Bhd.					
PT No. 19482, Bandar Kajang, Daerah Ulu Langat, Selangor	Commercial complex with built-up area of approximately 600,000 sq. ft. Existing use: 100% tenanted (Building age: 17 years)	2.330	Leasehold expiring in 2089	135,000	27.09.2013 (Investment Properties stated at fair value)
Metro Tiara (M) Sdn. Bhd.					
Unit 1-1, Tingkat 1, Dataran Pelangi Utama, Pelangi Utama, Jalan Masjid, PJU6A, Petaling Jaya, Selangor	1 unit of stratified office lot within a block of 6-storey shop offices with 58 bays of car park (Building age: 5.5 years)	2,971 sq. ft. (net lettable area)	Leasehold expiring in year 2101	2,470	27.09.2013 (Investment Properties stated at fair value)

LIST OF PROPERTIES
as at 30 September 2013 (continued)

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2013 RM'000	*Date of Revaluation/ Date of Acquisition
PT No. 76622, Bandar Kajang, Daerah Ulu Langat, Selangor	Private school complex with built-up area of approximately 224,736 sq.ft. (Building age: under construction)	5.0	Freehold	31,217	(Investment Properties under construction stated at cost)
Pelangi Semenyih Sdn. Bhd.					
Part of Lot 967, Mukim Beranang, Daerah Ulu Langat, Selangor	Land approved for mix development Existing use: vacant and partly oil palm plantation	22.640	Freehold	20,092	27.03.2009
PT. Khaleda Agroprima Malindo					
East Kalimantan, Indonesia	Oil palm plantation and office building and estate quarter (built-up area of approximately 1,357,784 sq. ft.)	39,395	Leasehold of 35 years expiring in year 2042 with an option to renew for a further period of 25 years	282,092	18.01.2008
Puncak Alam Resources Sdn. Bhd.					
Lot PT 834, Mukim Ijok, District of Kuala Selangor, Selangor	Agricultural title Existing use: vacant land	546.604	Leasehold expiring in year 2091	197,714	25.06.2013
Lot PT 1092, Mukim Jeram, District of Kuala Selangor, Selangor	Agricultural title Existing use: vacant land	12.356	Leasehold expiring in year 2091		25.06.2013
Serba Sentosa Sdn. Bhd.					
Lot 456, Seksyen 7, Bandar Kajang, Daerah Ulu Langat, Selangor	Existing use: lease out for commercial building	1.047	Leasehold expiring in year 2096	9,100	27.09.2013 (Investment Properties stated at fair value)
PT 35799, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for commercial development Existing use: office	1.210	Leasehold expiring in year 2096	3,026	25.07.1995
Lot 42275, Seksyen 9, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for commercial development Existing use: vacant land	1.857	Leasehold expiring in year 2096	4,618	25.07.1995
PT 56159, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for commercial development Existing use: vacant land	3.720	Leasehold expiring in year 2103	9,248	25.07.1995

LIST OF PROPERTIES
as at 30 September 2013 (continued)

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2013 RM'000	*Date of Revaluation/ Date of Acquisition
PT 69670, Bandar Kajang, Daerah Ulu Langat, Selangor	Vacant commercial land	1.194	Leasehold expiring in year 2107	3,722	25.07.1995
Lot 41078 and 41086 Bandar Kajang, Daerah Ulu Langat, Selangor	Vacant residential land	1.011	Freehold	953	05.08.2004
Srijang Indah Sdn. Bhd.					
Lot 501, Seksyen 7, Bandar Kajang, Daerah Ulu Langat, Selangor	4-storey commercial complex with built-up area of approximately 358,707 sq. ft. Existing use: 98% tenanted (Building age: 6.5 years)	1.720	Leasehold expiring in year 2102	49,500	27.09.2013 (Investment Properties stated at fair value)
PT No. 54017, Bandar Baru Bangi, Daerah Ulu Langat, Selangor	1.5-storey hypermarket building (built-up area of 67,089 sq. ft.) (Building age: 10 years)	1.770	Freehold	11,000	27.09.2013 (Investment Properties stated at fair value)
Unit G-01, G-02 & G-03, Idaman KL 128 (Saville Residence), 128, Jalan Klang Lama, Kuala Lumpur	3 units of strata office lot within a block of 30-storey serviced apartment with 70 bays of car park (Building age: 3 years)	11,077 sq. ft. (total net lettable area)	Freehold	7,818	27.09.2013 (Investment Properties stated at fair value)
Srijang Kemajuan Sdn. Bhd.					
Part of Lot 660, 661, 662 and 663, Seksyen 10, Bandar Kajang, Part of Lot 246, 300, 1029, 1070 and 1127, Mukim Kajang, all in Daerah Hulu Langat, Selangor	Land approved for mixed development Existing use: vacant land & partly rubber trees	240.049	Freehold		05.05.2008
Lot 656, Seksyen 14, Bandar Kajang, Daerah Hulu Langat, Selangor	Agricultural title Existing use: vacant land	2.068	Freehold	122,734	04.01.2011
Lot 2148, Mukim Kajang, Daerah Hulu Langat, Selangor	Agricultural title Existing use: vacant land	0.569	Freehold		04.01.2011
Geran 94270, Lot 38631 and Geran 94269, Lot 38636, Bandar Kajang, Daerah Hulu Langat, Selangor	Agricultural title Existing use: partly occupied	4.052	Freehold		04.01.2011

LIST OF PROPERTIES
as at 30 September 2013 (continued)

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2013 RM'000	*Date of Revaluation/ Date of Acquisition
Lot 13638, Mukim Kajang, Daerah Hulu Langat, Selangor	Agricultural title Existing use: vacant land	3.356	Freehold	8,019	04.01.2011
Sumber Lengkap Sdn Bhd					
Lot 15694, Mukim Semenyih, Daerah Ulu Langat, Selangor	Vacant residential land	3.105	Freehold	1,603	30.04.1999
Lot 15683, Mukim Semenyih, Daerah Ulu Langat, Selangor	Vacant residential land	3.184	Freehold		
Lot 15703, Mukim Semenyih, Daerah Ulu Langat, Selangor	Partly vacant residential land	1.770	Freehold	462	30.04.1999
Vast Furniture Manufacturing (Kunshan) Co. Ltd.					
Lot 1120101015 & Lot 1120101009, 588 Airport Road, Shipu Town, Kunshan City, Jiangsu Province, Republic of China	Office, factory buildings & partial vacant land (Building age: 13 years), new factory building (Building age: 8 years)	10.000	Leasehold of 50 years expiring in year 2049	12,317	*20.09.2010
MKH Berhad					
Lot No. 2 and Lot No. 8, Jalan Bukit Mewah 66, 43000 Kajang, Selangor	Two units of 2-storey shop house (built up area: 8,802 sq.ft.) (Building age: 15 years)	4,401 sq. ft. (Total lettable area)	Freehold	547	*29.09.2010

* All revalued assets were as at 29 September 2010, except Vast Furniture Manufacturing (Kunshan) Co. Ltd., which was at 20 September 2010.

ANALYSIS OF SHAREHOLDINGS
as at 31 December 2013

SHARE CAPITAL

Authorised Share Capital	:	RM1,000,000,000
Issued and Fully Paid-up	:	RM349,253,322
Type of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One vote per shareholder on a show of hands One vote per ordinary share on a poll — In the meeting of shareholders
No. of Shareholders	:	4,167

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	Total Holdings	%
1 - 99	553	13.271	20,804	0.006
100 - 1,000	336	8.063	186,364	0.053
1,001 - 10,000	2,120	50.876	9,127,393	2.614
10,001 - 100,000	962	23.086	29,676,319	8.497
100,001 - 17,462,665	192	4.608	156,431,071	44.790
17,462,666 and above	4	0.096	153,811,371	44.040
Total	4,167	100.000	349,253,322	100.000

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	No. of Shares Held Direct Interest	%	Indirect Interest	%
1 Chen Choy & Sons Realty Sdn Bhd ("CCSR")	110,048,015	31.510	40,384,820*	11.563
2 Public Bank Group Officers' Retirement Benefits Fund	34,200,040	9.792	-	-
3 Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1,254,925	0.359	158,424,292#	45.361
4 Tan Sri Datuk Chen Lok Loi	6,303,920	1.805	152,923,035^	43.786
5 Chen Fook Wah	1,074,544	0.308	150,432,835@	43.073
6 Chen Ying @ Chin Ying	-	-	150,432,835@	43.073

Notes:
* *Deemed interest through shares held in nominee companies.*
\# *Deemed interest through shares held in CCSR, Lotus Way Sdn Bhd and shares held through nominee companies.*
^ *Deemed interest through shares held in CCSR and a nominee company.*
@ *Deemed interest through shares held in CCSR.*

ANALYSIS OF SHAREHOLDINGS
as at 31 December 2013
(continued)

LIST OF TOP 30 SHAREHOLDERS
(Without Aggregating Securities from Different Securities Accounts Belonging To the Same Registered Holder)

No.	Name	Shareholdings	%
1	Chen Choy & Sons Realty Sdn Bhd	42,750,000	12.240
2	Chen Choy & Sons Realty Sdn Bhd	35,048,015	10.035
3	Chen Choy & Sons Realty Sdn Bhd	32,250,000	9.234
4	Kenanga Nominees (Tempatan) Sdn Bhd Qualifier: Public Bank Group Officers' Retirement Benefits Fund	22,149,446	6.342
5	RHB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Bhd	21,613,910	6.189
6	EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Bhd	12,200,000	3.493
7	Public Invest Nominees (Tempatan) Sdn Bhd Qualifier: Public Bank Group Officers' Retirement Benefits Fund	12,050,594	3.450
8	RHB Capital Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Bhd	6,570,910	1.881
9	Tan Sri Datuk Chen Lok Loi	6,303,920	1.805
10	Public Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Rekapacific Berhad	6,225,449	1.783
11	JF Apex Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Teo Siew Lai	4,811,301	1.378
12	JF Apex Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Teo Kwee Hock	4,489,501	1.285
13	Cipta Wajib Sdn Bhd	4,219,200	1.208
14	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board	3,474,800	0.995
15	Cau Vong Holdings Sdn Bhd	3,027,508	0.867
16	AllianceGroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	3,000,000	0.859
17	Lotus Way Sdn Bhd	2,991,457	0.857
18	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt An For Credit Suisse	2,820,000	0.807
19	Tan Sou Yee	2,550,833	0.730
20	AllianceGroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Liberty Alliance (M) Sdn Bhd	2,490,200	0.713
21	Citigroup Nominees (Asing) Sdn Bhd Qualifier: CBNY For Dimensional Emerging Markets Value Fund	2,067,158	0.592
22	EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account For Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	2,000,000	0.573
23	Wong Ah Tim @ Ong Ah Tin	2,000,000	0.573
24	Low Siew Lian	1,907,091	0.546
25	HSBC Nominees (Tempatan) Sdn Bhd Qualifier: HSBC (M) Trustee Bhd For Hwang Select Balanced Fund	1,896,300	0.543
26	Goh Thong Beng	1,848,000	0.529
27	Key Development Sdn Bhd	1,810,221	0.518
28	EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account For Selestar Realty Sdn Bhd	1,778,700	0.509
29	HSBC Nominees (Tempatan) Sdn Bhd Qualifier: HSBC (M) Trustee Bhd For Hwang Aiiman Growth Fund	1,500,000	0.429
30	Citigroup Nominees (Asing) Sdn Bhd Qualifier: CIPLC For PHEIM SIVAC-SIF	1,436,700	0.411
TOTAL		**249,281,214**	**71.375**

DIRECTORS' SHAREHOLDINGS

as at 31 December 2013

MKH BERHAD

Name of Director	No. of Ordinary Shares of RM1.00 each Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1,254,925	0.359	158,424,292*	45.361
Tan Sri Datuk Chen Lok Loi	6,303,920	1.805	152,923,035^	43.786
Chen Fook Wah	1,074,544	0.308	150,432,835#	43.073
Mah Swee Buoy	146,001	0.042	-	-
Mohammed Chudi Bin Haji Ghazali	15,245	0.004	-	-
Jeffrey Bin Bosra	20,000	0.006	-	-

Notes :-

* *Deemed interest through shares held in Chen Choy & Sons Realty Sdn Bhd ("CCSR"), Lotus Way Sdn Bhd and shares held through nominee companies.*

^ *Deemed interest through shares held in CCSR and a nominee company.*

Deemed interest through shares held in CCSR.

RELATED COMPANY

- Srijang Kemajuan Sdn Bhd

Name of Director	No. of Ordinary Shares of RM1.00 each Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1	0.0003	-	-

ANALYSIS OF WARRANT HOLDINGS

as at 31 December 2013

WARRANTS B

Rights Issue of Warrants 2012/2017	:	29,104,378
No. of Warrants Unexercised	:	29,103,588
Exercise Price of the Warrants	:	RM2.26
Exercise Period	:	From the date of issuance of 31 December 2012 to the expiry date on 30 December 2017
Expiry Right	:	Each Warrant entitles the holder during the Exercise Period to subscribe for one (1) new ordinary share of RM1.00 each at the Exercise Price

ANALYSIS OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Holders	%	Total Holdings	%
1 - 99	113	7.464	5,010	0.017
100 - 1,000	715	47.226	304,416	1.046
1,001 - 10,000	488	32.232	1,675,062	5.756
10,001 - 100,000	159	10.502	5,426,468	18.645
100,001 - 1,455,178	38	2.510	9,156,563	31.462
1,455,179 and above	1	0.066	12,536,069	43.074
Total	1,514	100.000	29,103,588	100.000

SUBSTANTIAL WARRANT HOLDERS

	No. of Warrants Held			
Name of Warrant Holder	Direct Interest	%	Indirect Interest	%
1 Chen Choy & Sons Realty Sdn Bhd ("CCSR")	12,536,069	43.074	-	-
2 Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	621,243	2.135	12,778,273#	43.906
3 Tan Sri Datuk Chen Lok Loi	525,326	1.805	12,734,419^	43.755
4 Chen Fook Wah	88,087	0.303	12,536,069@	43.074
5 Chen Ying @ Chin Ying	-	-	12,536,069@	43.074

Notes :-

\# *Deemed interest through shares held in Chen Choy & Sons Realty Sdn Bhd ("CCSR") and Lotus Way Sdn Bhd.*

^ *Deemed interest through shares held in CCSR and a nominee company.*

@ *Deemed interest through shares held in CCSR.*

ANALYSIS OF WARRANT HOLDINGS as at 31 December 2013 (continued)

LIST OF TOP 30 WARRANT HOLDERS
(Without Aggregating Securities from Different Securities Accounts Belonging To the Same Registered Holder)

No.	Name	No. of Warrants	%
1	Chen Choy & Sons Realty Sdn Bhd	12,536,069	43.074
2	Chong Gong Gong	1,026,000	3.525
3	Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Wong Thim Fatt	705,000	2.422
4	Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	621,243	2.135
5	Tan Sri Datuk Chen Lok Loi	525,326	1.805
6	Public Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Lee Ah Noi	496,000	1.704
7	AllianceGroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Yap Pau Fang	330,000	1.134
8	JF Apex Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Teo Kwee Hock	324,609	1.115
9	Lee Ah Lan	291,400	1.001
10	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Qualifier: Exempt An For UOB Kay Hian Pte Ltd	279,519	0.960
11	JF Apex Nominees (Tempatan) Sdn Bhd Qualifier: Pledge Securities Account for Teo Siew Lai	247,366	0.850
12	Lotus Way Sdn Bhd	242,204	0.832
13	HDM Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for United Teochew (Malaysia) Bhd	230,000	0.790
14	Cipta Wajib Sdn Bhd	227,900	0.783
15	Saw Phaik Ai	220,500	0.758
16	Tan Sou Yee	212,569	0.730
17	AllianceGroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Liberty Alliance (M) Sdn Bhd	198,350	0.682
18	Public Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Yap Soon Heng	194,900	0.670
19	Chen Yoke Faa	180,000	0.619
20	Goh Thong Beng	164,100	0.564
21	Low Siew Lian	158,924	0.546
22	Chong Yan Onn	150,000	0.515
23	Teoh Ah Baa @ Teoh Beng Suang	145,800	0.501
24	Chen Yoke Chuan	135,000	0.464
25	Chiang Siong Chiew @ Chiong Siong Chiew	125,000	0.430
26	Selestar Realty Sdn Bhd	121,375	0.417
27	Sia Soo Ching	116,317	0.400
28	Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Teoh Wooi Hang	113,300	0.389
29	Koon Huat Sdn Bhd	110,000	0.378
30	Public Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Teoh Ah Baa @ Teoh Beng Suang	110,000	0.378
TOTAL		**20,538,771**	**70.571**

DIRECTORS' WARRANT HOLDINGS

as at 31 December 2013

MKH BERHAD

	No. of Warrants Held			
Name of Director	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	621,243	2.135	12,778,273*	43.906
Tan Sri Datuk Chen Lok Loi	525,326	1.805	12,734,419^	43.755
Chen Fook Wah	88,087	0.303	12,536,069#	43.074
Mah Swee Buoy	13,032	0.045	-	-
Mohammed Chudi Bin Haji Ghazali	1,270	0.004	-	-

Notes :-

* *Deemed interest through shares held in Chen Choy & Sons Realty Sdn Bhd ("CCSR") and Lotus Way Sdn Bhd.*

^ *Deemed interest through shares held in CCSR and a nominee company.*

Deemed interest through shares held in CCSR.

NOTICE OF THIRTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Fourth Annual General Meeting ("34th AGM") of MKH Berhad will be held at Ballroom, First Floor, Prescott Metro Inn, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Thursday, 20 February 2014 at 10.00 a.m. to transact the following businesses:

Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 September 2013 together with the Directors' and Auditors' reports thereon. **(Please refer to Explanatory Note A)**

2. To approve Directors' fees amounting to RM210,000-00 for the financial year ended 30 September 2013. **(Ordinary Resolution 1)**

3. To re-elect Chen Fook Wah, who retires by rotation pursuant to Article 110(1) of the Company's Articles of Association and being eligible, has offered himself for re-election. **(Ordinary Resolution 2)**

4. To re-appoint the following Directors who retire pursuant to Section 129(2) of the Companies Act, 1965:-

   (a) Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong **(Ordinary Resolution 3)**
   (b) Mohammed Chudi Bin Haji Ghazali **(Ordinary Resolution 4)**
   (c) Haji Mohamed Bin Ismail **(Ordinary Resolution 5)**
   (d) Haji Hasan Aziz Bin Mohd Johan **(Ordinary Resolution 6)**

5. To re-appoint Messrs Baker Tilly AC as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 7)**

Special Business:

To consider and if thought fit, to pass the following ordinary resolutions:

6. Ordinary Resolution
   Authority To Issue Shares Pursuant To Section 132D Of The Companies Act, 1965.

   "**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares of the Company at any time until the conclusion of the next Annual General Meeting of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10 per centum of the issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad." **(Ordinary Resolution 8)**

NOTICE OF THIRTY-FOURTH ANNUAL GENERAL MEETING (continued)

7. Ordinary Resolution
Proposed Renewal Of Authority For The Company To Purchase Its Own Shares (“Proposed Renewal Of Share Buy-Back”)

“**THAT** subject to Section 67A of the Companies Act, 1965, provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authorities, the Directors of the Company be and are hereby authorised to exercise the power of the Company to purchase such amount of ordinary shares in the Company from time to time through Bursa Securities subject further to the following:

(i) the aggregate number of shares purchased does not exceed 10% of the total issued and paid-up share capital of the Company (“Purchased Shares”) at the point of purchase;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Purchased Shares shall not exceed the total retained profits and share premium account of the Company at the time of the purchase(s); and

(iii) the authority conferred by this resolution will commence immediately upon passing of this resolution and will continue to be in force until:
(a) the conclusion of the next Annual General Meeting (“AGM”) of the Company unless the authority is renewed subject to conditions; or
(b) the expiration of the period within which the next AGM after that date is required by law to be held; or
(c) it is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first,

(iv) upon the completion of the purchase(s) of the Purchased Shares, the Directors of the Company be and are hereby authorised to deal with the Purchased Shares in the following manner:-
(a) to cancel the Purchased Shares so purchased; or
(b) to retain the Purchased Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; or
(c) to retain part of the Purchased Shares so purchased as treasury shares and cancel the remainder; or
(d) to deal in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

NOTICE OF THIRTY-FOURTH ANNUAL GENERAL MEETING (continued)

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary to implement, finalize and give full effect to the Proposed Renewal of Share Buy-Back with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and with fullest power to do all such acts and things thereafter as the Directors may deem fit and expedient in the best interest of the Company." **(Ordinary Resolution 9)**

8. Ordinary Resolution
Retention of Independent Directors

(a) "**THAT** subject to the passing of Ordinary Resolution 4, approval be and is hereby given to Mohammed Chudi Bin Haji Ghazali, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." **(Ordinary Resolution 10)**

(b) "**THAT** subject to the passing of Ordinary Resolution 5, approval be and is hereby given to Haji Mohamed Bin Ismail, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." **(Ordinary Resolution 11)**

Any Other Business:

9. To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board,

TAN WAN SAN (MIA 10195)
Group Company Secretary
Kajang, Selangor Darul Ehsan
Date : 28 January 2014

NOTICE OF THIRTY-FOURTH ANNUAL GENERAL MEETING (continued)

Notes:

1. *A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or attorney or duly authorised representative may but need not be a member of the Company.*

2. *The power of attorney or an office copy or a notarially certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, it must be executed under its common seal or in the manner authorised by its constitution.*

3. *Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), the exempt authorised nominee may appoint any number of proxy (no limit) in respect of each omnibus account it holds.*

4. *If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*

5. *Only members whose names appear in the Record of Depositors as at 13 February 2014 will be entitled to attend and vote at the meeting or appoint a proxy or proxies to attend and vote in his/ her stead.*

6. *The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or an office copy or a notarially certified copy thereof must be deposited at the registered office at Suite 1, 5th Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan, at least 48 hours before the time appointed for holding the meeting.*

7. ***Explanatory Note A***

   This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward for voting.

8. ***Explanatory Statement Pertaining to Ordinary Business***

   Ordinary Resolutions 3, 4, 5 & 6

   The proposed Ordinary Resolutions 3,4,5 & 6 under item 4 is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, Mohammed Chudi Bin Haji Ghazali, Haji Mohamed Bin Ismail and Haji Hasan Aziz Bin Mohd Johan who are over 70 years of age as Directors of the Company and to hold office until the conclusion of the next Annual General Meeting ("AGM") of the Company. This resolution must be passed by a majority of not less than three-fourth of such Members of the Company as being entitled to vote in person or where proxies are allowed, by proxy at the AGM of the Company.

9. ***Explanatory Statement Pertaining to Special Business***

Ordinary Resolution 8

The proposed Ordinary Resolution 8, if passed, will give the Directors authority to issue and allot new shares of the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion consider to be in the best interest of the Company, without having to convene a general meeting, provided that the aggregate number of shares issued pursuant thereto does not exceed 10% of the issued and paid-up share capital of the Company for the time being. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next AGM of the Company.

The general mandate sought to grant authority to Directors to allot and issue shares is a renewal of the mandate that was approved by the shareholders at the Thirty-Third (33rd) AGM held on 5 February 2013. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible future bonus issue and/or fund raising exercises including but not limited to further placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM which shall lapse at the conclusion of the 34th AGM to be held on Thursday, 20 February 2014.

Ordinary Resolution 9

The proposed Ordinary Resolution 9, if passed, will give authority to the Directors of the Company to exercise the power of the Company to purchase up to 10% of the issued and paid-up share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

The detailed information on the Proposed Renewal of Share Buy-Back is set out in the Statement to Shareholders dated 28 January 2014 which is dispatched together with the Annual Report 2013.

Ordinary Resolutions 10 and 11

The Nomination Committee has assessed the independence of the following Directors, who have served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

Ordinary Resolution 10: Mohammed Chudi Bin Haji Ghazali

i) He fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and thus, he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.
ii) His vast experience in the banking industry enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.
iii) He has performed his duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the management.

Ordinary Resolution 11: Haji Mohamed Bin Ismail

i) He fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and thus, he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.
ii) His vast experience in the civil servant and agricultural sector enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.
iii) He has performed his duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the management.

STATEMENT ACCOMPANYING NOTICE OF THIRTY-FOURTH **ANNUAL GENERAL MEETING**

(Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Directors who are standing for re-election and re-appointment at the 34th AGM of MKH Berhad are as follows:-

   (a) Chen Fook Wah (Ordinary Resolution 2)
   (b) Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong (Ordinary Resolution 3)
   (c) Mohammed Chudi Bin Haji Ghazali (Ordinary Resolution 4)
   (d) Haji Mohamed Bin Ismail (Ordinary Resolution 5)
   (e) Haji Hasan Aziz Bin Mohd Johan (Ordinary Resolution 6)

2. The profiles of the Directors who are standing for re-election/re-appointment are set out on pages 32 to 34 of the Annual Report.

3. The information relating to the shareholding and warrant holding of the above Directors in the Company and its related corporation are set out on pages 205 and 208 of this Annual Report.

MKH

MKH BERHAD
(Company No.50948-T)
(Incorporated in Malaysia)

FORM OF PROXY

I/We ____________________ NRIC/Company No.: ____________

of ____
(FULL ADDRESS)

being a Member of MKH Berhad hereby appoint : ____________________

____________________ NRIC/Company No.: ____________

of ____
(FULL ADDRESS)

^ or failing him/her ____________________ NRIC/Company No.: ____________

of ____
(FULL ADDRESS)

*or failing him/ her, the Chairman of the Meeting as my/ our proxy/proxies to vote for me/ us on my/ our behalf at the Thirty-Fourth Annual General Meeting of the Company to be held at the Ballroom, First Floor, Prescott Metro Inn, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Thursday, 20 February 2014 at 10.00 a.m. and at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of Meeting with "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1 - Payment of Directors' Fees		
Ordinary Resolution 2 - Re-election of retiring Director, Chen Fook Wah		
Ordinary Resolution 3 - Re-appointment of Director, Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong		
Ordinary Resolution 4 - Re-appointment of Director, Mohammed Chudi Bin Haji Ghazali		
Ordinary Resolution 5 - Re-appointment of Director, Haji Mohamed Bin Ismail		
Ordinary Resolution 6 - Re-appointment of Director, Haji Hasan Aziz Bin Mohd Johan		
Ordinary Resolution 7 - Re-appointment of Messrs Baker Tilly AC as Auditors		
Ordinary Resolution 8 - Authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 9 - Proposed Renewal of Authority for Share Buy-Back		
Ordinary Resolution 10 - Retention of Mohammed Chudi Bin Haji Ghazali as Independent Non-Executive Director		
Ordinary Resolution 11 - Retention of Haji Mohamed Bin Ismail as Independent Non-Executive Director		

Dated this day__________of__________2014

Number of Shares Held

____
Signature / Common Seal of Member

* Delete the words "or failing him/ her, the Chairman of the meeting" if you do not wish to appoint the Chairman of the meeting to be your proxy

^ Delete if inapplicable

Notes:-

1. *A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or attorney or duly authorised representative may but need not be a member of the Company.*
2. *The power of attorney or an office copy or a notarially certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, it must be executed under its common seal or in the manner authorised by its constitution.*
3. *Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), the exempt authorised nominee may appoint any number of proxy (no limit) in respect of each omnibus account it holds.*
4. *If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
5. *Only members whose names appear in the Record of Depositors as at 13 February 2014 will be entitled to attend and vote at the meeting or appoint a proxy or proxies to attend and vote in his/ her stead.*
6. *The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or an office copy or a notarially certified copy thereof must be deposited at the registered office at Suite 1, 5th Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan, at least 48 hours before the time appointed for holding the meeting.*

Please fold here

AFFIX
STAMP

THE COMPANY SECRETARY
MKH BERHAD (50948-T)
Suite 1, 5th Floor
Wisma MKH
Jalan Semenyih
43000 Kajang
Selangor Darul Ehsan

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