



MITRAJAYA HOLDINGS BERHAD
(Company No. 268257-T)

Growing Strong

Annual Report
2013

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UPCOMING PROJECT IN WANGSA MAJU



Situated on a 7.52-acre land in the bustling township of Wangsa Maju, this boutique development embarked by Mitrajaya Homes Sdn Bhd comprises of 565 units Condominiums in 3 blocks. Block A is the highest at 48 floors while Block B and C is 38 floors.

An iconic full glass guard house greets visitors to this development followed by a double volume height drop-off area which spans 24 meter wide. The main highlight of this project is the more than 11,000 square meter podium deck at Level 7 which offers a spacious recreational area for residents' leisure use. On this level, there are 3 distinctively different thematic landscape gardens that allow residents to hold functions apart from a 50-meter length swimming pool with floating cabanas and Jacuzzi spa pool. For children, the main play area would be the mini extreme playground, water slides park and the community park with roller blading path.

The rooftop of two blocks (Block B and C) are turned into common areas that provide even more leisure space for the residents. Atop Block B houses a sky lounge that offers an uninterrupted view of KL skyline and has many rooms for different activities such as reading room, indoor games room, indoor cinema and also a rooftop barbeque area. The roof of Block C is transformed into a sky garden that offers natural fauna and flora apart from water features strategically located to create an organic environment.

This unique development is only a stone's throw away from Seri Rampai LRT Station, making it very convenient for residents who prefers to travel via public transport. In fact, there is a dedicated shuttle lift on the left side of this development specifically for LRT commuters' easy accessibility to the station.

CORPORATE INFORMATION

BOARD OF DIRECTORS

General Tan Sri Ismail Bin Hassan (R)
Independent Non-Executive Chairman

Tan Eng Piow
Group Managing Director

Foo Chek Lee
Executive Director

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim
Independent Non-Executive Director

Ir Zakaria Bin Nanyan
Independent Non-Executive Director

Roland Kenneth Selvanayagam
Independent Non-Executive Director

SECRETARY

Leong Oi Wah
(MAICSA No. 7023802)

REGISTERED OFFICE

No. 9, Blok D,
Pusat Perdagangan Puchong Prima,
Persiaran Prima Utama,
Taman Puchong Prima,
47150 Puchong,
Selangor Darul Ehsan.
Tel : (603) 8060 9999
Fax: (603) 8060 9998

AUDITORS

Baker Tilly Monteiro Heng (AF 0117)
Baker Tilly MH Tower,
Level 10, Tower 1, Avenue 5,
Bangsar South City,
59200 Kuala Lumpur.

PRINCIPAL BANKERS

- ABSA Bank Limited (South Africa)
- Affin Bank Berhad
- AmBank (M) Berhad
- Amlslamic Bank Berhad
- Bank of China (Malaysia) Berhad
- CIMB Bank Berhad
- Hong Leong Bank Berhad
- HSBC Bank Malaysia Berhad
- Malayan Banking Berhad
- OCBC Bank (Malaysia) Berhad

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd (629261-T)
Level 17, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel: (603) 2264 3883
Fax: (603) 2282 1886

SOLICITORS

Joseph Ting & Co.
Suite 12, 13 & 14,
6th Floor, IOI Business Park,
No.1, Persiaran Puchong Jaya Selatan,
Bandar Puchong Jaya, 47170 Puchong,
Selangor Darul Ehsan.

Tee Bee Kim & Partners
No. 25A & 27A (1st Floor),
Jalan 52/1, Merdeka Square,
46200 Petaling Jaya,
Selangor Darul Ehsan.

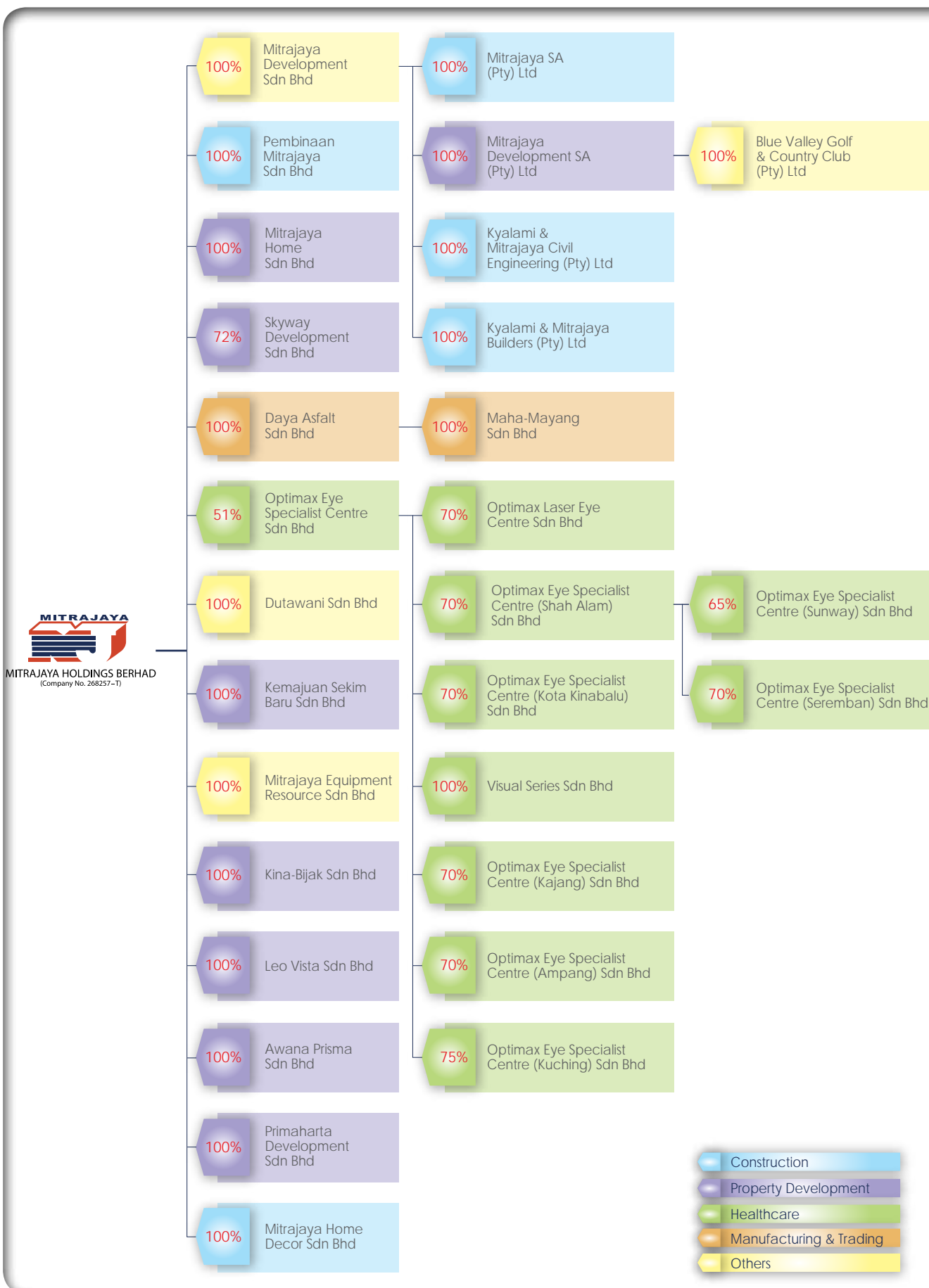
Thilakan & Co.
7-2-2, Jalan Setia Prima H U13/H,
Setia Alam, 40170 Shah Alam,
Selangor Darul Ehsan.

Van Der Merwe Du Toit
Brooklyn Place,
Cnr Bronkhors and Dey Streets,
Brooklyn, Docex 110 Pretoria,
Republic of South Africa.

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : MITRA
Stock Code : 9571

CORPORATE STRUCTURE



BOARD OF DIRECTORS



Seated From Left To Right:

Tan Eng Piow

General Tan Sri Ismail Bin Hassan (R)

Foo Chek Lee

Standing From Left To Right:

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim

Roland Kenneth Selvanayagam

Ir Zakaria Bin Nanyan

DIRECTORS' PROFILE



General Tan Sri Ismail Bin Hassan (R)

General Tan Sri Ismail Bin Hassan (R), aged 71, was appointed as an Independent Non-Executive Director of MHB on 9 August 2000. He was appointed the Chairman of the Company on 26 November 2009. He is also the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee. He is also a Director of Pembinaan Mitrajaya Sdn Bhd.

He graduated from the Universiti Sains Malaysia with a Bachelor of Social Sciences Degree (Hons in Politics). In the Military Professional Education, Tan Sri Ismail graduated from Command and General Staff College, Fort Leavenworth, Kansas, USA (on Commandant's List) in 1975, from Joint Services Staff College Canberra, Australia, in 1982 and he is also a graduate of the National Defense University, Washington, DC, USA in 1987. Later he was inducted into the NDU International Fellows Hall of Fame, in recognition of outstanding achievement accorded to the graduates of the University who had achieved the highest rank/ appointment in their respective Service.

Prior to joining MHB, Tan Sri Ismail has served as a Commission Officer in the Malaysian Army for 36 years and he held many key appointments at Field Command, Training Command and the Ministry of Defence levels before retiring as Chief of Army in December 1997.

Currently, he also holds directorships in Asma Agro (M) Sdn Bhd and Camire Sdn Bhd.



Tan Eng Piow

Tan Eng Piow, aged 60, was appointed as Managing Director of MHB on 9 September 1994. He is one of the founding members of Pembinaan Mitrajaya Sdn Bhd.

He holds a Bachelor of Civil Engineering (Honours) degree from University of Malaya, which was obtained in 1977. He is also a Member of the Institution of Engineers Malaysia.

He began his career as Works Engineer with Jabatan Kerja Raya – JKR (Public Works Department) from 1977 to 1979. From 1980 till 1985, he was a Project Manager with Perkuat Kuari Sdn Bhd (Quarry Operation).

He has over 35 years of extensive technical and management experience in the construction industry and has been actively involved in the management and operations of the MHB Group. He also oversees the Group's development, growth and expansion.



Foo Chek Lee

Foo Chek Lee, aged 59, was appointed a Director of MHB on 1 August 1995. Currently, he is an Executive Director of MHB. He is also the Managing Director of Pembinaan Mitrajaya Sdn Bhd.

He graduated from University Technology Malaysia in 1978 with a Bachelor of Civil Engineering (Honours) degree.

Prior to joining MHB, he served with Jabatan Kerja Raya (Public Works Department) for a period of 14 years. He last served as Assistant Director of Roads, JKR Kelantan Darul Naim from 1989 to 1991, after which he joined Pembinaan Mitrajaya Sdn Bhd as General Manager. He has over 34 years of extensive technical and management experience which includes all aspects of civil engineering construction and project management.

He is also currently serving as Vice President of Master Builders Association Malaysia. He is also a council member of National Council of Occupational Safety and Health (NCOSH) and a Board member of NIOSH Certification Sdn Bhd.



Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, aged 69, was appointed as Independent Non-Executive Director of MHB on 26 February 2002. He is the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee.

He graduated with a Bachelor of Arts (Hons) from University of Malaya and joined the Malaysian civil service in 1968. He has held positions in the Government including State Secretary of Pulau Pinang, Kelantan Federal Development Director (Prime Minister's Department), Perak State Financial Officer, Director General of Kuala Lumpur City Hall, Under Secretary for Ministry of Defence and Ministry of Finance and Secretary General of Ministry of Domestic Trade and Consumer Affairs. His last post in the civil service was as the Secretary General of the Ministry of Home Affairs from 1998-2000.

Currently, he is Chairman of Prinsiptek Corporation Bhd and TSR Capital Berhad. He is also Independent Non-Executive Director of Pinehill Pacific Bhd (formerly known as Multi Vest Resources Bhd). He is currently the Deputy President of The Olympic Council of Malaysia, a position held since 2011. He is also currently the Deputy President of Malaysian Tenpin Bowling Congress (MTBC) and a member of the Advisory Board of City Hall Kuala Lumpur (DBKL).



Ir Zakaria Bin Nanyan

Ir Zakaria Bin Nanyan, aged 71, was appointed as Independent Non-Executive Director of MHB on 26 February 2002. He is also a member of the Audit Committee and the Nomination and Remuneration Committee.

He graduated with B.Sc in Mechanical Engineering from the University of Strathclyde U.K. in 1972 and later obtained Masters of Science in Industrial Hygiene from the University of Pittsburgh U.S.A. He is a Professional Engineer and a Member of The Institution of Engineers Malaysia.

Prior to joining MHB, he was the Director General of the Department of Occupational Safety and Health Malaysia from 1992 to 1998. He is also a Director of Pressure Care Sdn Bhd.

He is currently serving as Chairman of the Board of Examiners for the Site Safety Supervisors Course conducted by The Master Builders Association Malaysia.



Roland Kenneth Selvanayagam

Roland Kenneth Selvanayagam, aged 57, was appointed an Executive Director on 23 Apr 1998. From 1 July 2008, he was redesignated as Non-Executive Director as he left full time employment to start his own business. On 28 March 2011 where having met the Listing Requirements criteria for Independent Director, the Board re-designated him to be an Independent Non-Executive Director of the Company. He is also a member of the Audit Committee.

He is a professionally qualified accountant with over 30 years post qualifying commercial experience. Prior to his involvement with the MHB Group, he was employed variously within the British American Tobacco Group, Sears Roebuck Group and the PT Mayora Indah Group – where he was the pioneer General Manager for their Malaysian operations.

He was President of the Malaysian Division of the Chartered Institute of Management Accountants from June 1996 - May 1998. He is a recipient of the Institute's Bronze medal – awarded in recognition of services rendered to the Institute and the profession at large.

At various times, he has held directorships (listed & unlisted companies) in various countries including South Africa, Sri Lanka, Singapore, Thailand and Australia.

Notes:

- All Directors of MHB are Malaysian and do not have any conflict of interest with MHB.
- They have not been convicted for offences within the past 10 years other than traffic offences, if any.
- There is no family relationship amongst the Directors and major shareholders of MHB.

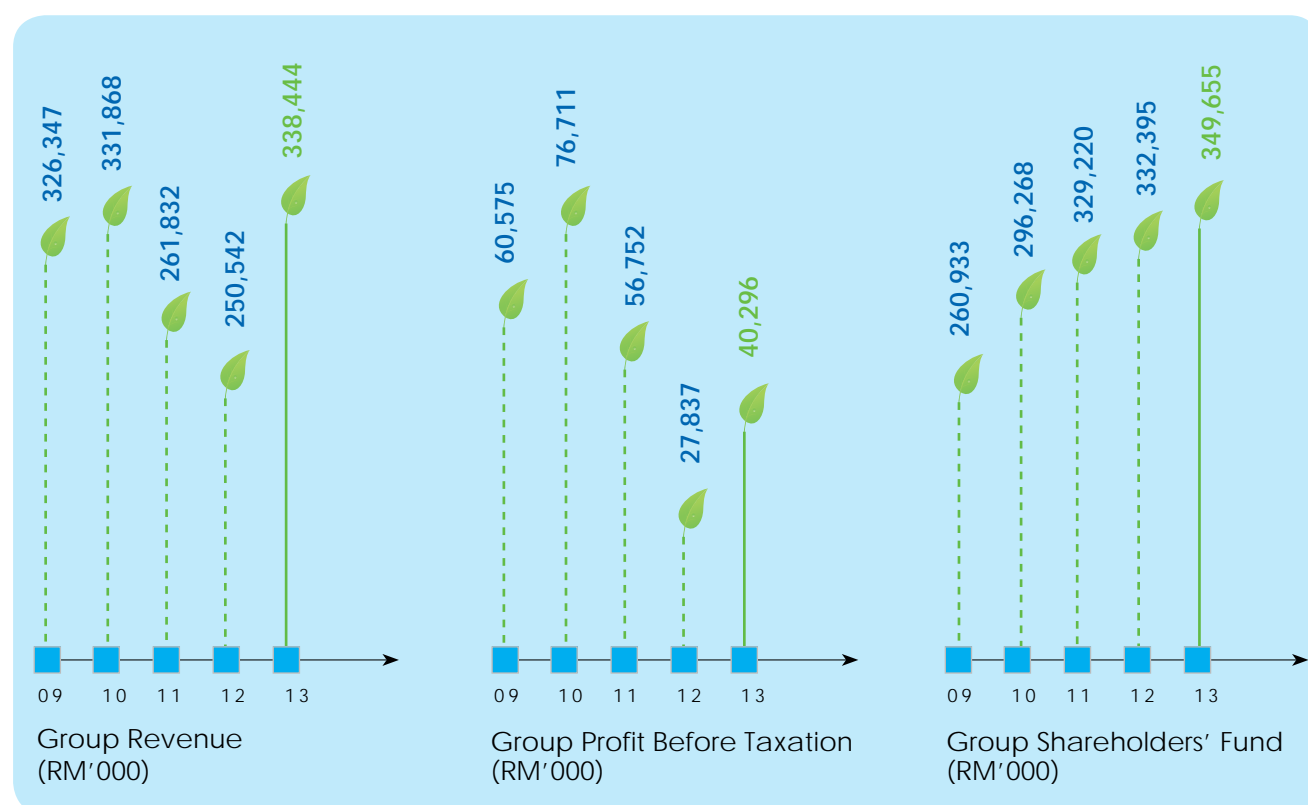
5 YEARS FINANCIAL HIGHLIGHTS

Year Ended 31 December	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Revenue	326,347	331,868	261,832	250,542	338,444
Profit before taxation	60,575	76,711	56,752	27,837	40,296
Profit for the year attributable to owners of the Company	41,206	49,878	40,797	17,930	29,316
Shareholders' fund	260,933	296,268	329,220	332,395	349,655
Paid-up capital	127,989	127,989	198,766	198,766	198,766
	Note1	Note1	Note2	Note2	Note2
Paid-up capital (weighted average)	122,613	120,399	386,283	394,557	394,442
Return on shareholders' fund (%)	15.8	16.8	12.4	5.4	8.4
Gross Proposed dividend per share (sen)	10.0	12.0	5.0	2.0	2.0
Basic earnings per share (sen)	33.61	41.43	10.56	4.54	7.43
Net assets per share (sen) Note3	206	235	89	84	88

Note 1: Shares of RM1.00

Note 2: Shares of RM0.50

Note 3: The computation of Net assets per share (NAPS) does not take into account the number of shares bought back and treasury shares as shown in the Statement of Financial Position. The Board is of the view that the NAPS will be overstated by reflecting the shares bought back in the computation.



CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Financial Statements of Mitrajaya Holdings Berhad ("The Company") and its subsidiary companies ("The Group") for the financial year ended 31 December 2013.



Overview

The Group recorded a revenue of RM338.44 million for the financial year ended 31 December 2013, representing a growth of 35.1% from RM250.54 million reported in the previous financial year. The revenue growth was mainly attributable to higher construction activities and increase in property sales, both locally and in South Africa as well as from the higher number of cases taken up by our healthcare division. On the back of higher revenue, the Group's profit before tax also achieved a significant growth of 44.8% to RM40.30 million from RM27.84 million in the previous financial year. The reported profit was inclusive of the gain of RM4.22 million derived from the disposal of the Company's 20% shareholding in Rawang Specialist Hospital Sdn Bhd.

Correspondingly, the earnings per share increased to 7.43 sen compared with 4.54 sen in the previous financial year. The Group also maintained a healthy current ratio at 2.05 and net tangible asset of RM0.88 per share in 2013 as compared to 1.96 and RM0.84 per share respectively in 2012.

Dividend

The Board is pleased to recommend a first and final single tier dividend of 2 sen per ordinary share, amounting to RM7.88 million in respect of the financial year ended 31 December 2013. The dividend shall be subject to the shareholders' approval at the forthcoming Annual General Meeting.

Market Outlooks and Prospects

For the whole of 2013, the Malaysian economy grew by 4.7% compared with 5.6% in 2012. However, it is expected to expand at a stronger pace of between 5% and 5.5% in 2014. Domestic demand is expected to remain strong and continue to be the driver of growth. The global economy is expected to be on a path of moderate recovery and the ongoing uncertainties surrounding monetary and fiscal policy adjustments in the advanced economies remain a risk to growth. The Government expects private investments to continue recording double-digit growth, supported by accelerated implementation of ongoing Economic Transformation (ETP) projects.

The construction industry is expected to be busy in 2014, driven by both private and government projects, particularly the Economic Transformation Programme (ETP). Moving forward, the government has forecast construction to contribute 9% to GDP in 2014 compared with 10.6% in 2013, the highest among the economic sub-sectors. The construction GDP growth is expected to stay robust largely due to the progress of many construction works awarded in 2012-2013. Mitrajaya being well-positioned has benefited from the Government's development spending as it allowed the Group to double up the construction order book to RM1.17 billion from RM568.6 million reported in the previous year. We acknowledge that there are challenges to the current construction industry, particularly shortage of skilled labour and increase in certain construction materials price arising from the reduction in government subsidies and the weaker ringgit. Nevertheless, Mitrajaya will embrace new and better ways

CHAIRMAN'S STATEMENT (cont'd)

of working to remain competitive and meet the needs of its ever demanding clients and still deliver a satisfactory bottom line.

The Malaysian property market is expected to consolidate and grow at a moderate rate in the near term with the introduction of several cooling measures in the Budget 2014 such as increased Real Property Gains Tax, increased threshold for foreign property purchasers to RM1 million and the prohibition of Developer Interest Bearing Scheme. Despite a more regulated environment, the local property market's negative sentiments will only be temporary and demand will soon recover, especially from home upgraders and owner occupiers. We expect our property division will grow significantly within the next 4 years in view of the launching of 2 new major projects that is in the pipeline. These are the high-rise condominium project located in Wangsa Maju, Kuala Lumpur and the mixed development project in Puchong Prima, Selangor with combined gross development value of RM2.15 billion .

Corporate Social Responsibility

Being a socially responsible corporation, the Board recognises the importance of its corporate social responsibility towards the community. During the year, the Group through its Sports Club organised a blood donation campaign and managed to collect 50 pints of blood with the assistance of Medical Officer from Perubatan Pusat Darah Negara Kuala Lumpur. Besides, contributions and sponsorships have been made to various charitable and social organisation events.



Blood donation campaign

Our healthcare division, Optimax is also reaching out to various community groups by organising public health education and free eye screening to the needy. In collaboration with Hope Street Ministry, Optimax had organized a free eye health screening to more than 50 homeless people from different background and place in Kuala Lumpur on the 5th April 2014. As part of education to the public about eye health, our resident doctor was interviewed by the press to impart his knowledge about retinal diseases to the public.



Free eye health screening to homeless people

Within the workplace, the Group will continue to ensure a safe, healthy conducive working environment for its employee and construction workers. Mitrajaya Sport Club also provides avenue for our staff to be involved in sports and excursion trips to promote teamwork and fellowship amongst staff.

Acknowledgement

On behalf of the Board, I would like to thank all the staff of Group and my fellow board members. My heartfelt gratitude also goes to our shareholders for placing their trust and confidence in the Board and staff.

General Tan Sri Ismail Bin Hassan(R)
Independent Non-Executive Chairman

OPERATIONS REVIEW

For the financial year ended 31 December 2013, the Group recorded a revenue of RM338.44 million, an increase of 35.1% from previous year's revenue of RM250.54 million. Correspondingly, the Group's profit before tax has increased by 44.8% from RM27.84 million to RM40.30 million in 2013.

Construction

Pembinaan Mitrajaya Sdn Bhd ("PMSB"), the construction arm of the Group, continues to be the main contributor to the Group's revenue. This division achieved higher revenue of RM215.0 million for the financial year ended 31 December 2013, an increase of 34.8% on the revenue of RM159.52 million reported in 2012. On the back of this growth in revenue, the profit before tax rose by 12.4% from RM11.79 million to RM13.25 million for the financial year ended 31 December 2013. A contraction was nonetheless felt on the overall profit margin of the construction projects amidst the higher construction materials, labour and finance cost.

During the year, key projects that achieved substantial completion were as follows:

- a) Trigon apartment, a mixed development located at Pusat Bandar Puchong, Selangor;
- b) Main building works for a Mosque located at Nusajaya, Johor
- c) Package 1 (farm establishment, buildings and infrastructure works) for the herbal and biotechnology product clusters in Dungun, Terengganu;
- d) 63 units of 2-storey terrace houses at Precinct 11, Putrajaya; and
- e) 25 units of 2-storey shop offices, 4 units of 3-storey shop offices at Precinct 8, Putrajaya.



Mosque in Nusajaya, Johor



Trigon Apartment

The financial year 2013 was a year of positive growth and development for the construction division. It was a year where PMSB reached its first RM1.0 billion order book. Its order book currently stands at RM1.17 billion (2012: RM568.6 million), largely contributed by 2 major construction projects, office buildings works for Malaysian Anti-Corruption Commission at Putrajaya (RM427.95 million) and main building works for 2 blocks of condominiums at Symphony Hills, Cyberjaya (RM277.42 million).

Underpinned by the strong order book where majority of the projects have completion tenure of 24 to 36 months, the construction division is expected to grow significantly in terms of revenue and profits within next 3 years. This division is continuing its efforts to add on more projects in its strive to build up the construction order book to the next milestone of RM1.5 billion before end of this year.

OPERATIONS REVIEW (cont'd)

Local Property Development

The local property division also contributed higher revenue of RM79.39 million, a 31.4% increase from the revenue of RM 60.40 million achieved in 2012. These were primarily derived from the completed 'Kiara 9' project at Mont Kiara and '280 Park Homes', an on-going Duplex projects in Puchong. Despite the higher revenue, this division's result was affected by the additional finance cost and operational loss from the mandatory development of 212 units of low cost apartments. The profit before tax declined by 9.1% from RM8.60 million to RM7.82 million for financial year ended 31 December 2013.



280 Park Homes - construction in advance stage

The Group targets to launch phase 2 (remaining 132 units) of the Duplex project in Puchong in the second half of 2014 and would be handing over phase 1 of this project by end of this year. This project consists of 11 blocks of 280 units of 6-storey duplex apartments with lift, gated and guarded with clubhouse facilities with gross development value of RM330 million.

In 2014, the Group plans to launch a new residential project at Wangsa Maju. This project is for the proposed development of 3 tower blocks of 565 units of high-rise condominium with estimated gross development value of RM650 million. This development is situated at a strategic location, right opposite to Wangsa Walk and within close proximity from the Sri Rampai LRT Station. The Group expects this project will start contributing to the Group's earnings from 2015 onwards.

Besides this, the Group is also working on a mixed development project located on our last parcel of commercial land in Taman Puchong Prima. This project with minimum gross development value of RM1.5 billion comprising a proposed 5-storey shopping mall with initial net lettable area of 700,000 sqf and possibly increase the net lettable area to 1 million sqf in the future, 3 blocks of serviced apartment and 1 budget hotel. The project is currently at the design and planning stage and we target the first launching in next year.

Property Development in South Africa

Our overseas project in South Africa, Blue Valley Golf & Country Estate, has increased its revenue contribution to the Group with RM20.16 million as compared to RM13.35 million in 2012. On the back of higher revenue, the profits before tax increased by 46.2% from RM3.40 million to RM4.97 million. The increase in both revenue and profits was mainly derived from the revenue recognition from the new townships launched in the last 2 years, where the sales of smaller more affordable lot size have received favourable uptake by local residents in South Africa.



Aview of our Blue Valley Golf and Country Estate in South Africa

In order to enhance our return from the South Africa investment, the Group is planning to build and sell the completed units instead of selling the vacant bungalow lots. Also in the pipeline is the plan for development of certain parcels of land to include hotel, shopping centre and offices which will give recurrent returns to the Group.

Manufacturing

For the year under review, the manufacturing division reported higher revenue of RM3.27 million and profit before tax of RM0.72 million. The profit was mainly derived from the disposal gain on a premix plant. We have closed down this division and disposed the crusher plant after expiration of the lease agreement for the quarry land.

Healthcare

The Group's healthcare division which is undertaken by Optimax Eye Specialist Centre Sdn Bhd managed to turn around from a loss of RM2.13 million in 2012 and contributed a marginal profits before tax of RM0.59 million. The significant improvement in financial performance was mainly due to the increase in revenue from RM18.38 million to RM20.62 million in 2013 and reduction in operating expenses as there was the absence of capital expenditure write-off in the year under review.

In August 2013, Optimax was proud to be the first Malaysia officially launched the Flapless Lasik procedure known as Relex Smile. This procedure provides minimal invasive refractive procedure in a single system with no flap and no ablation. As of to-date, Optimax has successfully performed more than 1,000 eyes for this procedure. To continue sharing knowledge on the benefits of Lasik, Optimax has taken a leap forward by organizing the largest road show in One Utama Shopping Centre in September 2013 that provide many types of eye screening and counselling to the public which was attended by more than 1,500 participants.



Optimax's largest road show in One Utama Shopping Centre

Optimax is also in the midst of submitting ambulatory application for the major centres. With ambulatory status, Optimax can provide insurance claim in cashless basis for the patients. With these operating strategies in place, the Group is confident that this division will continue to grow at a healthy rate and increase its contribution to the Group.

Acknowledgement

On behalf of the management team, I would like to express my sincere appreciation to our shareholders, various government department, regulatory authorities, customers, bankers, consultants and business associates for their continued trust and support to the Group. I would like to thank our Board members and employees for their strong commitment and dedication towards continued success of the Group.

Tan Eng Piow
Group Managing Director

AUDIT COMMITTEE REPORT

The Audit Committee of Mitrajaya Holdings Berhad comprises four (4) members, all of whom are Independent Non-Executive Directors and one Audit Committee Member is a member of the Malaysian Institute of Accountants ("MIA"). The current members of the Audit Committee are as follow :-

CHAIRMAN

General Tan Sri Ismail Bin Hassan (R) *(Independent Non-Executive Director)*

MEMBERS

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim *(Independent Non-Executive Director)*

Ir Zakaria Bin Nanyan *(Independent Non-Executive Director)*

Mr Roland Kenneth Selvanayagam *(Independent Non-Executive Director)*

DUTIES

The duties of the Committee shall be:

- to consider the appointment of the external auditors, the audit fee, and any questions of resignation or dismissal.
- to discuss with the external auditors, the audit plan, the evaluation of the system of internal control, the audit report and the assistance given by the employees of the Company to the external auditors.
- to review the quarterly and annual financial statements before submission to the Board, focusing particularly on:
 - any changes in accounting policies and practices
 - significant and unusual events
 - major judgemental areas
 - significant adjustments arising from the audit
 - the going concern assumption
 - compliance with accounting standards
 - compliance with stock exchange and legal requirements
- to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- to review the internal audit programme, process, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- to consider the major findings of internal investigations and management's response.
- to discuss problems and reservations arising from the audit and any matter the auditors may wish to discuss (in the absence of management where necessary).
- to recommend the nomination of a person or persons as external auditors.
- to consider any other functions or duties as may be agreed to by the Committee and the Board.

AUDIT COMMITTEE REPORT (cont'd)

MEETING ATTENDANCE

The numbers of meetings attended by the Committee Members during the financial year ended 31 December 2013 were as follow :-

Members	No. of Attendance
General Tan Sri Ismail Bin Hassan (R)	5/5
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	5/5
Ir Zakaria Bin Nanyan	5/5
Roland Kenneth Selvanayagam	5/5

Summary of Activities

During the financial year ended 31 December 2013, the Audit Committee carried out the following activities:

- Reviewed the report by External Auditors on the review of the financial statements for financial year ended 31 December 2012;
- Reviewed the Internal Audit Reports, which highlighted the audit issues on the auditable areas of project development and sales administration, project budget preparation, buildings plans preparation & submission, and development of master work programme.
- Reviewed and appraised the adequacy and effectiveness of management response in resolving the audit issues reported;
- Reviewed the findings of the External Auditors and follow-up on the recommendations;
- Reviewed the unaudited quarterly financial results of the Group and the audited financial statements of the Group and Company and recommended the same to the Board;
- Reviewed the Audit Planning Memorandum for the financial year 2013 presented by the External Auditors;
- Reviewed and approved the Internal Audit Plan;
- Reviewed the recurrent related parties transaction;
- Reviewed the Risk Management Committee report;
- Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for the financial year ended 31 December 2012;
- Recommended the External Auditors fees and the re-appointment of Auditors; and
- Reviewed the competency of the Internal Auditors.

The Independent members of the Audit Committee also held discussion with the External Auditors during the year without the presence of the Executive Directors and Senior Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors ("Board") of Mitrajaya Holdings Berhad is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2013, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and as guided by Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"). This statement outlines the nature and state of the internal control of the Group.

Board's Responsibility

The Board is responsible for the Group's internal control and risk management system to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and effectiveness of the said system.

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business and corporate objectives. The system can therefore only provide reasonable, but not absolute assurance, against material misstatement or loss.

The Group has an on-going process for identifying, evaluating and managing the significant risks it faces. The Board regularly reviews the results of this process, including measures taken by Management to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement.

Risk Management

The Group has a structured risk management framework, which includes a risk management assessment process to identify significant risks and the mitigating measures thereof. The framework also addresses the compilation of risk register and specific risk profiles of each business divisions and the functional units in the Group. The risk action plans and internal controls that Management has taken and/or is taking are documented in the minutes of the Risk Management Committee ("RMC") meetings. The Risk Management Committee comprises key management staff and it is chaired by the Executive Director. Significant risks affecting the Group's Strategic and business plans are escalated to the Board at scheduled meetings.

The abovementioned risk management practices of the Group serves as the on-going process used to identify, evaluate and manage significant risks of the Group.

Internal Audit Function

The Audit Committee evaluates the internal audit function to assess its effectiveness in discharge of its responsibilities. The Group's internal audit function is outsourced to a professional services firm to assist the Board and Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control systems. The Group internal audit function reports directly to the Audit Committee.

During the financial year ended 31 December 2013, audits were carried out in accordance to the internal audit plan that has been reviewed and approved by the Audit Committee. Observations from these audits are presented, together with Management's response and proposed action plans, to the Audit Committee for its review. The internal audit function also follows up and reports to the Audit Committee on the status of implementation of action plans by Management on the recommendations highlighted in the internal audit reports, especially on areas where material internal control deficiencies or lapses have been noted. Further details of the activities of the internal audit function are provided in the Audit Committee Report.

The total fees incurred for the outsourcing of the Internal Audit function for the financial year ended 31 December 2013 was RM51,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Other Key Elements of Internal Control

The key elements of the Group's internal control system are described below:

- **Limits of authority and responsibility**

Clearly defined and documented lines and limits of authority, responsibility and accountability have been established through the relevant charters/terms of reference, organizational structures and appropriate authority limits.

- **Written policies and procedures**

Clearly defined internal policies and procedures as set out in the Group's Standard Operating Procedures Manual are regularly updated to reflect changing risks or to address operational deficiencies.

- **Planning, monitoring and reporting**

- The Audit Committee reviews the Group's quarterly financial performance, together with Management, which is subsequently reported to the Board; and
- Comprehensive information, which includes the monthly management reports covering all key financial and operational indicators, is provided to Senior Management for the monitoring of performance against strategic plan.

- **International Standards Certification**

The Group's ISO-quality policies and procedures are implemented by its 2 subsidiaries, Pembinaan Mitrajaya Sdn Bhd ("PMSB") and Optimax Eye Specialist Centre Sdn Bhd ("OESCSB").

Both PMSB and OESCSB have been certified to ISO 9001:2008 and ISO 9001:2000 Quality Management System since year 2000 and 2007 respectively.

In addition, PMSB has been certified to the following 2 standards in August 2010:

- (a) Environmental Management System to ISO 14001:2004 standard; and
- (b) Occupational Health and Safety Management System to OHSAS 18001:2007 standard and MS 1722: Part 1:2005.

Internal and external audits are carried out to ensure the adherence and application of the policies implemented.

- **Related Party Transactions**

Related party transactions are disclosed, reviewed, and monitored by the Board on a periodic basis.

Assurance provided by the Group Managing Director and Group Finance Manager

In line with the Guidelines, the Group Managing Director and Group Finance Manager have provided assurance to the Board in writing stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

The Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors ("the Board") of Mitrajaya Holdings Berhad ("MHB") is committed to ensure the fulfillment of the highest standards of Corporate Governance as set out in the Malaysian Code on Corporate Governance 2012 ("the Code"), which highlights the principles and best practices on structures and processes that the Company may use in their operations towards achieving the optimal governance framework.

The Board welcomes the constructive recommendations of the Code and will always evaluate the MHB Group's corporate governance practice and procedures as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

During the financial year ended 31 December 2013, the Board considers that it has fundamentally applied the Principles and Best Practices of the Code and is pleased to report the actions taken by the Company to conform to the Code as set out below: -

THE BOARD OF DIRECTORS

The Board Charter is the key point of reference for the directors of the Board in relation to its role, powers, duties and functions and there is also a formal schedule of matters reserved for its decision. MHB is led and managed by a competent Board, comprising members with a wide range of experience, knowledge and skills in relevant fields such as engineering, architectural, construction and finance. Together, the Directors contribute to successfully direct and supervise the Group's business activities, which are vital to the success of the Group and the enhancement of long-term shareholders' value.

During the financial year ended 31 December 2013, the Board met a total of five (5) times. Details of the attendance are as follow:

DIRECTORS	POSITION	BOARD MEETINGS ATTENDED
1. General Tan Sri Ismail Bin Hassan (R)	Independent Non- Executive Chairman	5/5
2. Tan Eng Piow	Group Managing Director	5/5
3. Foo Chek Lee	Executive Director	5/5
4. Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	Independent Non- Executive Director	5/5
5. Ir Zakaria Bin Nanyan	Independent Non-Executive Director	5/5
6. Roland Kenneth Selvanayagam	Independent Non-Executive Director	5/5

The Board has delegated specific responsibilities to 2 subcommittees namely, the Audit Committee and the Nomination and Remuneration Committee. These Committees have the authority to examine particular issues and report back to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

BOARD BALANCE

The Board currently comprises six (6) Directors, categorised as follows:

- Four (4) Independent Non-Executive Directors ("INED")
- Two (2) Executive Directors ("ED")

A brief profile of the Directors is presented on pages 6 to 7 of the Annual Report.

The Board composition complies with paragraph 15.02 of the Listing Requirements which requires that at least one-third of the Board members comprise independent directors. The Board has taken note of Recommendation 2.2 of the Code pertaining to the establishment of policy formalizing its approach to boardroom diversity and will review its internal policy.

CORPORATE GOVERNANCE STATEMENT (cont'd)

There is a clear division of responsibility at the head of the Company to ensure that there is a balance of power and authority. The Board is led by the Independent Non-Executive Chairman, General Tan Sri Ismail Bin Hassan (R) and Mr Tan Eng Piow, as the Group Managing Director who is in charge of running the business and implementing the policies and strategies adopted by the Board.

The Independent Non-Executive Directors participate at the Board Meetings and also contribute in Board Committees that have been set up as part of the practice of good corporate governance within the Company. They provide an objective and independent view of the performance of management in attempting to achieve the results to which the strategy of the Company is directed. The Nomination and remuneration Committee have upon their assessment, concluded that each of the four Independent Non-Executive Directors continues to demonstrate conduct and behavior that are essential indicators of independence and find that their length of service does not in any way interfere with their exercise of independent judgement and ability to act in the interest of the Company. The Board do not see a need to limit the tenure of the Independent Non-Executive Directors at this juncture.

The Executive Directors have been steeped in the infrastructure and property construction sectors since the beginning of their respective careers, and have collectively extensive experience in engineering and construction.

The appointment of a senior independent non-executive director to whom concerns may be conveyed pursuant to the Best Practice Provision AA VII has not been made, given that the Board's composition has a majority of Independent Non-Executive Directors reflecting the strong and independent element on the Board and the Chairman maintains an active and objective dialogue with Board members and encourages full deliberation of all matters submitted to the Board and Board Committee Meetings. The Board does not consider it necessary at this juncture to identify a senior independent non-executive director.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company.

AUDIT COMMITTEE

Please refer to the Audit Committee Report for further details.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee ("NRC") comprise the following members who are all Independent Non-Executive Directors:

1. Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim (Chairman)
2. General Tan Sri Ismail Bin Hassan (R)
3. Ir Zakaria Bin Nanyan

The NRC was delegated with the following duties:

- To review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- To propose new nominees for appointment to the Board of Directors. In making the recommendations, the NRC shall consider the candidates :
 - skills, knowledge, expertise and experience;
 - professionalism;
 - integrity; and
 - in the case of candidates for the position of independent directors, the NRC shall also evaluate the candidates' ability to discharge such responsibilities or functions as expected from independent non-executive directors.
- To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director.
- To recommend to the Board, Directors to fill the seats on the Board Committees.
- To review annually the Board's mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.

CORPORATE GOVERNANCE STATEMENT (cont'd)

- To recommend to the Board for the continuation (or not) in service of Executive Director(s) and Director(s) who are due for retirement by rotation.
- To orient and educate new Directors as to the nature of the business, current issues within the Company and the corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.
- To recommend the remuneration policy and review the payment of Directors' fees and allowance.

The NRC undertakes a formal and transparent process, upon the completion of every financial year, to assess the effectiveness of individual directors, the Board as a whole and its committees.

SUPPLY OF INFORMATION

The Chairman ensures that each Director is provided with timely notices of every Board Meeting and board papers for each agenda item. This is to ensure that Directors have sufficient time to prepare for discussions, and to obtain further explanation or clarification to facilitate the decision process and discharge of their duties. The Board has unrestricted access to timely and accurate information in the furtherance of its duties.

The Board has formalized procedures for Directors, whether as a full Board or in their individual capacity, to take independent advice where necessary, in the furtherance of their duties and at the Group's expense.

Every Director has access to the advice and services of the Company Secretary. The Board believes that the Company Secretary is capable of carrying out his/her duties to ensure the effective functioning of the Board and the terms of appointment of the Company Secretary permits his/her removal and appointment of a successor only by the Board as a whole.

DIRECTORS' TRAINING

The Directors are mindful that they should receive appropriate continuous training and they have attended seminars and briefings in order to broaden their perspectives and so that they keep abreast with developments in the market place and new statutory and regulatory requirements.

The following Directors attended the following training programs in 2013:

Name	Title of Course(s) attended as Speaker/Panelist
General Tan Sri Ismail Bin Hassan (R)	<ul style="list-style-type: none"> - Effective Audit Committees - the Malaysian Code on Corporate Governance 2012 - Advocacy Session on Corporate Disclosure for Directors of Listed Issuers - Board Chairman Series: the Role of the Board Chairman
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	<ul style="list-style-type: none"> - Fraud Detection and Prevention - A necessity, not a choice - An overview of MFRS Framework
Ir Zakaria Bin Nanyan	<ul style="list-style-type: none"> - Effective Audit Committees - The Malaysian Code on Corporate Governance 2012 - MBAM Annual Safety Conference 2013
Foo Chek Lee	<ul style="list-style-type: none"> - MBAM - 5th Malaysian Construction Summit 2013
Roland Kenneth Selvanayagam	<ul style="list-style-type: none"> - CGMA Evening Talk-Emotional Intelligence - Bursa Workshop on Risk Management and Internal Control - Advocacy Session on Corporate Disclosure for Directors of Listed Issuers

The Board is regularly updated by the Company Secretary on the latest update/amendments on the Bursa Securities Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

CORPORATE GOVERNANCE STATEMENT (cont'd)

RE-ELECTION

The Company's Articles of Association provides for all Directors (including the Managing Director) to retire at least once in each three years at the annual general meeting and the retiring Director shall be eligible for re-election. The Directors who are due for re-election/re-appointment at the AGM will be first assessed by the NRC as to whether they meet the Board's expectations and have continued to perform in an exemplary manner, which will then submit its recommendation to the Board for deliberation and approval.

DIRECTORS' REMUNERATION

The NRC is entrusted under its terms of reference to assist the Board in determining the framework of Executive Directors' remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary. The NRC shall ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully.

The Board as a whole shall determine the Non-Executive Directors' fees with the individual concerned abstaining from deliberations and voting on discussions in respect of his fee. The level of Directors' fee shall reflect the experience and responsibilities undertaken by the particular Non-Executive Director.

The breakdown of the remuneration of the Directors in the Company during the financial year is as follows:

	FEES	SALARIES & OTHER EMOLUMENTS	TOTAL RM
Executive Directors	-	1,788,260	1,788,260
Non-Executive Directors	100,000	167,706	267,706

The numbers of Directors whose remuneration fall into the following band are as follow:-

RANGE OF REMUNERATION (RM)	EXECUTIVE	NON- EXECUTIVE
50,000 and below	-	1
50,001 – 100,000	-	3
600,001 – 800,000	1	-
1,000,001-1,200,000	1	-

DIALOGUE BETWEEN THE COMPANY AND INVESTORS

The Board acknowledges the importance for shareholders to be informed of all key issues and major development affecting the Company. The dissemination of the information to shareholders and other stakeholders of the Company are made through the following:

- The Annual Report;
- The Annual General Meeting;
- The various disclosures and announcements made to the Bursa Securities including the Quarterly Results and Annual Results; and
- The Company's website, <http://www.mitrajaya.com.my>.

Briefings are held with analysts to clarify information in relation to the announcements. Dialogues with institutional investors and the press are held from time to time.

The Company has in place an Investor Relations Policy to ensure that shareholders, stakeholders, investors and the investment community are provided with relevant, timely and comprehensive information about the Company. This policy provides the guidance for communication through its designated spokespersons.

CORPORATE GOVERNANCE STATEMENT (cont'd)

ANNUAL GENERAL MEETING

The Company's Annual General Meeting ("AGM") serves as a principal forum for dialogue with shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting. The Executive Directors meet with members of the press after the AGM to answer any queries that may be raised.

FINANCIAL REPORTING

In presenting the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates.

The quarterly financial results are reviewed by the Audit Committee and approved by the Board of Directors before its release to Bursa Securities.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have to be made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates as on pages 30 to 108.

The Directors have the responsibility in ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy, the financial position of the Group and the Company, which will then enable them to ensure that the financial statements comply with the requirements of the Companies Act, 1965.

The Directors have the overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

INTERNAL CONTROL

Please refer to the Statement on Risk Management and Internal Control for further details.

RELATIONSHIP WITH THE AUDITORS

The External Auditors, Messrs. Baker Tilly Monteiro Heng has continued to report to the Audit Committee on their findings which are included as part of the Company's financial report with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the Auditors to meet their professional requirements.

The independent members of the Audit Committee make it a point to sit and discuss with the External Auditors without the presence of the Management Team to allow the External Auditors to broach issues in an uninhibited and private fashion.

INTERNAL AUDIT FUNCTION

The Group's internal audit functions are outsourced to an external professional internal audit firm which reports to the Audit Committee. The risk management is undertaken in house and is chaired by an executive director. The Internal Auditors serve to assist the Audit Committee in the discharge of its duties and responsibilities. Its role is to undertake independent, regular and systematic reviews of internal controls, so as to provide the Audit Committee with independent and objective feedback and reports to enable the internal control systems continue to operate satisfactorily and effectively. The Internal Auditor recommends actions to ensure that proper controls are in place for the key operational areas and regular follow-ups are made to ensure the actions are implemented as soon as possible.

OTHER INFORMATION

SHARE BUY-BACK

During the financial year ended 31 December 2013, the Company bought back a total of 304,600 ordinary shares of RM0.50 each, which are listed on the Main Market of Bursa Malaysia Securities Berhad on the open market. The details of the shares bought back during the year are as follows:

Monthly Breakdown	No. of Shares Bought Back & Retained as Treasury Shares	Buy-back Price Per Share		Average Cost Per Share (RM)	Total cost (excluding commission and brokerage paid) (RM)
		Lowest (RM)	Highest (RM)		
January	-	-	-	-	-
February	-	-	-	-	-
March	-	-	-	-	-
April	-	-	-	-	-
May	10,000	0.530	0.530	0.530	5,300
June	-	-	-	-	-
July	-	-	-	-	-
August	13,000	0.435	0.435	0.435	5,655
September	281,600	0.430	0.435	0.430	121,238
October	-	-	-	-	-
November	-	-	-	-	-
December	-	-	-	-	-

As at 31 December 2013, a total of 3,292,646 ordinary shares of RM0.50 each were held as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no issue of options, warrants or convertible securities during the financial year ended 31 December 2013.

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)

The Company did not sponsor any ADR or GDR programme.

SANCTION AND /OR PENALTY

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies.

NON-AUDIT FEES

The amount of non-audit fees payable to external auditors by the Group for the financial year 2013 is RM13,300.00.

PROFIT GUARANTEE

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

MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTEREST

There were no material contracts of the Company and its subsidiaries involving directors' and major shareholders' interests for the financial year under review.

FINANCIAL STATEMENTS



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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activity whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the financial year	28,651,781	22,584,278
Other comprehensive loss, net of tax	(4,032,138)	-
Total comprehensive income for the year	24,619,643	22,584,278
Attributable to:-		
Owners of the Company	25,284,033	22,584,278
Non-controlling interests	(664,390)	-
	24,619,643	22,584,278

DIVIDEND

The amounts of dividends paid by the Company since 31st December 2012 were as follows:-

	RM
In respect of the financial year ended 31st December 2012:-	
First and final single tier dividend of 4% on 394,533,755 ordinary shares of RM0.50 each, paid on 12th September 2013	7,890,675

At the forthcoming Annual General Meeting, a first and final single tier dividend of RM0.02 per share will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31st December 2014.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT (cont'd)

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT (cont'd)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company did not issue any shares or debentures.

WARRANTS

Warrants 2011/2016

By virtue of a Deed Poll executed on 21st June 2011 for the 47,729,947 Warrants 2011/2016 ("Warrants 2011/2016") issued in connection with the Share Split and Bonus Issue allotted and credited on 1st July 2011, each Warrants 2011/2016 entitles the registered holder the right at any time during the exercise period from 5th July 2011 to 4th July 2016 to subscribe in cash for one new ordinary share at an exercise price of RM0.90 each.

No Warrants 2011/2016 were exercised during the financial year.

TREASURY SHARES

The shareholders of the Company by an ordinary resolution passed in the fifteenth Annual General Meeting held on 17th June 2008, approved the mandate for the Company's plan to repurchase its own ordinary shares. On 13th June 2013, the shareholders of the Company at the twentieth Annual General Meeting granted their mandate for the Company's renewal of authority to repurchase its own ordinary shares.

During the financial year, the Company repurchased 304,600 (2012: 20,000) shares from the open market at an average price of RM0.44 (2012: RM0.49) per share. The total consideration paid for the repurchase, was RM133,176/- (2012: RM9,794/-) and they were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

As at 31st December 2013, the Company held as treasury shares a total of 3,292,646 of its 397,531,801 issued ordinary shares. Such treasury shares are held at a carrying amount of RM950,883/- (2012: RM817,707/-) and further relevant details are disclosed in Note 16(b) to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

The Company's Employees' Share Option Scheme ("ESOS") is governed by the by-laws approved by the shareholders of the Company at an Extraordinary General Meeting held on 26th May 2004. The main features of the ESOS are:-

- (a) the ESOS offers the eligible employees, including Executive Directors of the Group and of the Company, options to subscribe for new ordinary shares of RM0.50 each in the Company. These eligible person(s) shall not participate in more than one ESOS implemented by any company within the Group at any one time;
- (b) the ESOS is for a period of 5 years commencing from 2nd July 2004, subject to an extension for a further period of 5 years commencing from the expiration of the aforesaid 5 years;
- (c) the maximum number of shares to be offered shall not exceed 10% of the issued and paid-up capital of the Company at any point in time during the existence of the ESOS and the number of shares of the Company that may be offered to each eligible employee is determined by a Committee appointed by the Board of Directors in accordance with the ESOS By-Laws;
- (d) the options granted under the ESOS cannot be assigned, transferred or otherwise disposed of in any manner whatsoever; and
- (e) the new shares allotted upon the exercise of the ESOS options shall rank pari passu with the existing issued ordinary shares of the Company.

No ESOS was granted during the current financial year.

DIRECTORS' REPORT (cont'd)

DIRECTORS

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

General Tan Sri Ismail Bin Hassan (R)
 Tan Eng Piow
 Foo Chek Lee
 Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim
 Ir Zakaria Bin Nanyan
 Roland Kenneth Selvanayagam

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.50 each			
	At 1.1.2013	Bought	Sold	At 31.12.2013
The Company				
Direct interest				
Tan Eng Piow	161,121,759	208,900	-	161,330,659
Foo Chek Lee	723,335	-	-	723,335
Indirect interest				
Tan Eng Piow	2,170,000	-	-	2,170,000
Foo Chek Lee	21,700	-	-	21,700

	Number of Warrants 2011/2016 Issued Pursuant To the Deed Poll dated 21.6.2011 exercisable at any time from 5.7.2011 to 4.7.2016			
	At 1.1.2013	Granted	Exercised	At 31.12.2013
The Company				
Direct interest				
Tan Eng Piow	19,448,390	-	-	19,448,390
Foo Chek Lee	87,500	-	-	87,500
Indirect interest				
Tan Eng Piow	262,500	-	-	262,500
Foo Chek Lee	2,625	-	-	2,625

By virtue of their interests in the shares and warrants of the Company, the Directors in the above are also deemed interested in the shares of the subsidiaries of the Company to the extent the Company has an interest.

Other than as disclosed above, none of the Directors in office at the end of the financial year had any interest in the shares and warrants of the Company and its related corporations during the financial year.

DIRECTORS' REPORT (cont'd)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any arrangement to which the Company or a related corporation was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, and/or debentures of the Company or any other body corporate, other than as may arise from the share options to be granted under the Company's ESOS.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 27 to the financial statements or the fixed salary of a full time employee of the Company and its related corporations) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a Company in which the Director has a substantial financial interest, except as disclosed in Note 34(c) to the financial statements.

AUDITORS

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

On behalf of the Board,

.....
Tan Eng Piow
Director

.....
Foo Chek Lee
Director

Selangor Darul Ehsan

Date: 22nd April 2014

STATEMENTS OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	37,684,961	41,041,679	1	1
Land held for property development	5(a)	120,837,686	120,834,236	-	-
Investment properties	6	9,409,049	9,680,724	-	-
Investment in subsidiaries	7	-	-	85,695,694	85,695,694
Investment in an associate	8	-	5,901,824	-	6,000,000
Goodwill on consolidation	9	3,226,690	3,130,524	-	-
Deferred taxation	10(a)	2,882,289	3,168,198	-	-
Total non-current assets		174,040,675	183,757,185	85,695,695	91,695,695
Current assets					
Amount due from customers for contract work	11	6,629,490	5,636,916	-	-
Property development costs	5(b)	110,555,965	67,034,213	-	-
Inventories	12	124,909,930	160,355,273	-	-
Trade and other receivables	13	123,218,706	120,153,618	953,316	1,720
Tax recoverable		1,588,895	4,035,482	-	-
Amount due from subsidiaries	14	-	-	152,961,001	143,738,610
Cash and bank balances	15	19,100,801	3,346,385	10,024,035	3,943
Total current assets		386,003,787	360,561,887	163,938,352	143,744,273
TOTAL ASSETS		560,044,462	544,319,072	249,634,047	235,439,968
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	198,765,901	198,765,901	198,765,901	198,765,901
Treasury shares	16(b)	(950,883)	(817,707)	(950,883)	(817,707)
Reserves	17	151,840,000	134,446,642	42,353,861	27,660,258
Shareholders' funds		349,655,018	332,394,836	240,168,879	225,608,452
Non-controlling interests		1,258,523	1,922,913	-	-
Total equity		350,913,541	334,317,749	240,168,879	225,608,452
Non-current liabilities					
Borrowings	19	19,087,862	24,582,126	-	-
Deferred taxation	10(b)	1,582,026	1,447,066	-	-
Total non-current liabilities		20,669,888	26,029,192	-	-
Current liabilities					
Amount due to customers for contract work	11	4,968,897	6,448,464	-	-
Trade and other payables	21	118,800,243	119,904,817	7,764,993	8,452,940
Amount due to subsidiaries	22	-	-	818,349	436,488
Borrowings	19	62,525,271	55,894,812	138,031	646,819
Provision for taxation		2,166,622	1,724,038	743,795	295,269
Total current liabilities		188,461,033	183,972,131	9,465,168	9,831,516
TOTAL LIABILITIES		209,130,921	210,001,323	9,465,168	9,831,516
TOTAL EQUITY AND LIABILITIES		560,044,462	544,319,072	249,634,047	235,439,968

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Revenue	23	338,443,757	250,542,407	15,250,000	22,705,000
Cost of sales	24	(263,292,156)	(189,974,788)	-	-
GROSS PROFIT		75,151,601	60,567,619	15,250,000	22,705,000
Other income		8,454,258	4,812,023	9,961,383	5,276,079
Administrative expenses		(20,388,759)	(19,026,167)	(388,968)	(394,697)
Other operating expenses		(19,548,344)	(14,976,898)	(102,325)	(48,627)
OPERATING PROFIT	25	43,668,756	31,376,577	24,720,090	27,537,755
Finance costs	28	(3,373,207)	(3,450,920)	(34,752)	(15,627)
Share of results of associate		-	(88,258)	-	-
PROFIT BEFORE TAXATION		40,295,549	27,837,399	24,685,338	27,522,128
Taxation	29	(11,643,768)	(8,956,608)	(2,101,060)	(3,590,833)
PROFIT NET OF TAX		28,651,781	18,880,791	22,584,278	23,931,295
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation		(4,032,138)	(2,310,441)	-	-
Other comprehensive loss for the year, net of tax		(4,032,138)	(2,310,441)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		24,619,643	16,570,350	22,584,278	23,931,295
Profit/(loss) attributable to:					
Owners of the Company		29,316,171	17,930,053	22,584,278	23,931,295
Non-controlling interests		(664,390)	950,738	-	-
		28,651,781	18,880,791	22,584,278	23,931,295
Total comprehensive income/(loss) attributable to:					
Owners of the Company		25,284,033	15,619,612	22,584,278	23,931,295
Non-controlling interests		(664,390)	950,738	-	-
		24,619,643	16,570,350	22,584,278	23,931,295
Earnings per share (sen)					
- basic	30	7.43	4.54		
- diluted		7.43	4.54		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2013

Group	Note	Attributable to owners of the parent				Equity			Total equity RM
		Share capital RM	Other reserves Total RM	Foreign exchange reserves RM	Revaluation reserves RM	Treasury shares RM	Distributable retained profits RM	attributable to owners of the parent RM	
At 1st January 2012		198,765,901	1,392,921	(12,422,067)	13,814,988	(807,913)	129,869,315	329,220,224	352,484,881
Total comprehensive (loss)/income		-	(2,310,441)	(2,310,441)	-	-	17,930,053	15,619,612	16,570,350
Transactions with owners		198,765,901	(917,520)	(14,732,508)	13,814,988	(807,913)	147,799,368	344,839,836	369,055,231
Purchase of treasury shares	16(b)	-	-	-	-	(9,794)	-	(9,794)	(9,794)
Dividends paid to non-controlling interests of subsidiary company		-	-	-	-	-	-	-	(6,750,000)
Acquisition of non-controlling interests	7	-	-	-	-	-	7,292,482	7,292,482	(8,250,000)
Dividends on ordinary shares	31	-	-	-	-	-	(19,727,688)	(19,727,688)	(19,727,688)
Total transactions with owners		-	-	-	-	(9,794)	(12,435,206)	(12,445,000)	(34,737,482)
At 31st December 2012		198,765,901	(917,520)	(14,732,508)	13,814,988	(817,707)	135,364,162	332,394,836	334,317,749

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2013

Group	Note	Share capital		Other reserves		Attributable to owners of the parent						Total equity RM
		RM	RM	RM	RM	Foreign exchange reserves RM	Revaluation reserves RM	Treasury shares RM	Distributable retained profits RM	Equity attributable to owners of the parent RM	Non-controlling interests RM	
At 1st January 2013		198,765,901		(917,520)		(14,732,508)	13,814,988	(817,707)	135,364,162	332,394,836	1,922,913	334,317,749
Total comprehensive (loss)/income		-		(4,032,138)		(4,032,138)	-	-	29,316,171	25,284,033	(664,390)	24,619,643
Transactions with owners		198,765,901		(4,949,658)		(18,764,646)	13,814,988	(817,707)	164,680,333	357,678,869	1,258,523	358,937,392
Purchase of treasury shares	16(b)	-		-		-	-	(133,176)	-	(133,176)	-	(133,176)
Dividends on ordinary shares	31	-		-		-	-	-	(7,890,675)	(7,890,675)	-	(7,890,675)
Total transactions with owners		-		-		-	-	(133,176)	(7,890,675)	(8,023,851)	-	(8,023,851)
At 31st December 2013		198,765,901		(4,949,658)		(18,764,646)	13,814,988	(950,883)	156,789,658	349,655,018	1,258,523	350,913,541

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2013

Company	Note	Attributable to owners of the Company			Total equity RM
		Share capital RM	Treasury shares RM	Distributable retained profits RM	
At 1st January 2012		198,765,901	(807,913)	23,456,651	221,414,639
Total comprehensive income		-	-	23,931,295	23,931,295
		198,765,901	(807,913)	47,387,946	245,345,934
Transactions with owners					
Purchase of treasury shares	16(b)	-	(9,794)	-	(9,794)
Dividends on ordinary shares	31	-	-	(19,727,688)	(19,727,688)
Total transactions with owners		-	(9,794)	(19,727,688)	(19,737,482)
At 31st December 2012		198,765,901	(817,707)	27,660,258	225,608,452
Total comprehensive income		-	-	22,584,278	22,584,278
		198,765,901	(817,707)	50,244,536	248,192,730
Transactions with owners					
Purchase of treasury shares	16(b)	-	(133,176)	-	(133,176)
Dividends on ordinary shares	31	-	-	(7,890,675)	(7,890,675)
Total transactions with owners		-	(133,176)	(7,890,675)	(8,023,851)
At 31st December 2013		198,765,901	(950,883)	42,353,861	240,168,879

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2013

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit before taxation	40,295,549	27,837,399	24,685,338	27,522,128
Adjustments for:				
Bad debts written off	29,785	-	-	-
Depreciation of:				
- property, plant and equipment	9,916,790	7,094,382	-	-
- investment properties (Note 6)	85,678	415,507	-	-
Dividend income	-	-	(15,250,000)	(22,705,000)
Gain on disposal of:				
- property, plant and equipment	(1,040,760)	(611,281)	-	-
- investment property	-	-	-	-
- investment in an associate	(4,224,208)	-	(4,126,032)	-
Impairment losses on:				
- investment properties	185,997	-	-	-
Interest expense	3,373,207	3,450,920	34,752	15,627
Interest income	(451,563)	(286,820)	(5,835,350)	(5,276,079)
Property, plant and equipment written off	1,811,727	619,222	-	-
Reversal of impairment loss on trade receivable	(300)	(600)	-	-
Share of loss in an associate	-	88,258	-	-
Unrealised loss from foreign exchange	6,135	343,292	-	-
	49,988,037	38,950,279	(491,292)	(443,324)
Changes in working capital:				
Advances (from)/to subsidiaries	-	-	(8,840,530)	42,685,131
Amount due (to)/from customers on contract work	(2,606,852)	3,678,429	-	-
Inventories	35,242,275	(112,485,101)	-	-
Property development costs	(47,965,091)	115,858,385	-	-
Trade and other receivables	(3,261,708)	(27,838,363)	(951,596)	(10)
Trade and other payables	77,319	18,520,758	(687,947)	40,690
	31,473,980	36,684,387	(10,971,365)	42,282,487
Tax paid	(8,333,210)	(11,564,648)	(1,652,534)	(789,791)
Net Operating Cash Flows	23,140,770	25,119,739	(12,623,899)	41,492,696

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2013

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
CASH FLOWS FROM INVESTING ACTIVITIES:				
Dividend received	-	-	15,250,000	20,361,250
Interest received	451,563	286,820	5,835,350	5,276,079
Investment in an associate	-	(1,500,000)	-	(1,500,000)
Investment in subsidiaries	-	-	-	(46,528,504)
Proceeds from disposal of investment property	-	12,803	-	-
Proceeds from disposal of property, plant and equipment	1,080,688	1,332,056	-	-
Proceeds from disposal of investment in an associate	10,126,032	-	10,126,032	-
Subsequent expenditure on land held for development	(3,450)	(2,105)	-	-
Purchase of property, plant and equipment (Note 4(b))	(6,834,250)	(7,727,486)	-	-
Net Investing Cash Flows	4,820,583	(7,597,912)	31,211,382	(22,391,175)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Interest paid	(3,373,207)	(3,450,920)	(34,752)	(15,627)
(Repayment)/Drawdown of bankers' acceptance	(4,234,000)	6,429,000	-	-
Repayment of bank borrowings	(3,154,752)	(12,948,793)	-	-
Net repayment of hire purchase	(5,544,172)	(2,895,381)	-	-
(Repayment)/Drawdown of short term revolving credit	(2,000,000)	13,000,000	-	-
Dividends paid to non-controlling interests of subsidiary company	-	(6,750,000)	-	-
Dividends paid to the shareholders of the Company	(7,890,675)	(19,727,688)	(7,890,675)	(19,727,688)
Purchase of treasury shares	(133,176)	(9,794)	(133,176)	(9,794)
Net Financing Cash Flows	(26,329,982)	(26,353,576)	(8,058,603)	(19,753,109)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,631,371	(8,831,749)	10,528,880	(651,588)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(180,574)	(2,199,641)	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	(18,618,125)	(7,586,735)	(642,876)	8,712
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	(17,167,328)	(18,618,125)	9,886,004	(642,876)
ANALYSIS OF CASH AND CASH EQUIVALENTS:				
Deposits with licensed banks	11,863,377	154,245	10,020,006	-
Cash and bank balances	7,237,424	3,192,140	4,029	3,943
Bank overdrafts	(36,268,129)	(21,964,510)	(138,031)	(646,819)
	(17,167,328)	(18,618,125)	9,886,004	(642,876)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is principally engaged in investment holding activity whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these principal activities during the financial year.

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

The registered office and principal place of business of the Company are located at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22nd April 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

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

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

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

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

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

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

New FRSs

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

Revised FRSs

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

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

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

Amendments/Improvements to FRSs

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

New IC Int

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

IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments
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The adoption of the above new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

FRS 10 Consolidated Financial Statements

The Group adopted FRS 10 in the current financial year. This resulted in changes to the accounting policies as disclosed in Note 2.3.8 to the financial statements. The adoption of FRS 10 has no significant impact to the financial statements of the Group.

FRS 11 Joint Arrangements

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

FRS 12 Disclosures of Interests in Other Entities

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

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

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

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

FRS 13 Fair Value Measurement

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

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

FRS 119 Employee Benefits (Revised)

FRS 119 (Revised) eliminates the corridor approach and recognise all actuarial gains and losses in other comprehensive income as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

Amendments to FRS 101 Presentation of Financial Statements

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

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

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

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

FRS 128 Investments in Associates and Joint Ventures (Revised)

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

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

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

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

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

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

Amendments to FRS 1 also clarifies that an entity that has applied IFRSs in a previous reporting period, but whose most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with IFRSs, has the option to apply this FRS 1 or apply FRSs retrospectively in accordance with FRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* as if it had never stopped applying IFRSs.

Amendments to FRS 7 Financial Instruments: Disclosures

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

Amendment to FRS 116 Property, Plant and Equipment

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

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

Amendments to FRS 10 clarifies that the date of initial application is the beginning of the annual reporting period for which this FRS is applied for the first time. Consequently, an entity is not required to make adjustments to the previous accounting if the consolidation conclusion reached upon the application of FRS 10 is the same as previous accounting or the entity had disposed of its interests in investees during a comparative period. When applying FRS 10, these amendments also limit the requirement to present quantitative information required by Paragraph 28(f) of FRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to the annual period immediately preceding the date of initial application. A similar relief is also provided in FRS 11 and FRS 12. Additionally, entities would no longer be required to provide disclosures for unconsolidated structure entities in periods prior to the first annual period that FRS 12 is applied.

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

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

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

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

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

Amendment to FRS 132 Financial Instruments: Presentation

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

Amendment to FRS 134 Interim Financial Reporting

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

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

IC Int 20 applies to waste removal costs that are incurred in surface mining activity, during the production phase of the mine ("production stripping costs"). The interpretation sets out the criteria to be met for capitalising the production stripping costs as an asset and the initial and subsequent measurement requirements.

Amendment to IC Int. 2 Members' Shares in Co-operative Entities and Similar Instruments

Amendment to IC Int 2 clarifies that distributions to holders of equity instruments are recognised directly in equity, gross of any income tax benefits.

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

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

		Effective for financial periods beginning on or after
<u>New FRS</u>		
FRS 9	Financial Instruments	To be announced by the MASB
<u>Amendments/Improvements to FRSs</u>		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2014
FRS 2	Share-based Payment	1 July 2014
FRS 3	Business Combinations	1 July 2014
FRS 7	Financial Instruments: Disclosures	Applies when FRS 9 is applied
FRS 8	Operating Segments	1 July 2014

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

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

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

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to FRSs (cont'd)</u>		
FRS 9	Financial Instruments	To be announced by the MASB
FRS 10	Consolidated Financial Statements	1 January 2014
FRS 12	Disclosure of Interests in Other Entities	1 January 2014
FRS 13	Fair Value Measurement	1 July 2014
FRS 116	Property, Plant and Equipment	1 July 2014
FRS 119	Employee Benefits	1 July 2014
FRS 124	Related Party Disclosures	1 July 2014
FRS 127	Separate Financial Statements	1 January 2014
FRS 132	Financial Instruments: Presentation	1 January 2014
FRS 136	Impairment of Assets	1 January 2014
FRS 138	Intangible Assets	1 July 2014
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
FRS 139	Financial Instruments: Recognition and Measurement	Applies when FRS 9 is applied
FRS 140	Investment Property	1 July 2014
<u>New IC Int</u>		
IC Int 21	Levies	1 January 2014

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

FRS 9 Financial Instruments

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

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

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

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

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

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

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

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

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

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

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

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

Amendments to FRS 2 Share-based Payment

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

Amendments to FRS 3 Business Combinations

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

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

Amendments to FRS 8 Operating Segments

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

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

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

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

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

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

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

In addition, amendments to FRS 127 also clarifies that if a parent is required, in accordance with paragraph 31 of FRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with FRS 139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

Amendments to FRS 13 Fair Value Measurement

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

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

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

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

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

Amendments to FRS 119 Employee Benefits

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

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

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

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

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

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

Amendments to FRS 124 Related Party Disclosures

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

Amendments to FRS 132 Financial Instruments: Presentation

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

Amendments to FRS 136 Impairment of Assets

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

Amendments to FRS 139 Financial Instruments: Recognition and Measurement

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

Amendments to FRS 140 Investment Property

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

IC Int 21 Levies

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

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

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

(c) MASB Approved Accounting Standards, MFRSs

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

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

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

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

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

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

MFRS 141 Agriculture

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

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.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies

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

2.3.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in the other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, and equity instruments issued, plus any cost directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.3.6. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquire are reassessed on acquisition date unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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

Transaction costs for acquisition between 1st January 2006 and 1st January 2011, 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.

Transaction costs for acquisition on or after 1st January 2011 will no longer be capitalised as part of the cost of acquisition but will be expensed immediately.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

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

In the previous financial year, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies (cont'd)

2.3.2 Transactions with Non-Controlling Interests

Non-controlling interests represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

The losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have deficit balance. The change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

With effective from 1st July 2011, where losses applicable to the non-controlling interests exceed the Company's interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interest, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

2.3.3 Foreign Currency

(i) 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.

(ii) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange difference arising on the settlement of monetary items or on translating monetary items at the end of the reporting period 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 operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the 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.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies (cont'd)

2.3.3 Foreign Currency (cont'd)

(iii) Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations 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 end of the reporting period.

2.3.4 Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

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

Freehold land is stated at valuation less impairment losses. Any revaluation increase is credited to equity as revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:-

Buildings	2%
Fixtures, fittings and office equipment	10% - 50%
Renovations	10% - 20%
Plant and machinery	10% - 40%
Motor vehicles	20% - 25%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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 and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

Depreciation of property, plant and equipment which are used for a specific project will be charged to that particular project. Depreciation of other property, plant and equipment are charged to profit or loss accordingly.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies (cont'd)

2.3.5 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any identified impairment losses.

Freehold land of the Group under investment properties have not been revalued since they were first revalued in 1993. The Directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standard No. 16 ("IAS16") (Revised), Property, Plant and Equipment, these assets continue to be stated at their 1993 valuation less accumulated depreciation. Surplus arising from revaluation is credited directly to revaluation reserve.

2.3.6 Intangible Assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

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

For acquisition between 1st January 2006 and 1st January 2012, goodwill represents the excess of the cost of the acquisition over the Group's net interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree.

For acquisition on or after 1st January 2011, the Group consider the following in measuring goodwill at the acquisition date:-

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

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

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit, including allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the cash-generating unit retained.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies (cont'd)

2.3.6 Intangible Assets (cont'd)

Goodwill (cont'd)

As permitted under the transitional provision of FRS 121: The Effects of Changes in Foreign Exchange Rates, goodwill and fair value adjustments arising on the acquisition of foreign operation before and after 1st 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 in accordance with the accounting policy set out in Note 2.3.3 (iii).

2.3.7 Impairment of Non Financial Assets

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

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future value cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of the assets exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued 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.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in subsequent period.

2.3.8 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies (cont'd)

2.3.8 Subsidiaries (cont'd)

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

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, 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.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

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

Investments in subsidiary companies are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as 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 subsidiary companies are changed when necessary to align them with the policies adopted by the Group.

2.3.9 Associate

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investment in associate are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies (cont'd)

2.3.9 Associate (cont'd)

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

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

The financial statements of the associates are prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.3.10 Joint Ventures

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

The Group adopted FRS 11, Joint Arrangements in the current financial year. As a result, joint arrangements are classified and accounted for as follows:-

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounted for its interest in the joint venture using the equity method.

In the previous financial years, joint arrangements were classified and accounted for as follows:-

- For jointly controlled entity, the Group accounted for its interest using equity method.
- For jointly controlled asset or jointly controlled operation, the Group and the Company accounted for each its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of FRS 11. The adoption of FRS 11 has no impact to the financial statements of the Group.

2.3.11 Financial Assets

Financial asset 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 a fair value through profit or loss, directly attributable transaction costs.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies (cont'd)

2.3.11 Financial Assets (cont'd)

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

(i) *Financial assets at fair value through profit or loss*

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

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

Financial asset at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current 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 amortization process.

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

(iii) *Held-to-maturity investment*

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

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

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

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies (cont'd)

2.3.11 Financial Assets (cont'd)

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

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

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial 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 effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instruments are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investment 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 end of the reporting period.

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

2.3.12 Impairment of Financial Assets

The Group and the Company assess at the end of each reporting period 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 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 or 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.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies (cont'd)

2.3.12 Impairment of Financial Assets (cont'd)

(i) *Trade and other receivables and other financial assets carried at amortised cost (cont'd)*

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) *Unquoted equity securities carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) *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 amortization) and its current fair 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 instruments 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 of 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.

2.3.13 Construction Contracts

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

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

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

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies (cont'd)

2.3.13 Construction Contracts (cont'd)

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

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.3.14 Land Held for Property Development and Property Development Costs

(i) Land Held for Property Development

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

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.

(ii) 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.

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

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

Any expected loss on a development project, including costs to be incurred over the defects 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.

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

2.3.15 Inventories

Inventories are stated at the lower of cost and net realisable value based on the following methods:-

Raw materials for premix	First-in-first-out
Medicine and consumables	First-in-first-out
Quarry stocks	Weighted Average

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies (cont'd)

2.3.15 Inventories (cont'd)

The cost of raw materials comprises costs of purchase. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and appropriate proportions of production overheads. The cost of unsold completed development units and leasehold land comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

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

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

2.3.16 Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash in hand and at bank, deposits at call and short term highly liquid investments which subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

2.3.17 Financial Liabilities

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

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

(i) *Financial liabilities at fair value through profit or loss*

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

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

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

(ii) *Other financial liabilities*

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies (cont'd)

2.3.17 Financial Liabilities (cont'd)

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 a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.3.18 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 of 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 as 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 end of the reporting period and the amount initially recognised less cumulative amortisation.

2.3.19 Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment.

2.3.20 Provisions for Liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies (cont'd)

2.3.21 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.3.22 Employee Benefits

(i) Short Term Employee Benefits

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

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in profit or loss as incurred.

(iii) Share-based Compensation

The Mitrajaya Holdings Berhad Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

The Company recognised the impact of the estimate of the number of options that are expected to become exercisable on vesting date, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies (cont'd)

2.3.23 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:-

(i) *Dividend Income*

Dividend income of the Group and of the Company is recognised when the right to receive payment is established.

(ii) *Construction Contracts*

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.3.13.

(iii) *Rental Income*

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

(iv) *Sale of properties*

Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 2.3.14(ii).

(v) *Sales of Goods*

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(vi) *Golf Management, Photorefractive Keratectomy and Rental of Plant and Machinery*

Revenue of the Group from golf management, photorefractive keratectomy and rental of plant and machinery are recognised when services are rendered.

(vii) *Interest Income*

Interest income is recognised on an accrual basis using the effective interest method.

2.3.24 Income Taxes

(i) *Current Tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) *Deferred Tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies (cont'd)

2.3.24 Income Taxes (cont'd)

(ii) Deferred Tax (cont'd)

Deferred tax liabilities are recognised for all temporary differences, except:-

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except:-

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:-

- where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

2.3 Significant Accounting Policies (cont'd)

2.3.24 Income Taxes (cont'd)

(iii) Sales Tax (cont'd)

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.3.25 Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are reviewed regularly by the chief operating decision maker, which is the Group Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.3.26 Share Capital and Share Issuance Expenses

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 liabilities in the period in which they are declared.

2.3.27 Treasury Shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.3.28 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 and assets are not recognised in the statements of financial position of the Group.

2.3.29 Fair Value Measurements

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

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

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

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

There were no significant judgements made by management in the process of applying the Group's accounting policies which have material effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

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

(i) *Depreciation of Property, Plant and Equipment*

The cost of property, plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and machinery to be within 2 to 50 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) *Impairment of Goodwill*

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flow from the CGU and also choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill are given in Note 9.

As at the end of the reporting period, the Directors of the Company are of the opinion that there is no adjustment required resulting from the impairment review.

(iii) *Impairment of Loans and Receivables*

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 35.

(iv) *Property Development*

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred to date bear to the estimated total property development costs and taking into consideration the actual sales made against the total estimated gross development value of the project.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. In making these judgements, the Group evaluates based on past experience and by relying on the work of specialists.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

3.2 Key sources of estimation uncertainty (cont'd)

(v) *Construction*

The Group recognises contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant judgements is required in determining the stage of completion, the extent of contract costs incurred, the estimated total costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(vi) *Income Tax*

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognises liabilities for expected tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(vii) *Deferred Tax Assets*

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

(viii) *Impairment of Investment Properties*

The Group assesses at the end of each reporting period whether there is any objective evidence that the investment properties are impaired. The Group considers internal and external factors such as market price and latest transacted price of properties within the same vicinity and nature.

The Group assessed the market price of the investment properties based on information available through internal research and Directors' best estimates.

Where there is objective evidence, impairment losses are recognised in profit or loss. As at the end of the reporting period, the Directors of the Company are of the opinion that there is no adjustment required to the financial statements.

(ix) *Net Realisable Values of Inventories*

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

As at the end of the reporting period, the Directors of the Company are of the opinion that there is no adjustment required resulting from the impairment review.

(x) *Impairment of Investment in Subsidiary Companies and Associate*

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

As at the end of the reporting period, the directors of the Company are of the opinion that there is no adjustment required resulting from the impairment review.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group 2013	Freehold land RM	Buildings RM	Fixtures, fittings and office equipment RM	Renovations RM	Motor vehicles RM	Plant and machinery RM	Total RM
Cost or valuation							
At 1st January 2013	1,362,286	7,160,399	7,740,289	6,525,858	9,919,503	97,245,536	129,953,871
Additions	-	-	619,093	21,388	1,155,286	6,803,983	8,599,750
Disposals	-	-	(44,207)	-	(4,160)	(801,903)	(850,270)
Written off	-	-	(349,861)	(92,068)	(9,800)	(4,956,144)	(5,407,873)
Exchange differences	(176,619)	-	(59,019)	-	(73,462)	(113,769)	(422,869)
At 31st December 2013	1,185,667	7,160,399	7,906,295	6,455,178	10,987,367	98,177,703	131,872,609
Accumulated depreciation							
At 1st January 2013	(1,541)	1,225,470	6,267,081	3,158,637	6,393,029	71,869,516	88,912,192
Depreciation for the financial year	-	143,208	465,242	526,224	1,289,251	7,492,865	9,916,790
Disposals	-	-	(39,033)	-	(4,159)	(767,150)	(810,342)
Written off	-	-	(204,100)	(61,321)	(9,797)	(3,320,928)	(3,596,146)
Exchange differences	1,541	-	(51,010)	-	(73,461)	(111,916)	(234,846)
At 31st December 2013	-	1,368,678	6,438,180	3,623,540	7,594,863	75,162,387	94,187,648
Net book value at 31st December 2013	1,185,667	5,791,721	1,468,115	2,831,638	3,392,504	23,015,316	37,684,961

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

Group 2012	Freehold land RM	Buildings RM	Fixtures, fittings and office equipment RM	Renovations RM	Motor vehicles RM	Plant and machinery RM	Total RM
Cost or valuation							
At 1st January 2012	1,451,472	7,346,799	8,160,012	6,670,589	10,219,103	88,766,767	122,614,742
Additions	-	420,000	354,158	729,336	809,907	14,295,356	16,608,757
Transfer to investment properties (Note 6)	-	(606,400)	-	-	-	-	(606,400)
Disposals	-	-	(46,000)	-	(1,066,748)	(4,749,805)	(5,862,553)
Written off	-	-	(691,309)	(874,067)	-	(977,748)	(2,543,124)
Exchange differences	(89,186)	-	(36,572)	-	(42,759)	(89,034)	(257,551)
At 31st December 2012	1,362,286	7,160,399	7,740,289	6,525,858	9,919,503	97,245,536	129,953,871
Accumulated depreciation							
At 1st January 2012	-	1,097,190	6,318,460	3,246,788	6,229,619	72,165,456	89,057,513
Transfer to investment properties (Note 6)	-	(12,128)	-	-	-	-	(12,128)
Depreciation for the financial year	-	140,408	534,291	383,556	1,222,917	4,813,210	7,094,382
Disposals	-	-	(43,937)	-	(1,016,748)	(4,081,093)	(5,141,778)
Written off	-	-	(511,103)	(471,707)	-	(941,093)	(1,923,903)
Exchange differences	(1,541)	-	(30,630)	-	(42,759)	(86,964)	(161,894)
At 31st December 2012	(1,541)	1,225,470	6,267,081	3,158,637	6,393,029	71,869,516	88,912,192
Net book value at 31st December 2012	1,363,827	5,934,929	1,473,208	3,367,221	3,526,474	25,376,020	41,041,679

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

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

Company	2013 RM	2012 RM
Office equipment		
Cost		
At 1st January/31st December	1,511	1,511
Accumulated Depreciation		
At 1st January	1,510	1,510
Depreciation for the financial year	-	-
At 31st December	1,510	1,510
Net Book Value at 31st December	1	1

(a) Net book value of plant and equipment held under hire purchase are as follows:-

	Group 2013 RM	2012 RM
Plant and machinery	6,893,469	9,015,836
Motor vehicles	1,499,871	1,276,738
	8,393,340	10,292,574

- (b) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM8,599,750/- (2012: RM16,608,757/-) of which RM1,765,500/- (2012: RM8,881,271/-) were acquired by means of hire purchase.
- (c) Included in property, plant and equipment is a building and certain plant and machinery with net book value of RM5,300,953/- (2012: RM3,855,942/-) which is pledged to a financial institution to secure the term loan facility granted to a subsidiary of the Company as disclosed in Note 19(c)(i).

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

5. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

Group 2013	Freehold land RM	Leasehold land RM	Infrastructure cost RM	Total RM
Cost				
At 1st January 2013	55,323,762	62,423,317	3,787,157	121,534,236
Additions/(Reversal)	10,000	(22,890)	16,340	3,450
At 31st December 2013	55,333,762	62,400,427	3,803,497	121,537,686
Accumulated impairment losses				
At 1st January/ 31st December 2013	700,000	-	-	700,000
Net carrying amount at 31st December 2013	54,633,762	62,400,427	3,803,497	120,837,686
2012				
Cost				
At 1st January 2012	55,323,762	62,423,317	3,951,727	121,698,806
Transfer to property development costs (Note 5(b))	-	-	(166,675)	(166,675)
Additions	-	-	2,105	2,105
At 31st December 2012	55,323,762	62,423,317	3,787,157	121,534,236
Accumulated impairment losses				
At 1st January/ 31st December 2012	700,000	-	-	700,000
Net carrying amount at 31st December 2012	54,623,762	62,423,317	3,787,157	120,834,236

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

5. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (cont'd)

(b) Property development costs

	Group	
	2013 RM	2012 RM
Cumulative property development costs		
At 1st January		
- freehold land	67,269,430	67,269,430
- leasehold land	22,129,229	22,129,229
- development costs	710,255,431	791,770,339
	799,654,090	881,168,998
 Add:		
Costs incurred during the financial year		
- development costs	71,744,577	41,166,223
	71,744,577	41,166,223
 Transfer from/(to):		
- land held for property development (Note 5(a))	-	166,675
- inventories	-	(122,847,806)
	-	(122,681,131)
 At 31st December		
- freehold land	67,269,430	67,269,430
- leasehold land	22,129,229	22,129,229
- development costs	782,000,008	710,255,431
	871,398,667	799,654,090
 Cumulative costs recognised in profit or loss		
At 1st January	723,118,634	689,169,124
Recognised during the financial year	23,917,358	33,949,510
At 31st December	747,035,992	723,118,634
 Exchange difference	(13,806,710)	(9,501,243)
 Property development costs at 31st December	110,555,965	67,034,213
 Finance costs capitalised during the year	1,405,568	278,898

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

6. INVESTMENT PROPERTIES

	Group	
	2013 RM	2012 RM
Cost or valuation		
At 1st January		
At cost	11,217,862	40,974,082
At valuation (Note 6(a))	700,000	700,000
	<u>11,917,862</u>	<u>41,674,082</u>
Additions	-	-
Transfer from property, plant and equipment (Note 4)	-	594,272
Disposal	-	(12,803)
Transfer to inventories (Note 12)	-	(30,337,689)
	<u>11,917,862</u>	<u>11,917,862</u>
At 31st December		
Representing:		
At cost	11,217,862	11,217,862
At valuation	700,000	700,000
	<u>11,917,862</u>	<u>11,917,862</u>
Accumulated depreciation		
At 1st January	154,966	1,653,128
Depreciation for the financial year (Note 25)	85,678	415,507
Transfer to inventories (Note 12)	-	(1,913,669)
	<u>240,644</u>	<u>154,966</u>
At 31st December		
Accumulated impairment losses		
At 1st January	2,082,172	2,082,172
Impairment losses for the financial year (Note 25)	185,997	-
	<u>2,268,169</u>	<u>2,082,172</u>
At 31st December		
Net carrying amount		
At cost	8,709,049	8,980,724
At valuation (Note 6(a))	700,000	700,000
	<u>9,409,049</u>	<u>9,680,724</u>
At 31st December		

- (a) Certain freehold lands of the Group were revalued by the Directors in the financial year 1993 based on an independent valuation carried out on an existing use basis. The property has continued to be stated on the basis of the 1993 valuation, as allowed by the transitional provisions of IAS16 (Revised), Property, Plant and Equipment, issued by the Malaysian Accounting Standards Board by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount).

The above-mentioned freehold lands were revalued on 25th October 1993.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

6. INVESTMENT PROPERTIES (cont'd)

- (b) At 31st December 2013, had the revalued freehold lands of the Company been carried under the cost model, the carrying amount would have been RM360,044/- (2012: RM360,044/-).
- (c) The market value for the above investment properties of approximately RM21.3 million (2012: RM15.4 million) are determined based on information available through internal research and Director's best estimate.
- (d) The impairment losses of RM185,997/- was made based on information available through internal assessment.
- (e) **Fair value information**

Fair value of investment properties are categorised as follows:-

	2013			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
Investment properties	-	-	21,297,288	21,297,288

* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of FRS 13.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Valuation method and key inputs	Significant unobservable input	Relationship of unobservable input and fair value
Information available through internal research and Director's best estimate	Estimated sales price of comparable properties in close proximity	The higher the estimated sales price, the higher the fair value.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

7. INVESTMENT IN SUBSIDIARIES

	Company 2013 RM	2012 RM
Unquoted shares - at cost		
At 1st January	85,695,694	30,917,190
Addition during the year	-	54,778,504
At 31st December	85,695,694	85,695,694

Details of the subsidiaries are as follows:-

Name of Company	Principal Place of Business/ Country of Incorporation	Effective Proportion Ownership/ Voting Rights		Principal activities
		2013 %	2012 %	
Held by the Company:				
Pembinaan Mitrajaya Sdn. Bhd.	Malaysia	100	100	Civil engineering, building and road construction works and supply of construction material
Daya Asphalt Sdn. Bhd.	Malaysia	100	100	Manufacturing and selling of premix
Dutawani Sdn. Bhd.	Malaysia	100	100	Investment holding and maintenance of properties
Mitrajaya Homes Sdn. Bhd.	Malaysia	100	100	Construction and property development
Mitrajaya Equipment Resource Sdn. Bhd.	Malaysia	100	100	Renting of plant and machinery
Mitrajaya Development Sdn. Bhd.	Malaysia	100	100	Investment holding
Mitrajaya Home Décor Sdn. Bhd.	Malaysia	100	100	Renovations work
Primaharta Development Sdn. Bhd.	Malaysia	100	100	Property development
Leo Vista Sdn. Bhd.	Malaysia	100	100	Property development
Awana Prisma Sdn. Bhd.	Malaysia	100	100	Property development
Kina-Bijak Sdn. Bhd.	Malaysia	100	100	Property development
Skyway Development Sdn. Bhd.	Malaysia	72	72	Property development
Optimax Eye Specialist Centre Sdn. Bhd.	Malaysia	51	51	Photorefractive keratectomy and related services
Kemajuan Sekim Baru Sdn. Bhd.	Malaysia	100	100	Property development

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

7. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of Company	Principal Place of Business/ Country of Incorporation	Effective Proportion Ownership/ Voting Rights		Principal activities
		2013 %	2012 %	
Held through Daya Asfalt Sdn. Bhd.:				
Maha-Mayang Sdn. Bhd.	Malaysia	100	100	Quarry operations
Held through Mitrajaya Development Sdn. Bhd.:				
Mitrajaya SA (Pty) Ltd. *	South Africa	100	100	Civil engineering, building and road construction works and property development
Kyalami & Mitrajaya Civil Engineering (Pty) Ltd. *	South Africa	100	100	Civil engineering, building and road construction works and property development
Kyalami & Mitrajaya Builders (Pty) Ltd. *	South Africa	100	100	Builders
Mitrajaya Development SA (Pty) Ltd. *	South Africa	100	100	Property development
Held through Mitrajaya Development SA (Pty) Ltd.:				
Blue Valley Golf and Country Club (Pty) Ltd.*	South Africa	100	100	Golf management
Held through Optimax Eye Specialist Centre Sdn. Bhd.:				
Optimax Laser Eye Centre Sdn. Bhd.	Malaysia	70	70	Photorefractive keratectomy and related services
Optimax Eye Specialist Centre (Shah Alam) Sdn. Bhd.	Malaysia	70	70	Photorefractive keratectomy and related services
Optimax Eye Specialist Centre (Kota Kinabalu) Sdn. Bhd.	Malaysia	70	70	Photorefractive keratectomy and related services
Visual Series Sdn. Bhd.	Malaysia	51	51	Photorefractive keratectomy and related services
Optimax Eye Specialist Centre (Kajang) Sdn. Bhd.	Malaysia	70	70	Photorefractive keratectomy and related services

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

7. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of Company	Principal Place of Business/ Country of Incorporation	Effective Proportion Ownership/ Voting Rights		Principal activities
		2013 %	2012 %	
Held through Optimax Eye Specialist Centre Sdn. Bhd.: (cont'd)				
Optimax Eye Specialist Centre (Ampang) Sdn. Bhd.	Malaysia	70	70	Photorefractive keratectomy and related services
Optimax Eye Specialist Centre (Kuching) Sdn. Bhd.	Malaysia	75	75	Photorefractive keratectomy and related services
Held through Optimax Eye Specialist Centre (Shah Alam) Sdn. Bhd.:				
Optimax Eye Specialist Centre (Sunway) Sdn. Bhd.	Malaysia	65	65	Photorefractive keratectomy and related services
Optimax Eye Specialist Centre (Seremban) Sdn. Bhd.	Malaysia	70	70	Photorefractive keratectomy and related services

* Audited by audit firm other than Baker Tilly Monteiro Heng. These subsidiaries are audited by Nexia SAB&T Chartered Accountants Incorporated.

Additional investment in subsidiaries in the previous financial year

- (i) On 27th December 2012, the Company subscribed 19,500,000 new ordinary shares of RM1/- each of Mitrajaya Homes Sdn. Bhd. for a total cash consideration of RM19,500,000/-.
- (ii) On 26th December 2012, the Company subscribed 21,200,000 new ordinary shares of RM1/- each of Pembinaan Mitrajaya Sdn. Bhd. for total cash consideration of RM21,200,000/-.
- (iii) On 26th December 2012, the Company acquired an additional 49% equity interest in Primaharta Development Sdn. Bhd. ("PHSB") from its non-controlling interests for a cash consideration of RM8,250,000/-. As a result of this acquisition, PHSB became a wholly-owned subsidiary of the Company. On the date of acquisition, the carrying value of the additional interest acquired was RM15,542,482/-. The difference between the consideration and the book value of the interest acquired of RM7,292,482/- is reflected in equity as acquisition of non-controlling interest.
- (iv) On 27th December 2012, the Company acquired an 100% equity interest in Kemajuan Sekim Baru Sdn. Bhd. ("KSBSB") from Dutawani Sdn. Bhd., a wholly owned subsidiary of the Company for a total cash consideration of RM453,504/-.
- (v) On 27th December 2012, the Company subscribed 5,375,000 new ordinary shares of RM1/- each of KSBSB for a total cash consideration of RM5,375,000/-.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

7. INVESTMENT IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries

The Group does not have any material non-controlling interests ("NCI") as shown below:-

	Individually immaterial subsidiaries RM
NCI percentage of ownership interest and voting interest	
Carrying amount of NCI	1,258,523
Total comprehensive loss attributable to NCI	(664,390)

8. INVESTMENT IN AN ASSOCIATE

(a) Details of the associate is as follows:-

Name of Company	Principal Place of Business/ Country of Incorporation	Effective Proportion Ownership/ Voting Rights		Principal activities
		2013 %	2012 %	
Held by the Company:				
Rawang Specialist Hospital Sdn. Bhd.	Malaysia	-	20	Operating and managing a specialist hospital and to provide healthcare solutions

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

	2013 RM	Group 2012 RM
Assets and liabilities		
Total assets	-	53,474,976
Total liabilities	-	24,193,007
Results		
Revenue	-	-
Other income	-	66,751
Net loss for the financial period	-	(441,291)

* The disclosure requirement of FRS 12 need not be applied for comparative by virtue of transitional provision given in Appendix C2A of FRS 12.

- (c) In the previous financial year, the Company subscribed additional 1,500,000 shares of RM1/- each in Rawang Specialist Hospital Sdn. Bhd. for a total consideration of RM1,500,000/-.
- (d) On 17th April 2013, the Company entered into a Sales and Purchase of Share Agreement with Kumpulan Perubatan (Johor) Sdn. Bhd. ("KPJ") to dispose the investment of 6 million ordinary shares of RM1/- each in Rawang Specialist Hospital Sdn. Bhd. for a cash consideration of RM10,126,032/-.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

8. INVESTMENT IN AN ASSOCIATE (cont'd)

(e) Details of the net assets disposed and the net cash flows from the disposal of the associate are as follows:-

	2013 RM
Cash inflow arising from disposal:	
Share of net assets disposed off	5,901,824
Proceeds received from disposal	(10,126,032)
Gain on disposal to the Group	(4,224,208)

9. GOODWILL ON CONSOLIDATION

	Group 2013 RM	2012 RM
At 1st January	3,130,524	3,074,550
Exchange differences	96,166	55,974
At 31st December	3,226,690	3,130,524

Goodwill has been allocated to the Group's cash generating units ("CGU") identified according to business segments as follows:-

	Property development RM	Others RM	Total RM
31st December 2013	2,268,817	957,873	3,226,690
31st December 2012	2,172,651	957,873	3,130,524

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the Directors are of the opinion that since all the CGU's are to be held on a long term basis, value in use would best reflect its recoverable amount. The value in use is determined by discounting future cash flows over a five-years period. The future cash flows are based on management's five-year business plan, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each cash-generating unit.

There remains a risk that, due to unforeseen changes in the economies in which the cash-generating units operate and/or global economic conditions, the ability to achieve management's business plan will be adversely affected. In calculating the value in use for each cash-generating unit, management has applied a discount rate of 6.0% and a growth rate of 5% to 10%. The following describes each key assumption on which management has based its cash flow projections for the purposes of impairment testing of goodwill.

- (a) The discount rate used reflected management's best estimate of return on capital employed required;
- (b) Growth rate has been used based on industry outlook for that segment; and
- (c) The profit margins used in the projections are based on the budgeted profit margins.

The management believes that no reasonable possible change in any of the above key assumptions would cause the carrying values of the CGU to materially exceed their recoverable amounts.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

10. DEFERRED TAXATION

	Group	
	2013 RM	2012 RM
At 1st January	(1,721,132)	(845,926)
Recognised in profit or loss (Note 29)	420,869	(875,206)
At 31st December	(1,300,263)	(1,721,132)
Presented after appropriate offsetting:-		
Deferred tax assets	(2,882,289)	(3,168,198)
Deferred tax liabilities	1,582,026	1,447,066
	(1,300,263)	(1,721,132)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:-

(a) Deferred tax assets

	Unrealised profit arising from development activities RM
At 1st January 2012	(3,571,877)
Recognised in profit or loss	403,679
At 31st December 2012/1st January 2013	(3,168,198)
Recognised in profit or loss	285,909
At 31st December 2013	(2,882,289)

(b) Deferred tax liabilities

	Revaluation of land RM	Accelerated capital allowances RM	Total RM
At 1st January 2012	-	2,725,951	2,725,951
Recognised in profit or loss	-	(1,278,885)	(1,278,885)
At 31st December 2012/ 1st January 2013	-	1,447,066	1,447,066
Recognised in profit or loss	-	134,960	134,960
At 31st December 2013	-	1,582,026	1,582,026

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

10. DEFERRED TAXATION (cont'd)

(b) Deferred tax liabilities (cont'd)

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

	Group	
	2013 RM	2012 RM
Unused tax losses	16,454,814	14,734,719
Unabsorbed capital allowances	7,597,156	8,347,525
Other taxable temporary differences	(4,370,334)	(5,520,401)
	19,681,636	17,561,843

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967 and guidelines issued by the tax authorities.

11. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	Group	
	2013 RM	2012 RM
Aggregate construction contract costs incurred to date	345,439,589	305,979,178
Add: Attributable profits	36,264,740	66,520,980
	381,704,329	372,500,158
Less: Progress billings	(379,685,718)	(373,085,042)
	2,018,611	(584,884)
Exchange difference	(358,018)	(226,664)
	1,660,593	(811,548)
Amount due from customers for contract work	6,629,490	5,636,916
Amount due to customers for contract work	(4,968,897)	(6,448,464)
	1,660,593	(811,548)
Contract revenue recognised during the financial year (Note 23)	215,757,584	159,996,197
Contract costs charged to profit or loss during the financial year (Note 24)	192,211,124	139,544,305
Retention sums on contracts, included within trade receivables (Note 13)	22,989,223	11,468,859
Retention sums on contracts, included within trade payables (Note 21)	16,266,727	11,494,441

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

12. INVENTORIES

	Group	
	2013 RM	2012 RM
At Cost		
Completed development units	94,828,511	129,663,760
Finished goods - quarry products	780,639	752,796
Leasehold land (Note 6)	28,424,020	28,424,020
Raw materials	34,889	78,387
Medicine and consumables	819,650	1,413,895
Other stocks	22,221	22,415
	<u>124,909,930</u>	<u>160,355,273</u>

Included in the inventories are:

- (a) Completed development units amounting to approximately RM71.8 million (2012: RM80.0 million) pledged to financial institution to secure banking facilities as disclosed in Note 19(a)(i).
- (b) In the previous financial year, leasehold land ("Land") of RM28.4 million was transferred from investment properties due to the change in the management's intention in which the Land would be sold as inventories instead of utilising the Land for investment income or for capital appreciation.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables				
Trade receivables	90,827,269	95,143,885	-	-
Retention sums on contracts (Note 11)	22,989,223	11,468,859	-	-
Stakeholder sums on property development	331,800	4,508,568	-	-
	114,148,292	111,121,312	-	-
Less:				
Allowance for impairment	(202,308)	(202,608)	-	-
	<u>113,945,984</u>	<u>110,918,704</u>	<u>-</u>	<u>-</u>
Other receivables				
Other receivables	6,631,698	3,877,698	953,316	1,720
Deposits	1,334,099	1,006,716	-	-
Prepayments	1,306,925	1,118,335	-	-
	9,272,722	6,002,749	953,316	1,720
Accrued billings in respect of property development costs	-	3,232,165	-	-
	<u>123,218,706</u>	<u>120,153,618</u>	<u>953,316</u>	<u>1,720</u>

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables

Trade receivables are non-interest bearing and the Group's normal trade credit terms ranging from 30 to 90 days (2012: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group are:

- (i) amount of RM Nil (2012: RM2,217/-) due from a company in which a Director has controlling interest in.
- (ii) an amount of RM3,248,000/- (2012: RM Nil) due from a Director of the Company.

Stakeholder sums on property development are amounts held by the purchasers' solicitors.

Ageing analysis of trade receivables

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

	Group	
	2013 RM	2012 RM
Neither past due nor impaired	89,532,697	73,497,831
1 to 30 days past due not impaired	16,740,257	8,748,767
31 to 90 days past due not impaired	350,052	11,843,319
91 to 120 days past due not impaired	846,813	468,379
More than 121 days past due not impaired	6,476,165	16,360,408
Total amount due but not impaired	24,413,287	37,420,873
Impaired	202,308	202,608
	114,148,292	111,121,312

Receivables that are neither past due nor impaired

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

None of the Company'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

The Company has trade receivables amounting to RM24,413,287/- (2012: RM37,420,873/) that are past due at the end of the reporting period but not impaired.

Included in the total amount due but not impaired are amount of approximately RM5.8 million (2012: RM11.8 million) in relation to contract works performed. Based on the opinion of the Directors, these balances due are within the normal operating cycle of the construction industry.

The Directors are of the opinion that no impairment is required based on past experience and the likelihood of recoverability of these receivables.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired

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

	Group Individually impaired	
	2013 RM	2012 RM
Trade receivables - nominal value	202,308	202,608
Less : Allowance for impairment	(202,308)	(202,608)
	-	-

Movement in allowance accounts:-

	Group	
	2013 RM	2012 RM
As at 1st January	202,608	203,208
Reversal of impairment loss	(300)	(600)
As at 31st December	202,308	202,608

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

(b) Other receivables

Included in other receivables of the Group are:-

- (i) Refundable deposit for the purchase of land amounting to RM Nil (2012: RM434,170/-);
- (ii) Advances to sub-contractors amounting to RM2,750,185/- (2012: Nil).

- (c) The Group has no significant concentration of credit risk that may arise from exposures to a single or group of receivables.

14. AMOUNT DUE FROM SUBSIDIARIES

Included in the amount due from subsidiaries are amounts of RM152,928,755/- (2012: RM143,017,765/-) of which the balances are non-trade, unsecured, repayable on demand, bears interest rate at 3.10% to 5.60% (2012: 3.10% to 5.60%) per annum and are to be settled in cash. The remaining balance of amount due from the other subsidiaries is non-trade, unsecured, repayable on demand and bears no interest.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

15. CASH AND BANK BALANCES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash in hand and at banks	7,237,424	3,192,140	4,029	3,943
Deposits with licensed banks	11,863,377	154,245	10,020,006	-
	19,100,801	3,346,385	10,024,035	3,943

(a) Included in cash and bank balances for the Group is an amount of RM272,514/- (2012: RM128,775/-) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

(b) The average interest rates and maturities of deposits are as follows:-

	Average interest rates %	Average maturities Days
31st December 2013	3.43	30-180
31st December 2012	2.85	30

16. SHARE CAPITAL

	Group and Company			
	2013		2012	
	Number of Shares Unit	RM	Number of Shares Unit	RM
Ordinary shares of RM0.50 each				
Authorised:				
At the beginning/end of the financial year	1,000,000,000	500,000,000	1,000,000,000	500,000,000
Issued and fully paid:				
At the beginning/end of the financial year	397,531,801	198,765,901	397,531,801	198,765,901

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.

(a) Free Warrants 2011/2016

Warrants 2011/2016 granted and issued to subscribe for new ordinary shares of the Company are as follows:

	Expiry date	Exercise price 2011 RM	Number of unexercised warrants	
			2013	2012
Warrants 2011/2016	4.7.2016	0.90	47,729,947	47,729,947

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

16. SHARE CAPITAL (cont'd)

(a) Free Warrants 2011/2016 (cont'd)

By virtue of a Deed Poll executed on 21st June 2011 for the 47,729,947 Warrants 2011/2016 ("Warrants 2011/2016") issued in connection with the Share Split and Bonus Issue allotted and credited on 1st July 2011, each Warrants 2011/2016 entitles the registered holder the right at any time during the exercise period from 5th July 2011 to 4th July 2016 to subscribe in cash for one new ordinary share at an exercise price of RM0.90 each.

There were no warrants exercised during the financial year.

(b) Treasury Shares

The shareholders of the Company by an ordinary resolution passed in the fifteenth Annual General Meeting held on 17th June 2008, approved the mandate for the Company's plan to repurchase its own ordinary shares. On 13th June 2013, the shareholders of the Company at the twentieth Annual General Meeting granted their mandate for the Company's renewal of authority to repurchase its own ordinary shares.

During the financial year, the Company repurchased 304,600 shares (2012: 20,000 shares) from the open market at an average price of RM0.44 (2012: RM0.49) per share. The total consideration paid for the repurchase, was RM133,176/- (2012: RM9,764/-) and they were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

The total issued and fully paid ordinary shares as at 31st December 2013 is 397,531,801 (2012: 397,531,801), out of which 3,292,646 (2012: 2,988,046) are held as treasury shares by the Company. Such treasury shares are held at a carrying amount of RM950,883/- (2012: RM817,707/-). As at 31st December 2013, the number of outstanding ordinary shares in issue and fully paid is therefore 394,239,155 (2012: 394,543,755) ordinary shares of RM0.50 each.

17. RESERVES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-distributable:				
Other reserves (Note 18)	(4,949,658)	(917,520)	-	-
	(4,949,658)	(917,520)	-	-
Distributable:				
Retained profits	156,789,658	135,364,162	42,353,861	27,660,258
	151,840,000	134,446,642	42,353,861	27,660,258

(a) Retained profits

The credit in the Section 108 balance as at 31st December 2013 expired in accordance with the Finance Act 2007. With effect from 1st January 2014, the Company will be able to distribute dividends out of its retained earnings under the single tier system.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

18. OTHER RESERVES

Group	Exchange reserves RM	Revaluation reserves RM	Total RM
At 1st January 2012	(12,422,067)	13,814,988	1,392,921
Other comprehensive income:			
Foreign currency translation	(2,310,441)	-	(2,310,441)
At 31st December 2012	(14,732,508)	13,814,988	(917,520)
Other comprehensive income:			
Foreign currency translation	(4,032,138)	-	(4,032,138)
At 31st December 2013	(18,764,646)	13,814,988	(4,949,658)

(a) Exchange reserves

The exchange reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(b) Revaluation reserves

The amount represents net revaluation surplus arising from valuation of freehold land.

19. BORROWINGS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current Liabilities				
Secured:				
Bank overdrafts (Note a)	36,130,098	21,317,691	-	-
Bankers' acceptance (Note b)	8,412,000	12,646,000	-	-
Term loans (Note c)	3,008,082	3,155,322	-	-
Short term revolving credit	11,000,000	13,000,000	-	-
Hire purchase and finance lease payables (Note 20)	3,837,060	5,128,980	-	-
	62,387,240	55,247,993	-	-
Unsecured:				
Bank overdrafts (Note a)	138,031	646,819	138,031	646,819
	62,525,271	55,894,812	138,031	646,819
Non-current Liabilities				
Secured:				
Term loans (Note c)	18,405,562	21,413,074	-	-
Hire purchase and finance lease payables (Note 20)	682,300	3,169,052	-	-
	19,087,862	24,582,126	-	-

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

19. BORROWINGS (cont'd)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total Borrowings				
Secured:				
Bank overdrafts (Note a)	36,130,098	21,317,691	-	-
Bankers' acceptance (Note b)	8,412,000	12,646,000	-	-
Term loans (Note c)	21,413,644	24,568,396	-	-
Short term revolving credit	11,000,000	13,000,000	-	-
Hire purchase and finance lease payables (Note 20)	4,519,360	8,298,032	-	-
	81,475,102	79,830,119	-	-
Unsecured:				
Bank overdrafts (Note a)	138,031	646,819	138,031	646,819
	81,613,133	80,476,938	138,031	646,819

The repayment terms of the borrowings (excluding hire purchase and finance lease payables) are as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Within the next twelve months	58,688,211	50,765,832	138,031	646,819
After the next twelve months				
- not later than two years	3,088,809	3,151,376	-	-
- later than two years but not later than five years	6,240,223	7,291,698	-	-
- later than five years	9,076,530	10,970,000	-	-
	18,405,562	21,413,074	-	-
	77,093,773	72,178,906	138,031	646,819

(a) Bank overdrafts

The bank overdrafts for the subsidiary companies incorporated in Malaysia amounting to RM36,130,098/- (2012: RM21,317,691/-) bear interest rates ranging from 6.60% to 8.10% (2012: 6.60% to 8.60%) per annum are secured by:-

- Completed development units as disclosed in Note 12 (a); and
- Corporate Guarantee by the Company.

(b) Bankers' acceptance

The bankers acceptance bear interest rates ranging from 3.98% to 4.90% (2012: 3.86% to 4.75%) per annum and are secured by corporate guarantees provided by the Company.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

19. BORROWINGS (cont'd)

(c) Term loans

	Group 2013 RM	2012 RM
Short term:-		
Optimax Eye Specialist Centre Sdn. Bhd. ("OESC")	1,603,146	1,826,666
Mitrajaya Homes Sdn. Bhd. ("MHSB")	1,404,936	1,328,656
	3,008,082	3,155,322
Long term:-		
OESC	3,649,556	5,253,248
MHSB	14,756,006	16,159,826
	18,405,562	21,413,074
Total term loans	21,413,644	24,568,396

(i) The term loans of OESC consist of the following:-

- Islamic term financing amounting to RM4,660,433/- (2012: RM6,442,538/-) which bear profits at 6.60% (2012: 3.20% to 6.60%) per annum and repayable by 60 and 84 (2012: 60 and 84) monthly instalments. The term loan is secured by:-
 - specific debentures created over certain plant and machinery as disclosed in Note 4(c); and
 - corporate guarantee by the Company.
- Housing term loan amounting to RM592,268/- (2012: RM637,376/-) which bear interest rates at 7.20% (2012: 7.20%) per annum and repayable by 180 (2012: 180) monthly instalments. The term loan is secured by:-
 - charge of leasehold premises, as disclosed in Note 4(c); and
 - corporate guarantee by the Company.

(ii) The term loan of MHSB bears interest rates at 5.60% (2012: 5.60%) per annum and repayable by 144 months. The term loan is secured by:-

- facility agreement of RM21.0 million;
- a first party first legal charge for RM21.0 million over a piece of land held under Lot PT29 'A' Seksyen 28, Daerah Petaling, Negeri Selangor; and
- corporate guarantee by the Company.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

20. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	Group 2013 RM	2012 RM
Minimum hire purchase payments:		
- not later than one year	3,956,917	5,434,543
- later than one year but not later than two years	699,653	3,238,246
	4,656,570	8,672,789
Less: Future finance charges	(137,210)	(374,757)
Present value of hire purchase payables	4,519,360	8,298,032
Represented by:		
Current		
- not later than one year	3,837,060	5,128,980
Non-current		
- later than one year but not later than five years	682,300	3,169,052
	4,519,360	8,298,032

The hire purchase bears interest rates ranging from 2.48% to 3.20% (2012: 2.48% to 3.50%) per annum.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade payables				
Trade payables	63,322,650	72,974,147	-	-
Retention sum				
- construction (Note 11)	16,266,727	11,494,441	-	-
	79,589,377	84,468,588	-	-
Other payables				
Other payables	25,638,796	30,117,745	7,626,843	8,318,540
Accruals	5,111,444	2,235,054	138,150	134,400
	30,750,240	32,352,799	7,764,993	8,452,940
Progress billings in respect of property development costs	8,460,626	3,083,430	-	-
	118,800,243	119,904,817	7,764,993	8,452,940

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from immediate to 90 days (2012: 90 days).

Included in trade payables of the Group are amounts totalling RM1,839,346/- (2012: RM2,342,428/-) due to companies in which certain Directors have interest in.

(b) Other payables

Included in other payables of the Group are amounts totalling RM454,166/- (2012: RM1,159,313/-) due to companies in which certain Directors have interest in.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

22. AMOUNT DUE TO SUBSIDIARIES

Amount due to subsidiaries is non-trade, unsecured, repayable on demand, bear no interest and is to be settled in cash.

23. REVENUE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Revenue from construction works (Note 11)	215,757,584	159,996,197	-	-
Revenue from sales of development properties	95,877,257	68,004,127	-	-
Sales of quarry products	3,266,640	940,558	-	-
Photorefractive keratectomy services	20,623,790	18,384,250	-	-
Dividend income	-	-	15,250,000	22,705,000
Others	2,918,486	3,217,275	-	-
	338,443,757	250,542,407	15,250,000	22,705,000

24. COST OF SALES

	Group	
	2013 RM	2012 RM
Construction costs (Note 11)	192,211,124	139,544,305
Development costs	60,004,018	40,627,617
Photorefractive keratectomy services	8,172,819	8,599,858
Others	2,904,195	1,203,008
	263,292,156	189,974,788

25. OPERATING PROFIT

Operating profit has been arrived at:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
After charging :-				
Audit fees				
- statutory audit:				
- current year	200,174	192,921	23,000	23,000
- prior year	9,858	7,700	600	-
- other services	13,300	7,500	8,000	7,500

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

25. OPERATING PROFIT (cont'd)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Bad debts written off	29,785	-	-	-
Depreciation of:				
- property, plant and equipment	9,916,790	7,094,382	-	-
- investment properties (Note 6)	85,678	415,507	-	-
Directors' remuneration (Note 27)	3,567,589	2,875,220	147,706	136,400
Employee benefits expense (Note 26)	31,834,702	26,309,641	-	-
Hire of plant and machinery	8,116,344	5,968,134	-	-
Impairment losses on investment properties (Note 6)	185,997	-	-	-
Loss from foreign exchange:				
- realised	205,067	-	-	-
- unrealised	6,135	343,292	-	-
Office rental	1,334,166	1,491,088	-	-
Property, plant and equipment written-off	1,811,727	619,222	-	-
And crediting:-				
Gain on disposal of:				
- property, plant and equipment	1,040,760	611,281	-	-
- investment property	-	-	-	-
- investment in an associate	4,224,208	-	4,126,032	-
Gain from foreign exchange				
- realised	-	41,652	-	-
Interest income				
- subsidiaries	-	-	5,736,290	5,276,079
- other interest income	451,563	286,820	99,060	-
Rental income				
- building	1,919,189	1,460,990	-	-
- others	201,842	-	-	-
Reversal of impairment loss on trade receivable	300	600	-	-

26. EMPLOYEE BENEFITS EXPENSE

	Group	
	2013 RM	2012 RM
Wages and salaries	26,199,872	21,884,457
Social security costs	201,600	173,205
Defined contribution plans	2,804,025	2,242,158
Other staff related expenses	2,629,205	2,009,821
	31,834,702	26,309,641

The key management personnel cost is as disclosed in Note 34(c).

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

27. DIRECTORS' REMUNERATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors of the Company				
Executive				
- salaries and allowances	1,543,260	1,459,123	-	-
- bonuses	190,000	170,000	-	-
- others	55,000	33,750	-	-
	1,788,260	1,662,873	-	-
Non-Executive				
- allowances	167,706	156,400	47,706	36,400
- fees	100,000	100,000	100,000	100,000
Total	2,055,966	1,919,273	147,706	136,400
Directors of subsidiaries				
Executive				
- salaries and allowances	925,817	768,602	-	-
- bonuses	536,064	139,218	-	-
- others	49,742	48,127	-	-
	1,511,623	955,947	-	-
Non-Executive				
- fees	-	-	-	-
Total	1,511,623	955,947	-	-
Grand Total	3,567,589	2,875,220	147,706	136,400

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:-

	Number of Directors			
	2013		2012	
	Executive Directors	Non- Executive Directors	Executive Directors	Non- Executive Directors
Company				
Below RM100,000	-	4	-	4
RM100,001 - RM400,000	-	-	-	-
RM400,001 - RM800,000	1	-	1	-
RM800,001 - RM1,200,000	1	-	1	-
The Company and its subsidiaries				
Below RM100,000	1	4	1	4
RM100,001 - RM400,000	3	-	2	-
RM400,001 - RM800,000	2	-	2	-
RM800,001 - RM1,200,000	1	-	1	-

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

28. FINANCE COSTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest expenses				
- hire purchase	335,453	243,809	-	-
- bank borrowings	2,976,268	3,207,111	34,752	15,627
- others	61,486	-	-	-
	3,373,207	3,450,920	34,752	15,627

29. TAXATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Income tax				
- current year				
- Malaysian income tax	9,537,552	8,558,552	2,059,694	3,602,024
- Foreign income tax	1,812,812	1,075,053	-	-
- prior years				
- Malaysian income tax	(127,465)	198,209	41,366	(11,191)
	11,222,899	9,831,814	2,101,060	3,590,833
Deferred taxation				
- current year	450,652	(835,129)	-	-
- prior years	(29,783)	(40,077)	-	-
	420,869	(875,206)	-	-
	11,643,768	8,956,608	2,101,060	3,590,833

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated taxable profit for the fiscal year.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

29. TAXATION (cont'd)

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before taxation	40,295,549	27,837,399	24,685,338	27,522,128
Tax at applicable statutory tax rate of 25% (2012: 25%)	10,073,887	6,959,350	6,171,335	6,880,532
Tax effects arising from				
- effect of different tax rates in other country	179,724	46,407	-	-
- effect of different tax rates in local country *	(412,603)	-	(412,603)	-
- non-deductible expenses	1,636,645	1,823,657	115,720	53,992
- non-taxable income	(70,947)	(497,705)	(3,814,758)	(3,332,500)
Deferred tax assets not recognised during the year	547,546	581,706	-	-
Utilisation of previous unrecognised tax losses and capital allowances	(17,598)	(55,074)	-	-
Deferred tax relating to reversal of temporary differences	(135,638)	(59,865)	-	-
Under-accrual in prior years	(157,248)	158,132	41,366	(11,191)
Tax expense for the year	11,643,768	8,956,608	2,101,060	3,590,833

* The gain on disposal of associate is subject to real property gain tax.

30. EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the net profit for the financial year attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	Group	
	2013 RM	2012 RM
Profit for the year attributable to owners of the Company	29,316,171	17,930,053
Number of shares in issue as of 1st January	394,543,755	394,563,755
Effect of:		
Share buyback	(102,234)	(6,778)
Weighted average number of ordinary shares in issue	394,441,521	394,556,977
Basic earnings per share (sen)	7.43	4.54

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

30. EARNINGS PER SHARE (cont'd)

(b) Diluted

No consideration is taken for the Warrants 2011/2016 for financial year 2013 as the effect is not dilutive. In addition, there are no diluted earnings per share arising from ESOS as there is no ESOS granted and outstanding as at the end of the reporting period.

31. DIVIDENDS

	Amount		Net dividends per ordinary share	
	2013 RM	2012 RM	2013 RM	2012 RM
Recognised during the financial year:				
Dividend on ordinary shares:				
- First and final single tier dividend of 10% on 394,553,755 ordinary shares of RM0.50 each paid for the year ended 31st December 2011	-	19,727,688	-	0.05
- First and final single tier dividend of 4% on 394,533,755 ordinary shares of RM0.50 each paid for the year ended 31st December 2012	7,890,675	-	0.02	-

At the forthcoming Annual General Meeting, a first and final single tier dividend of RM0.02 per share will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31st December 2014.

32. FINANCIAL GUARANTEES AND CONTINGENCIES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Corporate guarantees to financial institutions for:				
- banking facilities granted to subsidiaries	-	-	241,628,549	253,194,988
- hire purchase facilities granted to subsidiaries	-	-	3,014,096	6,689,779
Corporate guarantees to trade payables of subsidiaries	-	-	3,034,935	2,900,000
Performance guarantees extended to third parties				
- project related	8,792,192	12,201,951	1,502,825	10,103,825
	8,792,192	12,201,951	249,180,405	272,888,592

At the end of the reporting period, it was not probable that the counterparty to the financial guarantee contract will claim under the contract.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

33. SEGMENT REPORTING

General Information

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

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the industry (business segments) and operational location (geographical segments) of the Group.

Measurement of Reportable Segments

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

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment statements of comprehensive income are profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group and deferred tax assets.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group.

(a) Business Segments

The Group operates predominantly in the construction, property development, manufacturing and trading and healthcare industries involving various types of activities as disclosed in Note 7 to the financial statements.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

33. SEGMENT REPORTING (cont'd)

(a) Business Segments (cont'd)

	Construction			Property development			Manufacturing and trading			Healthcare			Others			Eliminations			Note	Consolidated	
	2013	2012	RM'000	2013	2012	RM'000	2013	2012	RM'000	2013	2012	RM'000	2013	2012	RM'000	2013	2012	RM'000		2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue																					
External sales	215,758	159,996	95,877	68,004	3,267	941	20,624	18,384	2,918	3,217	-	-	-	-	-	-	-	-		338,444	250,542
Inter-segment sales	-	-	8,686	12,161	193	14	-	-	15,250	22,705	(24,129)	(34,880)	-	-	-	-	-	-		-	-
Total segment revenue	215,758	159,996	104,563	80,165	3,460	955	20,624	18,384	18,168	25,922	(24,129)	(34,880)								338,444	250,542
Segment results	14,477	12,581	20,922	17,757	976	(247)	1,144	(1,358)	3,891	128	2,259	2,515	(b)							43,669	31,376
Results from operating activities																					
Finance cost	(1,264)	(787)	(8,268)	(6,944)	(256)	(236)	(553)	(769)	(37)	(18)	7,005	5,303	(b)							43,669	31,376
Share of results of an associate																				(3,373)	(3,451)
Taxation																				-	(88)
																				(11,644)	(8,956)
Profit net of tax																				28,652	18,881
Non-controlling interest																				664	(951)
Net profit attributable to owners of the parent																				29,316	17,930
Segments assets	147,387	144,362	368,659	362,156	1,646	1,679	21,821	19,799	17,649	13,155										557,162	541,151
Unallocated corporate assets																				2,882	3,168
Total assets																				560,044	544,319
Segment liabilities	97,275	113,036	83,621	69,685	276	302	16,686	14,247	11,273	12,731										209,131	210,001
Total liabilities																				209,131	210,001

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

33. SEGMENT REPORTING (cont'd)

(a) Business Segments (cont'd)

	Construction		Property development		Manufacturing and trading		Healthcare		Others		Eliminations		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Investment in an associate	-	-	-	-	-	-	-	5,901	-	-	-	-	-	5,901
Capital expenditure	2,018	2,747	1,085	4,713	-	1	3,729	250	2	16	-	-	6,834	7,727
Depreciation	4,591	2,799	1,898	1,098	3	7	3,480	3,535	30	70	-	-	10,002	7,509
Impairment loss of investment properties	186	-	-	-	-	-	-	-	-	-	-	-	186	-
Non-cash items other than depreciation	(367)	(77)	1,587	309	(646)	-	233	603	(4,224)	(485)	-	-	(3,417)	350

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

33. SEGMENT REPORTING (cont'd)

(b) Reconciliation of segment results are as follow:-

	2013 RM'000	2012 RM'000
Elimination of inter-segment finance costs	7,005	5,303
Elimination of inter-segment profits	(4,916)	(2,874)
Others	170	86
	<u>2,259</u>	<u>2,515</u>

(c) Other non-cash items other than depreciation and impairment loss of property, plant and equipment and investment properties consist of the following:-

	2013 RM'000	2012 RM'000
Bad debts written off	30	-
Gain on disposal of:		
- property, plant and equipment	(1,041)	(611)
- investment in an associate	(4,224)	
Unrealised loss from foreign exchange	6	343
Property, plant and equipment written-off	1,812	618
	<u>(3,417)</u>	<u>350</u>

(d) Geographical Information

The Group's five major business segments are operating in two principal geographical areas. In Malaysia, its home country, the Group is principally involved in the civil engineering, building and road construction works and property development. In South Africa, the Group is principally involved in civil engineering, construction works, property development and golf management.

	Malaysia		South Africa		Consolidated	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total revenue from external customers	318,286	237,191	20,158	13,351	338,444	250,542
Non current assets (exclude deferred tax assets)	158,709	168,022	12,449	12,567	171,158	180,589
Segments assets	508,878	488,333	48,284	52,818	557,162	541,151
Segments liabilities	202,882	198,935	6,249	11,066	209,131	210,001
Capital expenditure	6,832	7,711	2	16	6,834	7,727

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

34. RELATED PARTY TRANSACTIONS

(a) Identification of Related Parties

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 operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:-

- (i) Direct subsidiaries; and
- (ii) Key management personnel which comprise persons (including the Directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

(b) Related party transactions and balances

Related party transactions other than disclosed elsewhere in the financial statements are shown below. Information on outstanding balances with related parties of the Company are disclosed in Notes 13 and 21.

Group	2013 RM	2012 RM
Transactions with companies in which Directors have substantial controlling interests:-		
Purchases of hardware by certain subsidiaries from Mitrajaya Trading Sdn. Bhd., a company in which a director of the Company has interest in	3,527,849	2,931,378
Rent payable by certain subsidiaries to Modal Saujana Sdn. Bhd., a company in which a director of Optimax Eye Specialist Centre Sdn. Bhd. ("OESC") has interest in	120,000	205,000
Rent payable by OESC to E.C.P. Optometry Centre Sdn. Bhd., a company in which a director of OESC has interest in	-	39,846
Rent payable by OESC to Sena Diecasting Industries Sdn. Bhd., a company in which a director of OESC has interest in	15,600	-
Rent payable by OESC to Sena Letrik Sdn. Bhd., a company in which a director of OESC has interest in	94,800	-
Casual wages payable by OESC to Sena Letrik (M) Sdn. Bhd., a company in which a director of OESC has interest in	14,220	-
Sale of one completed unit of Kiara 9 from Kina-Bijak Sdn. Bhd. to a director of the Company	4,060,000	-
Subcontract for electrical, telephone and SMATV services, air-conditioning and mechanical ventilation services and office rental payable by certain subsidiaries to Sena Letrik Sdn. Bhd., a company in which a director of OESC has interest in	773,184	1,087,877

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

34. RELATED PARTY TRANSACTIONS (cont'd)

(b) Related party transactions and balances (cont'd)

Group	2013 RM	2012 RM
Transactions with companies in which Directors have substantial controlling interests:- (cont'd)		
Staff secondment payable by OESC to Sena Diecasting Industries Sdn. Bhd., a company in which a director of OESC has interest in	17,240	137,468
Subcontractor work, mobilisation cost, hire of plant and machinery and transportation charges payable by certain subsidiaries to Pembinaan Segamuda Sdn. Bhd., a company in which a person connected to a director of the Company has interest in	868,112	1,113,228
Doctor fees payable by OESC to See Well Services Sdn. Bhd., a company in which a director of OESC has interest in	1,561,035	1,513,057
Doctor fees payable by Optimax Eye Specialist Centre (Ampang) Sdn. Bhd. ("OESC-Ampang") to Windbond Properties Sdn. Bhd., a company in which a director of OESC-Ampang has interest in	-	119,988
Doctor fees payable by Visual Series Sdn. Bhd. ("VSSB") to Visual Omega Sdn. Bhd., a company in which a director of VSSB has interest in	-	441,306
Doctor fees payable by Optimax Eye Specialist Centre (Shah Alam) Sdn. Bhd. ("OESC-SA") to Azlina Eye Services Sdn. Bhd., a company in which a director of OESC-SA has interest in	540,969	489,414
Doctor fees payable by Optimax Eye Specialist Centre (Kajang) Sdn. Bhd. ("OESC-Kajang") to Aquiline Vision Sdn. Bhd., a company in which a director of OESC-Kajang has interest in	260,541	305,663
Doctor fees payable by Optimax Eye Specialist Centre (Ampang) Sdn. Bhd. ("OESC-Ampang") to Benih Istimewa Sdn. Bhd., a company in which a director of OESC-Ampang has interest in	-	1,100
Doctor fees payable by Optimax Eye Specialist Centre (Seremban) Sdn. Bhd. ("OESC-Seremban") to SuraVision Sdn Bhd., a company in which a director of OESC-Seremban has interest in	306,717	-
Consultation fees payable by OESC to Optimax Healthcare Services Sdn. Bhd., a company in which a director of OESC has interest in	74,200	127,200

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

34. RELATED PARTY TRANSACTIONS (cont'd)

(b) Related party transactions and balances (cont'd)

Company	2013 RM	2012 RM
Transactions with subsidiary companies:-		
Gross dividend income from:		
- Primaharta Development Sdn. Bhd.	-	(9,375,000)
Exempt dividend income from:		
- Daya Asphalt Sdn. Bhd.	(620,000)	(750,000)
- Pembinaan Mitrajaya Sdn. Bhd.	-	-
- Primaharta Development Sdn. Bhd.	(7,150,000)	(5,700,000)
- Mitrajaya Homes Décor Sdn. Bhd.	-	(180,000)
- Leo Vista Sdn. Bhd.	(6,350,000)	(2,800,000)
- Awana Prisma Sdn. Bhd.	(1,130,000)	(2,100,000)
- Mitrajaya Development Sdn. Bhd.	-	(1,800,000)
Interest income from:		
- Kina-Bijak Sdn. Bhd.	(1,945,185)	(1,462,305)
- Maha-Mayang Sdn. Bhd.	(256,435)	(235,818)
- Mitrajaya Homes Sdn. Bhd.	(1,523,880)	(1,686,140)
- Skyway Development Sdn. Bhd.	(1,982,268)	(1,891,816)
- Optimax Eye Specialist Centre Sdn. Bhd.	(28,523)	-

Individually significant outstanding balances arising during the financial year from transactions other than normal trade transactions with related parties are as follows:-

	Company 2013 RM	2012 RM
Amount due from subsidiaries	152,961,001	143,738,610
Amount due to subsidiaries	(818,349)	(436,488)

(c) Key management personnel remuneration

The remuneration of the key management personnel during the financial year is as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Salaries and allowances	3,185,394	2,855,137	47,706	36,400
Bonuses	906,564	468,018	-	-
Fees	100,000	100,000	100,000	100,000
Others	124,242	101,379	-	-
Total	4,316,200	3,524,534	147,706	136,400

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

34. RELATED PARTY TRANSACTIONS (cont'd)

(c) Key management personnel remuneration (cont'd)

Included in the key management personnel is:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors' remuneration	3,567,589	2,875,220	147,706	136,400

Key management personnel are defined as the members of Board of Directors of the Company and its subsidiaries whereby the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly lies.

35. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2.3 describe how classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. 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	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
2013			
Financial Assets			
Trade and other receivables *	119,161,596	-	119,161,596
Fixed deposits placed with licensed banks	11,863,377	-	11,863,377
Cash and bank balances	7,237,424	-	7,237,424
	138,262,397	-	138,262,397
Financial Liabilities			
Borrowings	-	81,613,133	81,613,133
Trade and other payables #	-	110,339,617	110,339,617
	-	191,952,750	191,952,750

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Classification of financial instruments (cont'd)

Group	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
2012			
Financial Assets			
Trade and other receivables *	115,803,118	-	115,803,118
Fixed deposits placed with licensed banks	154,245	-	154,245
Cash and bank balances	3,192,140	-	3,192,140
	<u>119,149,503</u>	<u>-</u>	<u>119,149,503</u>
Financial Liabilities			
Borrowings	-	80,476,938	80,476,938
Trade and other payables #	-	116,821,387	116,821,387
	<u>-</u>	<u>197,298,325</u>	<u>197,298,325</u>

* Accrued billings in respect of property development costs, advances to sub-contractors and prepayments were excluded from trade and other receivables.

Progress billings in respect of property development costs were excluded from trade and other payables.

Company	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
2013			
Financial Assets			
Amount due from subsidiaries	152,961,001	-	152,961,001
Trade and other receivables	953,316	-	953,316
Fixed deposits placed with licensed banks	10,020,006	-	10,020,006
Cash and bank balances	4,029	-	4,029
	<u>163,938,352</u>	<u>-</u>	<u>163,938,352</u>
Financial Liabilities			
Amount due to subsidiaries	-	818,349	818,349
Borrowings	-	138,031	138,031
Trade and other payables	-	7,764,993	7,764,993
	<u>-</u>	<u>8,721,373</u>	<u>8,721,373</u>

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Classification of financial instruments (cont'd)

Company	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
2012			
Financial Assets			
Amount due from subsidiaries	143,738,610	-	143,738,610
Trade and other receivables	1,720	-	1,720
Cash and bank balances	3,943	-	3,943
	143,744,273	-	143,744,273
Financial Liabilities			
Amount due to subsidiaries	-	436,488	436,488
Borrowings	-	646,819	646,819
Trade and other payables	-	8,452,940	8,452,940
	-	9,536,247	9,536,247

(b) Financial Risk Management and Objectives

The Group seeks to manage effectively the various risks namely credit, interest rate, liquidity and foreign currency risks, to which the Group is exposed to in its daily operations.

(i) Credit Risk

Credit risks, or the risk of counterparties defaulting, are controlled by application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's associations to customers with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group through its Directors and management reviews all significant exposure to individual customers and counterparties and reviews any major concentration of credit risk related to any financial instruments.

The management has a credit procedure in place to monitor and minimise the exposure of default. Trade receivables and amount due from subsidiaries are monitored on a regular and an ongoing basis.

As at the end of the reporting period, there were no significant concentrations of credit risk in the Group and the Company. The maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of each financial instrument.

(ii) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt; the Group had no substantial long term interest-bearing assets as at 31st December 2013. The investments in financial assets are mainly short term in nature and have been mostly placed in short term deposit and marketable securities.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Management and Objectives (cont'd)

(ii) Interest Rate Risk (cont'd)

The Group's primary interest rate risk relates to interest-bearing debts as at 31st December 2013.

	Effective Interest Rate %	Within 1 Year RM	Carrying Amount 1 - 5 Years RM	> 5 Years RM	Total RM
Group					
2013					
Financial Liabilities					
Bank overdrafts	6.60 - 8.10	36,268,129	-	-	36,268,129
Bankers' acceptances	3.98 - 4.90	8,412,000	-	-	8,412,000
Term loans	5.60 - 7.20	3,008,082	9,329,032	9,076,530	21,413,644
Short term revolving credit	4.38 - 5.35	11,000,000	-	-	11,000,000
Hire purchase liabilities	2.48 - 3.20	3,837,060	682,300	-	4,519,360
2012					
Financial Liabilities					
Bank overdrafts	6.60 - 8.60	21,964,510	-	-	21,964,510
Bankers' acceptances	3.86 - 4.75	12,646,000	-	-	12,646,000
Term loans	3.20 - 7.35	3,155,322	10,443,074	10,970,000	24,568,396
Short term revolving credit	4.45 - 5.41	13,000,000	-	-	13,000,000
Hire purchase liabilities	2.48 - 3.50	5,128,980	3,169,052	-	8,298,032
Company					
2013					
Financial Liabilities					
Bank overdrafts	7.60	138,031	-	-	138,031
2012					
Financial Liabilities					
Bank overdrafts	7.60 - 8.60	646,819	-	-	646,819

Interest rate risk sensitivity

An increase in market interest rates by 1% on financial liabilities of the Group which have variable interest rates at the end of the reporting period would decrease the profit before tax by RM770,938/- (2012: RM721,789/-). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial liabilities of the Group which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

(iii) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Management and Objectives (cont'd)

(iii) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within one year RM	One to five years RM	Over five years RM
Group					
2013					
Financial liabilities					
Borrowings	81,613,133	84,775,335	63,805,399	13,604,920	7,365,016
Trade and other payables	110,339,617	110,339,617	110,339,617	-	-
	191,952,750	195,114,952	174,145,016	13,604,920	7,365,016
2012					
Financial liabilities					
Borrowings	80,476,938	86,717,115	57,616,712	18,163,460	10,936,943
Trade and other payables	116,821,387	116,821,387	116,821,387	-	-
	197,298,325	203,538,502	174,438,099	18,163,460	10,936,943
Company					
2013					
Financial liabilities					
Amount due to subsidiaries	818,349	818,349	818,349	-	-
Borrowings	138,031	138,031	138,031	-	-
Trade and other payables	7,764,993	7,764,993	7,764,993	-	-
	8,721,373	8,721,373	8,721,373	-	-
2012					
Financial liabilities					
Amount due to subsidiaries	436,488	436,488	436,488	-	-
Borrowings	646,819	646,819	646,819	-	-
Trade and other payables	8,452,940	8,452,940	8,452,940	-	-
	9,536,247	9,536,247	9,536,247	-	-

(iv) Foreign Currency Risk

The Group is exposed to currency translation risk arising from its net investments in subsidiaries in South Africa.

The Group does not hedge their investment in South Africa.

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair values

(i) Determination of Fair Value

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, payables and accruals and short term borrowings are reasonable approximation of fair values due to the relatively short term nature of these financial instruments.

Other long term financial liabilities are reasonable approximation of fair values because they are floating rate instruments which are re-priced to market interest rates.

(ii) Fair Value Hierarchy

As the financial assets and liabilities of the Group and the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

36. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31st December 2013 and 31st December 2012.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, term loan, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the Company.

	Group	
	2013 RM	2012 RM
Borrowings (Note 19)	81,613,133	80,476,938
Trade and other payables (Note 21) #	110,339,617	116,821,387
Less: Cash and bank balances (Note 15)	(19,100,801)	(3,346,385)
Net debt	172,851,949	193,951,940
Equity attributable to the owners of the Company	349,655,018	332,394,836
Total capital	349,655,018	332,394,836
Capital and net debt	522,506,967	526,346,776
Gearing ratio	33%	37%

Progress billings in respect of property development costs were excluded from trade and other payables.

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

NOTE TO THE FINANCIAL STATEMENTS (cont'd)

37. MATERIAL LITIGATION

On 4th January 2006, the Company, its wholly owned subsidiary, Dutawani Sdn. Bhd. ("DSB") and its Managing Director were served a writ and statement of claim by Pandan Perkasa Sdn. Bhd. ("PPSB") for the alleged breach of the Joint Venture Agreement and the Supplemental Agreement, both dated 12th April 2000 between PPSB and DSB primarily due to the alleged refusal, failure and neglect of the Company, DSB and its Managing Director from proceeding with the development of the Kuala Lumpur Sports City ("Proposed Privatisation Re-Development Project") on the site of the current Kampung Pandan Sports Complex at Jalan Kampung Pandan/ Jalan Perkasa.

PPSB has filed a claim, amongst others, on damages for breach of contract, special damages in the sum of RM195,844/- and loss of profit in the sum of RM10,029,935/- together with interest and cost.

The Company's solicitors are of the opinion that the allegations against the Company, DSB and its Managing Director are baseless due to the overriding decision of the Government of Malaysia in July 2004 to abort the Proposed Privatisation Re-Development Project and through no fault of the Company, DSB or its Managing Director.

On 18th September 2007, the Learned Judge of the High Court dismissed the Company's striking out applications. Subsequently, lawyers on behalf of the Company lodged an appeal for the dismissal of the striking out applications in the Court of Appeal.

On 22nd July 2008, the Court of Appeal dismissed the appeal on the striking out applications and ordered that a trial should proceed.

At the Trial of the action on 22nd till 24th November 2010 and 1st December 2010, after close of the PPSB's Case, the High Court upheld Counsel's submission of no case to answer and the Court had dismissed PPSB's claim with costs on 23rd December 2010. The High Court awarded judgement in the sum of RM250,000/- against PPSB with interest thereon at 8% per annum from 23rd December 2010 until the date of full settlement and costs in relation to the DSB's counter-claim against PPSB.

In November 2012, the solicitors of PPSB submitted their application to discharge themselves as solicitors of PPSB. On 28th February 2013, the Court granted the application and the discharge will take effect once the sealed order is processed and served on PPSB.

PPSB had filed an appeal to the Court of Appeal against the decision of the High Court.

On 9th January 2014, the Court of Appeal has dismissed the appeal with cost of RM500/- for all 3 respondents.

SUPPLEMENTARY INFORMATION

ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

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

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

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained profits:				
- Realised	155,495,529	133,898,064	42,353,861	27,660,258
- Unrealised	1,294,129	1,377,840	-	-
Total share of retained profits of an associate:				
- Realised	-	88,258	-	-
- Unrealised	-	-	-	-
At 31st December	156,789,658	135,364,162	42,353,861	27,660,258

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

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 purposes.

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 30 to 108 are drawn up in accordance with the Financial Reporting Standards and 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 31st December 2013 and of their financial performance and the cash flows for the financial year then ended.

The supplementary information set out on page 109 have been prepared in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

TAN ENG PIOW
Director

FOO CHEK LEE
Director

Selangor Darul Ehsan
Date: 22nd April 2014

STATUTORY DECLARATION

I, **CHO WAI LING**, being the officer primarily responsible for the financial management of Mitrajaya Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 30 to 108 and the supplementary information set out on page 109 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.

CHO WAI LING

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 22nd April 2014.

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MITRAJAYA HOLDINGS BERHAD

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Mitrajaya Holdings Berhad, which comprise the statements of financial position as at 31st December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 30 to 108.

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. The Directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the 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 31st December 2013 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF MITRAJAYA HOLDINGS BERHAD

(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provision of the Companies Act, 1965 in Malaysia.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 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 a form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit 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 109 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Lock Peng Kuan
No. 2819/10/14 (J)
Chartered Accountant

Kuala Lumpur

Date: 22nd April 2014

SHAREHOLDING ANALYSIS

Authorised Share Capital	:	RM500,000,000
Issued & Paid-up Capital	:	RM198,765,900.50
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per share
No. of treasury shares held	:	3,392,646
No. of voting shares	:	394,139,155

ANALYSIS OF SHAREHOLDINGS AS AT 18 APRIL 2014

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	138	2.67	5,080	0.00
100 – 1,000	217	4.19	116,448	0.03
1,001 – 10,000	2,187	42.28	14,076,255	3.54
100,001 – 100,000	2,276	44.01	73,058,483	18.38
100,001 – less than 5% of issued shares	351	6.79	146,109,530	36.76
5% and above of issued share	3	0.06	160,773,359	40.44
Treasury shares	N/A	N/A	3,392,646	0.85
TOTAL	5,172	100	397,531,801	100

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 18 APRIL 2014 (excluding treasury shares)

No.	Name	No. of Shares	%
1.	AmBank (M) Berhad Pledged Securities Account for Tan Eng Piow	61,147,500	15.51
2.	Tan Eng Piow	53,125,859	13.49
3.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Eng Piow	46,500,000	11.80
4.	Aw Eng Soon	8,309,168	2.11
5.	Li Cheng Thong @ Lee Chen Thung	6,139,000	1.56
6.	Kok Siew Leng	4,316,800	1.09
7.	Tan Boon Hock	3,637,295	0.92
8.	Song Kim Lee	3,000,000	0.76
9.	Kok Yee Meng	2,959,500	0.75
10.	DB (Malaysia) Nominee (Asing) Sdn Bhd- SSBT Fund SD4N for Government of the Province of Alberta	2,345,000	0.60
11.	Maybank Nominees (Asing) Sdn Bhd Exempt an for DBS Bank Limited	2,200,500	0.56
12.	Tan Mei Yin	2,170,000	0.55
13.	Lim Hock Chai	2,023,400	0.51
14.	Wong Shak On	2,008,000	0.51

SHAREHOLDING ANALYSIS (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 18 APRIL 2014 (cont'd) (excluding treasury shares)

No.	Name	No. of Shares	%
15.	Geoffrey Lim Fung Keong	1,880,000	0.48
16.	Yeoh Kean Hua	1,803,500	0.46
17.	Maybank Nominees (Tempatan) Sdn Bhd Lee Li Hwa	1,728,800	0.44
18.	Kok Siew Keng	1,709,300	0.43
19.	Chin Kin Kuen	1,687,100	0.43
20.	Teo Swee Sek	1,550,000	0.39
21.	Lee Chuan Lai	1,546,100	0.39
22.	Chen Kin Kuen	1,482,000	0.38
23.	Tan Kia Loke	1,353,030	0.34
24.	Kok Siew Leng	1,200,000	0.30
25.	Wong Choi Kim	1,133,670	0.29
26.	Foo May Fong	1,116,000	0.28
27.	Sek Kiang Noi	1,100,930	0.28
28.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Siew Leng	1,100,000	0.28
29.	Ong Teck Chong	1,070,620	0.27
30.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chua Meng Keat	1,069,000	0.27

SUBSTANTIAL SHAREHOLDERS AS AT 18 APRIL 2014

	Direct Interest	No of Shares %	Indirect Interest	%
Tan Eng Piow	161,681,659	41.02	-	-

WARRANTHOLDING ANALYSIS

No of 2011/2016 warrants issued	:	47,729,947
No of 2011/2016 warrants outstanding	:	47,729,947
Voting Rights at Warrantholders' Meeting	:	One vote per warrant

	NO. OF 2011/2016 WARRANTHOLDERS	%	NO. OF 2011/2016 WARRANTS	%
Less than 100	470	14.36	19,048	0.04
100 – 1,000	945	28.87	546,053	1.14
1,001 – 10,000	1,421	43.42	4,360,717	9.14
10,001 – 100,000	386	11.79	12,285,293	25.74
100,001 – less than 5% of issued warrants	48	1.47	12,570,446	26.34
5% and above of issued warrants	3	0.09	17,948,390	37.60
TOTAL	3,273	100.00	47,729,947	100.00

LIST OF THIRTY LARGEST 2011/2016 WARRANT HOLDERS AS AT 18 APRIL 2014

No.	Name	No. of Warrants	%
1.	AmBank (M) Berhad Pledged Securities Account for Tan Eng Piow	7,396,875	15.50
2.	Tan Eng Piow	6,426,515	13.46
3.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Eng Piow	4,125,000	8.64
4.	Tan Eng Piow	1,500,000	3.14
5.	Aw Eng Soon	1,005,141	2.11
6.	Tan Boon Hock	870,543	1.82
7.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Looi Lee Yee	560,000	1.17
8.	Sim Mui Khee	400,000	0.84
9.	Caroline Gan Ke Yin	350,000	0.73
10.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chin Ming	333,900	0.70
11.	Tan Hee Tit	319,700	0.67
12.	Kok Yee Meng	314,250	0.66
13.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Siew Leng	266,950	0.56
14.	Gan Ah Meng	264,000	0.55
15.	Tan Mei Yin	262,500	0.55
16.	Koong Pak kew	262,300	0.55
17.	Gan Ah Meng	260,700	0.55

WARRANTHOLDING ANALYSIS (cont'd)

LIST OF THIRTY LARGEST 2011/2016 WARRANT HOLDERS AS AT 18 APRIL 2014 (cont'd)

No.	Name	No. of Warrants	%
18.	HSBC Nominees (Asing) Sdn Bhd Exempt an for BSI SA (Non Resident)	232,200	0.49
19.	Chan Fong Yau	232,000	0.49
20.	Yeoh Kean Hua	230,625	0.48
21.	Goh Poh Ching	222,600	0.47
22.	Chua Hock Chin	220,500	0.46
23.	Lim Hock Chai	218,250	0.46
24.	Kauthar Binti Omar	200,000	0.42
25.	Lee Bon Kiam	200,000	0.42
26.	Ong Yoke Meng	200,000	0.42
27.	Tham Chee Beng	200,000	0.42
28.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohamad Naim Bin Fateh Mohamed	198,000	0.41
29.	Chen Kin Kuen	196,100	0.41
30.	Kok Siew Leng	187,575	0.39

DIRECTORS' INTEREST AS AT 18 APRIL 2014

No.	Directors	Ordinary Shares				INTEREST HELD			
		Direct	%	Indirect	%	Direct	%	Indirect	%
1.	Tan Eng Piow	161,681,659	41.02	2,170,000	0.55	19,448,390	40.75	262,500	0.55
2.	Foo Chek Lee	723,335	0.18	21,700	0.01	87,500	0.18	2,625	0.01

The other directors do not have interest.

Shares in related corporation

There is no change to the deemed interest of Directors in related companies as disclosed in the Directors' Report for the year ended 31 December 2013 on page 28 of this Annual Report.

LIST OF PROPERTIES

The details on the Mitrajaya Holdings Berhad Group's properties as at 31 December 2013 are set out below:

PROPRIETOR	LOCATION	DESCRIPTION	CURRENT USE	AGE OF BUILDING	TENURE	DATE OF EXPIRY	LAND AREA	BUILT-UP AREA	NET BOOK VALUE RM	DATE OF ACQUISITION/ REVALUATION*
PMSB	Lot 999, C.T. 3871 Mukim and District of Port Dickson, Negeri Sembilan.	Agricultural land	Planted with rubber trees	N/A	Freehold	N/A	10.71 acres	N/A	700,000	25.10.1993*
PMSB	Baiduri Apartments, Kijal Beach Resort Parcel No. 27B, South Block, Storey No. Two, Kijal, Kemaman, Terengganu D.I.	Apartment	Employees resort apartment	19 years	Freehold	N/A	N/A	850 sq.f.	120,320	28.06.1996
PMSB	D-01-09, Block D, Jalan Prima 5/1, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor.	Shoplot	Office	11 years	Freehold	N/A	N/A	1,498 sq.f.	311,316	07.07.2003
PMSB	D-02-03, Block D, Jalan Prima 5/1, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor.	Shoplot	Office	11 years	Freehold	N/A	N/A	663 sq.f.	113,100	14.10.2003
PMSB	5 units staff apartment Pangsapuri Teratai, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor. (E-04-04, F-04-05, A-04-06, F-04-07, A-04-08)	Apartment	Employees apartment	11 years	Freehold	N/A	N/A	4,000 sq.f.	303,200	07.04.2004
PMSB	29 units corporate office building Block D, Jalan Prima 5/1, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor. (D-02-02, D-02-04 to D-02-12, D-03-02 to D-03-12 & D-04-02 to D-04-09)	Shoplot	Office	11 years	Freehold	N/A	N/A	39,372 sq.f.	3,598,446	01.09.2004
PMSB	17-G, Blok D, Jaya 1, 72A Jalan Universiti, 46200 Petaling Jaya, Selangor.	Shoplot (Retail/Showroom)	Rented	6 years	Leasehold	12.04.2060	N/A	150 sq.m.	1,039,320	14.04.2006
PMSB	Apartment Mawar, Jalan Mawar 2, Prima Beruntung, 48300 Rawang. (E-402, F2-04, F2-06, F3-04, F3-06, F4-02, F4-04 F4-06)	Apartment	Vacant	12 years	Freehold	N/A	N/A	5,760 sq.f.	384,019	29.12.2010
PMSB	26 units of retail and office suites Menara Larkin Utama, Jalan Tun Abdul Razak Susur 5, Taman Dato 'Onn, Johor Bahru, Johor.	Retail and office suites	Vacant	6 years	Leasehold	21.04.2093	N/A	13,082 sq.f.	2,421,792	15.12.2011

LIST OF PROPERTIES (cont'd)

The details on the Mitrajaya Holdings Berhad Group's properties as at 31 December 2013 are set out below: (cont'd)

PROPRIETOR	LOCATION	DESCRIPTION	CURRENT USE	AGE OF BUILDING	TENURE	DATE OF EXPIRY	LAND AREA	BUILT-UP AREA	NET BOOK VALUE RM	DATE OF ACQUISITION/ REVALUATION*
PMSB	Lof no. PT2 to PT93 and PT367, Town of Kawasan Bandar Xlili, District of Melaka Tengah, State of Melaka.	92 parcels of bungalow lots	Vacant	N/A	99 years	09.11.2096	17.84 acres	N/A	28,424,020	31.12.2006
APSB	HS (M) 26788, PT 40761 HS (M) 30054, PT 40366 HS (M) 30055, PT 40352 Kg Sri Aman Dalam, Mukim Petaling, Daerah Petaling, Selangor.	Residential land	Vacant	N/A	99 years	22.05.2099 12.09.2106 25.09.2106	2.00 acres	N/A	1,087,426	25.07.2007
KBSB	HS (D) 95970, PT 6630 Mukim of Setapak, Daerah Kuala Lumpur, Wilayah Persekutuan.	Commercial land	Land for development	N/A	99 years	20.05.2097	7.83 acres	N/A	25,205,358	01.03.1999
KBSB	Various sub-divided lots in Sungai Buntu, Mukim Pengerang, Daerah Kota Tinggi, Johor.	Residential land	Vacant	N/A	Freehold	N/A	10.76 acres	N/A	4,874,472	27.12.1996
LVSb	HS (D) 247471, PT 78439 Kg Sri Aman Dalam, Mukim Petaling, Daerah Petaling, Selangor.	Residential land	On-going development project	N/A	99 years	15.12.2107	19.46 acres	N/A	69,881,730	May 2004
LVSb	HS (D) 247472 & 247473, PT 78440 & 78441 HS (D) 247475 to 247479, PT 78443 to 78447 Kg Sri Aman Dalam, Mukim Petaling, Daerah Petaling, Selangor.	Residential land	Vacant	N/A	99 years	15.12.2107	4.30 acres	N/A	3,545,192	May 2004
LVSb	PT 10725 to PT 11033, HS (D) 38483 to 38782 and HS (D) 38784 to 38792 Mukim Serendah, Daerah Hulu Selangor, Selangor.	309 parcels of residential lots	Vacant	N/A	Freehold	N/A	9.81 acres	N/A	4,863,918	31.12.2006
MHSB	HS (D) 8178, PT 7100 HS (D) 27478, PT 7563 HS (D) 18253 to 18255, PT 767 to 769 Mukim Serendah, Daerah Hulu Selangor, Selangor.	Industrial land	Vacant	N/A	Freehold	N/A	7.08 acres	N/A	4,901,060	11.12.1997

LIST OF PROPERTIES (cont'd)

The details on the Mitrajaya Holdings Berhad Group's properties as at 31 December 2013 are set out below: (cont'd)

PROPRIETOR	LOCATION	DESCRIPTION	CURRENT USE	AGE OF BUILDING	TENURE	DATE OF EXPIRY	LAND AREA	BUILT-UP AREA	NET BOOK VALUE RM	DATE OF ACQUISITION/ REVALUATION*
MHSB	HS (D) 97248, PT 29 'A' Seksyen 28, Mukim Bandar Petaling Jaya, Daerah Petaling, Selangor.	Industrial land	Vacant	N/A	99 years	11.04.2067	9.30 acres	N/A	41,947,522	28.08.2009
MDSA	Portion 251 & 252 of the farm Olievenhoutbosch 389, Registration Division J.R. Province of Gauteng, South Africa.	Land for Development	On-going development project	N/A	Freehold	N/A	62.49 hectares	N/A	23,439,790	07.04.2006*
OESC	Suite 1-9-E2, 9th Floor, GPS Tower, Centre Point Sabah, No. 1 Jalan Centre Point, 88000 Kota Kinabalu, Sabah.	Office unit	Office	16 years	99 years	31.12.2082	N/A	3,855 sq.f.	917,326	04.03.2005
PHSB	PT1435 to PT489, PT1159 & PT1162 HS (D) 134624 to 134678, 135348 & 135351 Mukim of Pekan Puchong Perdana, Daerah Petaling, Selangor.	Commercial land	Land for development	N/A	Freehold	N/A	10.65 acre	N/A	21,230,209	17.05.1999
SDSB	Geran 25563, Lot 481, Mukim Tanjung Duabelas, Daerah Kuala Langat, Selangor.	Land for Development	Planted with oil palm	N/A	Freehold	N/A	198 acres	N/A	29,111,508	19.01.2007

Remarks:

Net book value of the development properties are stated at Group land cost together with the related development expenditure incurred to the remaining unsold properties

KEY:

- PMSB - Pembinaan Mitrajaya Sdn Bhd
- APSB - Awana Prisma Sdn Bhd
- KBSB - Kina-Bijak Sdn Bhd
- KSBSB - Kemajuan Sekim Baru Sdn Bhd
- LVSb - Leo Vista Sdn Bhd
- MHSB - Mitrajaya Homes Sdn Bhd
- MDSA - Mitrajaya Development SA (Proprietary) Limited
- OESC - Optimax Eye Specialist Centre Sdn Bhd
- SDSB - Skyway Development Sdn Bhd

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting of the Company will be held at Melati Room 1, Grand Dorsett Subang Hotel, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 18 June 2014 at 10.00 a.m for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors thereon.
2. To declare a first and final single tier cash dividend of 2 sen per share in respect of the financial year ended 31 December 2013. **Resolution 1**
3. To approve the payment of Directors' Fees of RM100,000 for the financial year ended 31 December 2013. **Resolution 2**
4. To re-elect the following Director retiring pursuant to Article 84 of the Articles of Association of the Company:
 - 4.1 Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim **Resolution 3**
5. To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration. **Resolution 4**
6. As Special Business:
To consider and if thought fit, pass the following Resolutions:

ORDINARY RESOLUTION **Resolution 5**
Re-Appointment of General Tan Sri Ismail Bin Hassan (R) as Director

"THAT pursuant to Section 129(6) of the Companies Act, 1965, General Tan Sri Ismail Bin Hassan (R) be hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

ORDINARY RESOLUTION **Resolution 6**
Re-Appointment of Ir Zakaria Bin Nanyan as Director

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Ir Zakaria Bin Nanyan be hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

ORDINARY RESOLUTION **Resolution 7**
Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

ORDINARY RESOLUTION

Resolution 8

Proposed Renewal of Authority for the Company to purchase its own shares of up to 10% of the Issued and Paid-Up Share Capital ("Proposed Renewal of Share Buy-Back")

"THAT subject to the provisions under the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all prevailing laws, rules, regulations, orders and guidelines as well as the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM0.50 each in the Company ("MHB Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of MHB Shares purchased pursuant to this resolution or held as treasury shares does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at the time of purchase;

THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back shall not exceed the Company's aggregate retained profits account;

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion, as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders and guideline and requirements issued by any relevant authorities for the time being in force to deal with any MHB Shares so prescribed by the Company in the following manner:-

- (i) to cancel the MHB Shares so purchased; or
- (ii) to retain the MHB Shares so purchased as treasury shares for distribution as share dividends to the shareholders of MHB and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (iii) combination of (i) and (ii) above;

THAT the authority conferred by this resolution will be effective immediately from the passing of this Ordinary Resolution until:-

- (i) the conclusion of the Company's next AGM following the general meeting at which such resolution was passed at which time the authority would lapse unless renewed by ordinary resolution;
- (ii) the passing of the date on which the Company's next AGM is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution that the shareholders pass in general meeting;

whichever occurs first.

AND THAT the Directors be and are hereby authorised to take all steps as are necessary and/or to do all such acts and things as the Directors deem fit and expedient in the interest of the Company to give full effect to the aforesaid Proposed Renewal of Share Buy-Back with full powers to assent to any condition, modification, variation and/or amendment (if any) as may be imposed by the relevant authorities."

By Order of the Board

LEONG OI WAH (MAICSA 7023802)
Company Secretary

26 May 2014

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead. The provision of Section 149(1) (b) of the Act shall not apply to the Company.
2. When a member appoints more than one proxy (subject always to a maximum of two proxies at each meeting), the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
5. Depositors who appear in the Record of Depositors as at 11 June 2014 shall be regarded as Member of the Company entitled to attend the Twenty-First Annual General Meeting or appoint a proxy to attend and vote on his behalf.
6. Explanatory notes on Special Business:

Resolution No. 5 & 6

The proposed Ordinary Resolutions, if passed will enable General Tan Sri Ismail Bin Hassan (R) and Ir Zakaria Bin Nanyan to continue in office until the conclusion of the next annual general meeting.

Resolution No. 7

The proposed Ordinary Resolution will give powers to the Directors to issue up to a maximum ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 13 June 2013. The Company did not utilize the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

Resolution No. 8

Please refer to Statement to the Shareholders dated 26 May 2014.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a first and final single tier cash dividend of 2 sen in respect of the financial year ended 31 December 2013, if so approved at the Twenty-First Annual General Meeting, will be paid on 12 September 2014 to Shareholders whose names appear in the Records of Depositors at the close of business on 28 August 2014.

A Depositor shall qualify for entitlement only in respect of: -

- a) Shares transferred into the depositor's securities account before 4.00 p.m. on 28 August 2014 in respect of ordinary transfers; and
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

LEONG OI WAH (MAICSA 7023802)
Company Secretary

26 May 2014



MITRAJAYA HOLDINGS BERHAD
(Company No. 268257-T)

FORM OF PROXY

I/We, _____ (NRIC/ Co. No _____)

of _____

being a *member/members of **MITRAJAYA HOLDINGS BERHAD** hereby appoint _____

_____ (NRIC/ Co.No _____) of _____

and/or failing him/her _____ (NRIC/ Co.No _____)

of _____

or the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-First Annual General Meeting of the Company to be held at Melati Room 1, Grand Dorsett Subang Hotel, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 18 June 2014 at 10.00 a.m. and at any adjournment thereof.

*My/Our proxy(ies) is/are to vote as indicated below:-

	Resolutions	For	Against
Resolution 1	To declare a first and final single tier cash dividend of 2 sen per share in respect of the financial year ended 31 December 2013.		
Resolution 2	To approve the payment of Directors' Fees of RM 100,000.		
Resolution 3	To re-elect Tan Sri Dato' Sri Mohamad Noor Bin Abdul Rahim as Director.		
Resolution 4	To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration.		
Resolution 5	To re-appoint General Tan Sri Ismail Bin Hassan (R) as Director.		
Resolution 6	To re-appoint Ir Zakaria Bin Nanyan as Director.		
Resolution 7	To approve the authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
Resolution 8	To approve the proposed renewal of authority for the Company to purchase its own shares of up to 10% of the issued and paid-up share capital.		

(Please indicate with "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion).

Dated this _____ of _____ 2014

CDS Account No:	
Number of Shares	

[Signature/Common Seal of Shareholder(s)]

[*Delete if not applicable]

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead. The provision of Section 149(1) (b) of the Act shall not apply to the Company.
2. When a member appoints more than one proxy (subject always to a maximum of two proxies at each meeting), the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
5. Depositors who appear in the Record of Depositors as at 11 June 2014 shall be regarded as Member of the Company entitled to attend the Twenty-first Annual General Meeting or appoint a proxy to attend and vote on his behalf.

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MITRAJAYA HOLDINGS BERHAD (Company No: 268257-T)
No. 9 Blok D
Pusat Perdagangan Puchong Prima
Persiaran Prima Utama
Taman Puchong Prima
47150 Puchong
Selangor Darul Ehsan
Malaysia

Fold here

MITRAJAYA HOLDINGS BERHAD

No. 9 | Blok D | Pusat Perdagangan Puchong Prima|
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