



(All graphics in this Annual Report are artist's impression only)

No. 47, 2nd Floor, Jalan 1/116B, Kuchai Entrepreneurs Park, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.  
 Tel : 03-7980 1633 Fax : 03-7980 1613

*Annual Report*  
2014



# Contents

01	Corporate Information	
02	Notice of Annual General Meeting	
04	Statement Accompanying Notice of Annual General Meeting	19
05	Group Structure	30
07	Five-Year Financial Highlights	32
08	Chairman's Statement	33
12	Board of Directors' Profile	34
15	Audit Committee Report	109
		110

Form of Proxy



# Corporate Information

## BOARD OF DIRECTORS

**Dato' Seri Hj. Shaik Daud bin Md. Ismail**  
*Chairman, Independent Non-Executive Director*

**Datuk Lau Chin An**  
*Deputy Chairman, Non-Independent Non-Executive Director*

*Executive Directors*  
**Dato' Ong Chong Sek**  
**Law Wai Cheong**

*Non-Independent Non-Executive Director/  
Group Adviser*  
**Loh Chen Yook**

*Independent Non-Executive Directors*  
**Leow Hoi Loong @ Liow Hoi Loong**  
**Teo Chee Kok**  
**Woo Min Fong (f)**

## AUDIT COMMITTEE

*Chairman/Independent  
Non-Executive Director*  
**Dato' Seri Hj. Shaik Daud bin Md. Ismail**

*Independent Non-Executive Directors*  
**Teo Chee Kok**  
**Woo Min Fong (f)**

## COMPANY SECRETARY

**Wong Yeow Chor**  
MAICSA 0818030

## SHARE REGISTRAR

Bina Management (M) Sdn Bhd  
Lot 10, The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya, Selangor  
Tel : 03-7784 3922  
Fax : 03-7784 1988

## AUDITORS

BDO (AF:0206)  
Chartered Accountants  
12th Floor, Menara Uni. Asia  
1008, Jalan Sultan Ismail  
50250 Kuala Lumpur

## REGISTERED OFFICE

No. 47, 2nd Floor, Jalan 1/116B  
Kuchai Entrepreneurs Park  
Off Jalan Kuchai Lama  
58200 Kuala Lumpur  
Tel : 03-7980 1633  
Fax : 03-7980 1613  
Email : corporate@perduren.com.my  
Web : www.perduren.com.my

## PRINCIPAL BANKERS/LENDER

Hong Leong Bank Berhad  
Bank Islam Malaysia Berhad  
Malaysia Building Society Berhad

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Code : 8613  
Stock Name : PRDUREN



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the 22nd Annual General Meeting (AGM) of Perduren (M) Berhad (the Company) will be held at Dewan Perdana @ Sport Complex, 1st Floor, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 25 September 2014 at 11.00 a.m. for the following purposes:-

## ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2014 together with the Reports of the Directors and Auditors thereon. *(Please refer to Note A)*
2. To approve the payment of Directors' fees amounting to RM156,000 for the financial year ended 31 March 2014 (2013: RM180,000). *(Ordinary Resolution 1)*
3. To re-elect Mr. Loh Chen Yook who retires by rotation in accordance with Article 76 of the Company's Articles of Association and who being eligible offers himself for re-election. *(Ordinary Resolution 2)*  
  
Ms. Woo Min Fong who retires by rotation in accordance with Article 76 of the Company's Articles of Association, has expressed her intention not to seek for re-election. Hence, she will retain office until the close of the 22nd AGM.
4. To re-elect Mr. Law Wai Cheong who retires in accordance with Article 83 of the Company's Articles of Association and who being eligible offers himself for re-election. *(Ordinary Resolution 3)*
5. To re-elect Mr. Teo Chee Kok who retires in accordance with Article 83 of the Company's Articles of Association and who being eligible offers himself for re-election. *(Ordinary Resolution 4)*
6. To re-appoint Messrs BDO as Auditors of the Company for the financial year ending 31 March 2015 and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 5)*

## SPECIAL BUSINESS

7. **Authority To Allot And Issue Shares Pursuant To Section 132D Of The Companies Act, 1965**

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued 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 Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

*(Ordinary Resolution 6)*

8. To transact any other business of which due notice shall have been given.

By Order of the Board

**WONG YEOW CHOR**  
MAICSA NO. 0818030  
Company Secretary

Kuala Lumpur  
2 September 2014

# Notice of Annual General Meeting

cont'd

## NOTES:

- A. This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association do not require a formal approval of the shareholders and hence, is not put forward for voting.

## Proxy:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 September 2014 (General Meeting Record of Depositors) shall be eligible to attend and vote at this 22nd AGM or appoint a proxy to attend and vote on his behalf.
2. A proxy may but need not be a member of the Company and the provisions of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company.
3. A member who is an authorised nominee may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. A member who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under Common Seal or under the hand of an officer or attorney duly authorised.
6. To be valid, this Form of Proxy must be completed, signed and deposited at the Registered Office of the Company at No. 47, 2<sup>nd</sup> Floor, Jalan 1/116B, Kuchai Entrepreneurs Park, Off Jalan Kuchai Lama, 58200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the meeting or adjourned meeting.

## EXPLANATORY NOTE ON SPECIAL BUSINESS

### a. Ordinary Resolution 6

The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an amount not exceeding in total 10% of the issued and paid-up share capital of the Company for such purposes as they consider would be in the interest of the Company, which may include repayment of bank borrowings and for general working capital. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The Company did not issue any shares under the mandate granted at the last AGM of the Company held on 25 September 2013. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time.



## **Statement Accompanying** Notice of Annual General Meeting

Pursuant to paragraph 8.27 (2) of the Main Market Listing Requirements of  
Bursa Malaysia Securities Berhad

### **Details of individuals who are standing for election as Directors**

No individual is seeking election as a Director at the forthcoming 22nd Annual General Meeting of the Company.

## Group Structure



- 100%** **Advantage Equity Sdn. Bhd.**
- 100%** **Balance Focus Sdn. Bhd.**
- 100%** **Essential Vista Sdn. Bhd.**
- 100%** **Evergreen Sprint Sdn. Bhd.**
- 100%** **Grand Sentosa Hotel Management Services Sdn. Bhd.**  
*(Formerly known as Christine Inn & Recreation Sdn. Bhd.)*
- 100%** **Landmark Zone Sdn. Bhd.**
- 100%** **Nautical Gold Sdn. Bhd.**
- 100%** **Orlando Manufacturing Sdn. Bhd.**
- 100%** **Tenderly Marketing Sdn. Bhd.**
- 100%** **Topy Top Sdn. Bhd.**

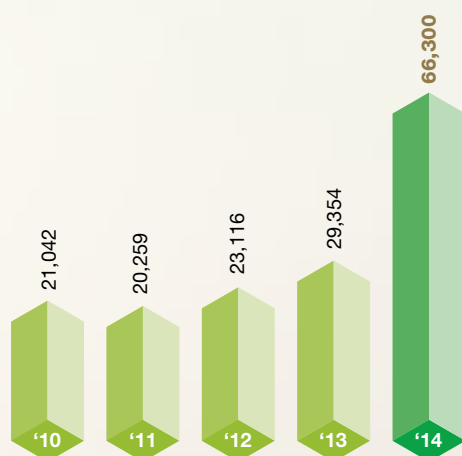




## Five-Year Financial Highlights

	2010	2011	2012	2013	2014
Revenue (RM'000)	21,042	20,259	23,116	29,354	<b>66,300</b>
Earnings/(loss) per share (sen)	3.4	0.4	(1.4)	1.8	<b>5.1</b>
Shareholders' equity (RM'000)	206,707	207,353	205,518	207,898	<b>214,797</b>
Net assets per share (RM)	1.53	1.54	1.52	1.54	<b>1.59</b>

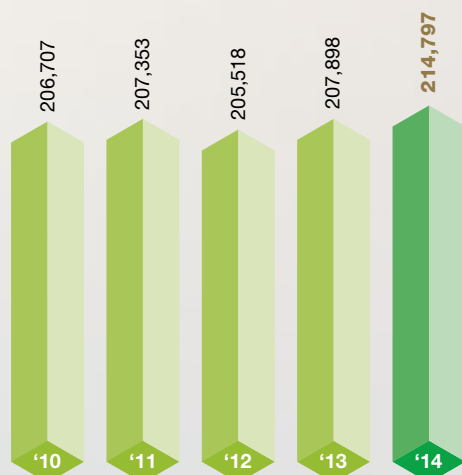
**REVENUE**  
(RM'000)



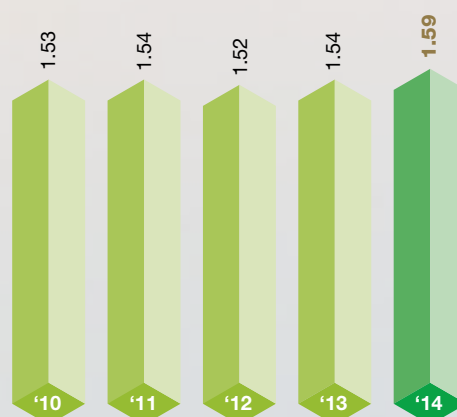
**EARNINGS/(LOSS) PER SHARE**  
(SEN)

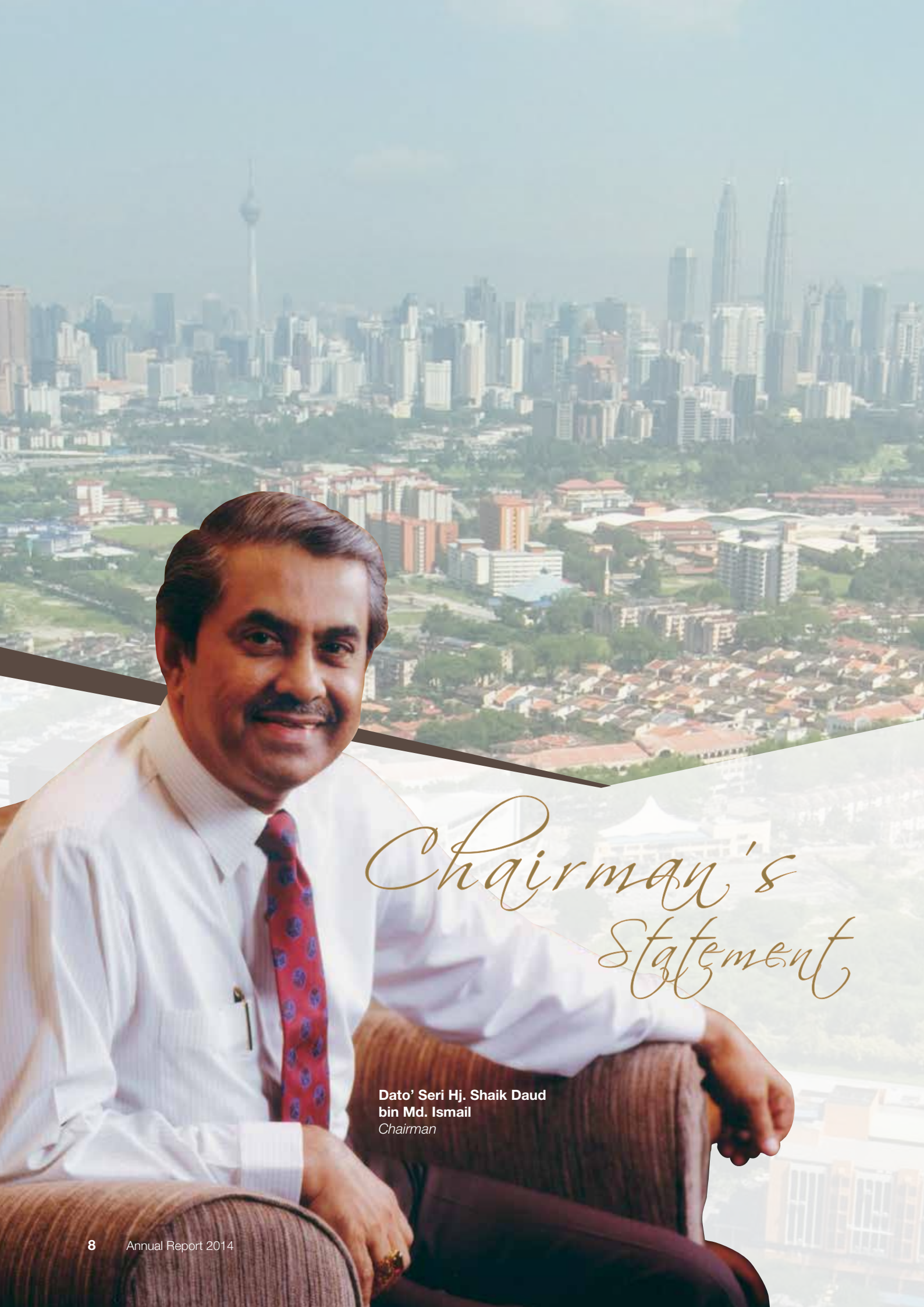


**SHAREHOLDERS' EQUITY**  
(RM'000)



**NET ASSETS PER SHARE**  
(RM)





# Chairman's Statement

**Dato' Seri Hj. Shaik Daud  
bin Md. Ismail**  
*Chairman*



On behalf of the Board of Directors of Perduren (M) Berhad, I am pleased to present the Annual Report of the Group for the financial year ended 31 March 2014



### FINANCIAL REVIEW

The Group recorded higher revenue of RM66.300 million for the financial year ended 31 March 2014 as compared to RM29.354 million for the financial year ended 31 March 2013 arising principally from revenue of RM34.819 million derived from property development project being recognised during the financial period. The Group recorded a post-tax profit of RM6.899 million for the financial year ended 31 March 2014 as compared to post tax profit of RM2.380 million for the financial year ended 31 March 2014.

Our Group's net asset per share has improved marginally to RM1.59 per share at the end of the current financial under review as compared to RM1.54 during the end of the previous financial year.

Consequently, the Group's earnings per share has improved substantially to 5.11 sen per share for the financial year ended 31 March 2014 as compared to 1.76 sen per share for the financial year ended 31 March 2013.



# Chairman's Statement

cont'd

## CORPORATE DEVELOPMENT

During the financial year under review, TS Law Group Sdn. Bhd. emerged as the single largest shareholder holding 71.42% stake in the Company following their completion of the take-over exercise at RM1.10 a piece.

## REVIEW OF GROUP OPERATIONS

### Property Development

The Shamelin Star project in Taman Shamelin Perkasa, Kuala Lumpur, comprising 630 serviced apartments and 30 units of retail lots, was launched in July 2013 and achieved sales of about 75% to date. The substructure works had been completed while the overall project progress is about 20% completion. Various continuing and ongoing promotional activities are carried out to boost the sales of the balance unsold units.

### Property Investment

The average occupancy rate of the Plaza Sentosa complex in Johor Bahru has improved slightly from 81% for the financial year ended 31 March 2013 to 84% for the financial year ended 31 March 2014. Correspondingly, gross annual revenue has also improved from RM13.115 million for the financial year ended 31 March 2013 to RM14.650 million for the financial year ended 31 March 2014.

Following the completion of the refurbishment exercise in March 2014, there has been some slight improvement in the occupancy rate in Holiday Plaza, Johor Bahru.

The Group will continue to intensify its efforts to introduce new retail tenants into Plaza Sentosa and Holiday Plaza to further enhance tenant mix quality and overall shoppers' experience within the retail complex.

### Hotel

The Grand Sentosa Hotel having completed its second year of operation demonstrated a healthy increase in the occupancy rates. Revenue generated from the hotel operation has improved significantly from RM5.918 million for the financial year ended 31 March 2013 to RM7.010 million for the financial year ended 31 March 2014, mainly due to local tourists for the Legoland Theme Park and regional tourists for the Universal Studio in Singapore.

## PROSPECTS

The Group will endeavour to improve the financial performance of our investment properties portfolio in Johor Bahru despite the overall competitive environment within the vicinity of Johor Bahru city centre.

With the ongoing Shamelin Star project in Kuala Lumpur, the Group is expected to remain profitable in the next financial year.

## DIRECTORATE

Over the past year, there have been a number of changes to the Board. Mr. Low Choong Sing and Puan Rozana binti Tan Sri Dato' Hj. Redzuan retired from the Board on 25 September 2013 and Mr. Wu Sor Hwa resigned on 31 March 2014. Ms. Woo Ming Fong will retire by not seeking re-election at the forthcoming Annual General Meeting (AGM). On behalf of the Board, I would like to thank all of them for the considerable contribution they have made to the Company over many years.

## Chairman's Statement

*cont'd*

On 31 March 2014, Mr. Loh Chen Yook stepped down as Managing Director in order to devolve more time to his other personal commitments. I would like to put on record our thanks for all that he has done for the Company and the contribution he had made since he joined the Board in 2006. However, we are pleased he will remain as a Non-Independent & Non-Executive Director and also act as the Adviser to the Group.

We welcomed two new members on the Board, Mr. Law Wai Cheong who was appointed Executive Director on 28 March 2014 and Mr. Teo Chee Kok, who was appointed as an Independent Non-Executive Director on 31 March 2014.

Due to my personal commitments, I will also retire by not seeking re-appointment at the forthcoming AGM. After a period of change, I am confident that the current Board reflects the right blend of skills and experience to guide the Company in the best interests of stakeholders.

### DIVIDEND

The Directors do not recommend any dividend payment in respect of the financial year ended 31 March 2014.

### APPRECIATION

On behalf of the Board, I would like to thank the Management and the staff for their commitment and continued dedication towards the Group throughout the year.

We are thankful too for the continued support and positive alliance from our shareholders, business partners, financiers, bankers and customers in making another successful year.

Last but not least, I wish the Company continued success and prosperity.

**Dato' Seri Hj. Shaik Daud bin Md. Ismail**

Chairman

18 August 2014



## Board of Directors' Profile

### **DATO' SERI HJ. SHAIK DAUD BIN MD. ISMAIL**

*Chairman, Independent Non-Executive Director*

Dato' Seri Hj. Shaik Daud, a Malaysian aged 78, was appointed to the Board on 25 September 2001 and was subsequently appointed Chairman of the Board on 26 February 2004. He is also the Chairman of the Audit Committee, Nominating Committee and Remuneration Committee.

He obtained his Barrister-at-Law from Lincoln's Inn, London and was called to the English Bar in December 1962. He served in the Malaysian Government Judicial and Legal services for 38 years until his retirement on 25 June 2001. His last appointment was as a Judge of the Court of Appeal.

He sits on the board of Trustees of Tun Suffian Foundation and is also a Registered Arbitrator of the Kuala Lumpur Regional Centre of Arbitration.

He does not hold any shares in the Company.

### **DATUK LAU CHIN AN**

*Deputy Chairman, Non-Independent  
& Non-Executive Director*

Datuk Lau, a Malaysian aged 58, was appointed to the Board as Deputy Chairman on 6 July 2010. He obtained his Diploma RSH (London) and graduated with a LLB. (Hons) from Wolverhampton, United Kingdom in 1997 and passed his Certificate in Legal Practice the following year. Thereafter, he opted out from the government service and opened up his own legal practice under the style and name of Messrs. Lau Moghan Kuna & Ee. His expertise and experience in the legal practice includes criminal matters, banking, conveyancing, medical negligence, drafting and opinions and general debt collection and attachment.

He has served the Ministry of Health as a Chief Environmental Health Officer for 22 years before he opted out from the service in 2000. During his tenure with the Government, he had served in various capacities and also sat in various committees in the furtherance and promotion of Public Health, particularly in the field of Environmental Health. Among others, his work involved in the vetting and approval of planning and building plans, site inspection, progress inspection, testing & commission of sanitary and sewerage system, interpretation of building and construction laws and also the issuance of Certificate of Occupation for completed buildings. He also coupled as the Prosecutor for the Ministry of Health.

Currently, he is a non-executive director of Golden West Resources Limited, a public listed company listed in The Australian Securities Exchange. He is also a director of LTS Properties (M) Sdn Bhd and LTS Capital Sdn Bhd, both are property development companies.

He is the cousin brother of Tan Sri Dato' Law Tien Seng, a major shareholder of the Company and the uncle of Mr. Law Wai Cheong.

He does not hold any shares in the Company.



## Board of Directors' Profile

*cont'd*

### **DATO' ONG CHONG SEK**

*Executive Director*

Dato' Ong, a Malaysian aged 58, was appointed to the Board on 15 April 2010. He holds a Diploma in Building Technology from Kolej Tunku Abdul Rahman and is an Associate Member of the Chartered Institute of Builders, United Kingdom.

He has over 29 years of extensive experience in the construction and property development industry. He started his career with Jones Lang Wootton as a real estate agent in 1981. He joined Country Heights Group of Companies (CHHB) in 1987 and held various key senior positions such as Marketing Director, Executive Director and Chief Operating Officer. He headed the property development division of the Group and was the Chief Executive Officer of CHHB from 2003 to 2008. He held the position of Chief Executive Officer of The Mines Golf City in 2009. He was directly and indirectly involved in achieving close to RM4 billion sales over the period.

He also served as the Men's World Cup Golf 1999 Deputy Organising Chairman from 1996 to 1999, which was hailed as the best ever World Cup Golf tournament in Malaysia and has put Malaysia on the world map as well. He also served as the Deputy Organising Chairman for the Inaugural Women's World Cup Golf 2000.

He does not hold any shares in the Company.

### **LAW WAI CHEONG**

*Executive Director*

Mr. Law, a Malaysian aged 28, was appointed to the Board on 28 March 2014. He graduated with a LLB (Honours) from Cardiff University, United Kingdom in 2008 and was called to the Bar at Lincoln's Inn in 2009. He also holds a Masters in Management at Cass Business School, London. He is a member of the Remuneration Committee.

After completing his studies, he returned to Malaysia and embarked his career in the financial sector. He worked at the corporate finance department of Hong Leong Investment Bank Berhad. Presently, he is working in the Group Business Development unit of TS Law Group, which focuses on steel production and distribution, property development and investment and mining. He also sits on the board of several other private limited companies.

He is the son of Tan Sri Dato' Law Tien Seng and Puan Sri Datin Saw Geok Ngor, major shareholders of the Company and the nephew of Datuk Lau Chin An.

He does not hold any shares in the Company.

### **LOH CHEN YOOK**

*Non-Independent Non-Executive Director/Group Adviser*

Mr. Loh, a Malaysian aged 59, was appointed to the Board on 4 October 2006. He was redesignated as the Managing Director of the Company on 2 April 2007. On 31 March 2014, he was redesignated from Managing Director to a Non-Independent Non-Executive Director cum Group Adviser.

He has over 27 years of experience in the property development, infra-structure, building construction as well as timber logging business. Currently, he is also the Chairman of Karyon Industries Berhad.

He does not hold any shares in the Company.

# Board of Directors' Profile

cont'd

## LEOW HOI LOONG@ LIOW HOI LOONG

*Independent Non-Executive Director*

Mr. Leow, a Malaysian aged 60, was appointed to the Board on 15 April 2010. He is a Fellow Member of The Chartered Association of Certified Accountants, United Kingdom.

He started his career with American International Assurance Co Ltd as Marketing Executive in the marketing of financial services from 1977 to 1979. He joined Pacific Bank Bhd as Regional Credit Officer and was made the Accountant at the Bank's Head Office from 1979 to 1982. He then joined the Low Yat Group of Companies and AP Land Bhd ("the Group") as Group Financial Controller and Company Secretary from 1982 to 1988. The Group was involved in property development investment, hotel chain and shopping and commercial complex management. He was a Corporate and Institutional Dealer with TA Securities Berhad, one of the largest stockbroking firms with the Kuala Lumpur Stock Exchange from 1988 to 2002.

Presently, he still holds a dealer's representative licence from M&A Securities Berhad. He is a director of Hiap Teck Venture Berhad. He is also a shareholder and director of other private companies involved in property investment, retailing business and industrial property development in China.

He does not hold any shares in the Company.

## WOO MIN FONG

*Independent Non-Executive Director*

Ms. Woo, a Malaysian aged 68, was appointed to the Board on 2 April 2007. She was a Member of the Institute of Chartered Secretaries and Administrators, United Kingdom from 1970 to 1989 and currently is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators since 1989. She is also a member of the Audit Committee and Nominating Committee.

She started her career as a practicing Chartered Secretary since 1969. Currently, she is the director in charge of Southern operation of Tricor Corporate Services Sdn Bhd, subsidiary of the Bank of East Asia, Hong Kong, a professional group providing corporate and secretarial services. She also sits on the board of School Foundation i.e. Foon Yew Foundation and several other Associations and private limited companies.

She does not hold any shares in the Company.

## TEO CHEE KOK

*Independent Non-Executive Director*

Mr. Teo, a Malaysian aged 46, was appointed to the Board on 31 March 2014. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants both since 1994. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee.

He began his career in 1989 with an international public accounting firm based in Kuala Lumpur until 1993. Thereafter from 1994 to 1999, he joined a public listed group of companies with diverse business interest ranging from financial services to plantation. He has over 15 years' experience in corporate finance and related activities.

Presently, he also sits on the board of Tecnic Group Berhad, Eka Noodles Berhad (formerly known as KBB Resources Berhad) and Len Cheong Holding Berhad.

He does not hold any shares in the Company.

### Notes:

(1) Save as disclosed above, none of the Directors has any family relationship with any director and/or major shareholders of the Company.

(2) None of the Directors has:

- any conflict of interest with the Company; and
- any conviction for offences within the past ten years other than traffic offences, if any.

# Audit Committee Report

The Board of Directors of Perduren (M) Berhad is pleased to present the Audit Committee Report for the financial year ended 31 March 2014.

## MEMBERSHIP AND MEETINGS

The members of the Audit Committee during the financial year ended 31 March 2014 were as follows:-

Member's Name	Meetings attended
Dato' Seri Hj. Shaik Daud bin Md. Ismail ( <i>Chairman</i> )	5/5
Rozana binti Tan Sri Dato' Hj. Redzuan ( <i>ceased on 25/9/2013</i> )	3/3
Woo Min Fong (f)	3/5
Wu Sor Hwa ( <i>appointed on 1/11/2013, ceased on 31/3/2014</i> )	2/2
Teo Chee Kok ( <i>appointed on 31/3/2014</i> )	-

## TERMS OF REFERENCE

### Composition

The Audit Committee shall be appointed by the Board of Directors upon the recommendation of the Nominating Committee and shall consist of not less than three (3) members, all of whom are Non-Executive Directors, with a majority being Independent Directors.

At least one member of the Audit Committee:

- (i) must be a member of the Malaysian Institute of Accountants (MIA); or
- (ii) if he is not a member of the MIA, he must have at least 3 years' working experience and:
  - (a) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
  - (b) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
- (iii) fulfills such other requirements as prescribed or approved by the Exchange.

No alternate director shall be appointed as a member of the Audit Committee and the term of office of each Audit Committee member is subject to review by the Board every three (3) years.

The quorum for a meeting of the Audit Committee shall be two (2) members and a majority of the members present shall be Independent Directors.



# Audit Committee Report

*cont'd*

## TERMS OF REFERENCE *cont'd*

### Authority

The Audit Committee is authorised by the Board to:

- (i) investigate any activity within its terms of reference;
- (ii) have access to resources required to perform its duties;
- (iii) have access to any employee, information and documents relating to the Company and the Group;
- (iv) have direct access/communication with external auditors and internal auditors;
- (v) obtain external independent professional advice on any matter of the Company and where necessary, to invite such outsiders and/or professional advisers, with the relevant experience and expertise to attend meetings of the Audit Committee; and
- (vi) convene meetings with external auditors, internal auditors or both, without the presence of other directors and employees of the Company, whenever deemed necessary.

### Duties

The duties of the Audit Committee are:

- (i) to consider and review the appointment or re-appointment, performance and independence of external auditors, their audit fee and any questions of resignation or dismissal and to recommend the nomination of a person or persons as external auditors where deemed appropriate;
- (ii) to review and discuss with the external auditors:
  - (a) their audit plan and scope of work before the audit commences;
  - (b) their audit report, evaluation of the system of internal control, management letter and management's response; and
  - (c) any problems and reservations arising out of the audit, including assistance rendered by the employees during the process of audit and any matters the external auditors may wish to discuss in separate sessions without the presence of the executive Board members;
- (iii) to review and discuss with the internal auditors:
  - (a) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - (b) their internal audit plan; and
  - (c) together with management the internal audit reports/findings and management's response thereto and, where necessary, ensure that appropriate action is taken on the recommendations set out in the reports;
- (iv) to review and assess the performance of the internal audit function as a whole;
- (v) to review the Company's quarterly results/financial report and annual financial statements before submission to the Board, focusing particularly on:
  - any changes in accounting policies and practices;
  - significant or unusual events and adjustments resulting from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal and regulatory requirements, including the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities);
- (vi) to review any related party transaction and any conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
- (vii) to keep under review the adequacy and integrity of the Group's internal control system, including enterprise risk management and management information system, taking into consideration the internal audit findings and/or external auditors' evaluation of the said systems;

# Audit Committee Report

*cont'd*

## TERMS OF REFERENCE *cont'd*

### Duties *cont'd*

The duties of the Audit Committee are: *cont'd*

- (viii) to keep under review and to ensure that the Group is at all times, in compliance with the Companies Act, 1965, the MMLR of Bursa Securities and other applicable legislative and reporting requirements;
- (ix) to direct and where appropriate supervise or investigate any special projects and review investigation reports on any major defalcations, frauds and thefts;
- (x) to report to Bursa Securities where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR of Bursa Securities; and
- (xi) to consider other topics and matters as defined by the Board.

### Secretary

The Company Secretary of the Company shall be the Secretary of the Audit Committee.

### Convening of Meeting

The Audit Committee meeting agendas shall be the responsibility of the Audit Committee Chairman, with input from its committee members.

The notice/agenda for each meeting shall be circulated to its members at least five (5) working days before each meeting. Materials, including information requested by the Audit Committee members from the management, external auditors and internal auditors shall be despatched together with the meeting agenda.

The Audit Committee shall ensure that proper Audit Committee Meeting minutes are kept.

### Meeting Attendance

The Head of Internal Audit (or where the internal audit function has been outsourced, their representative), the Group Financial Controller, and a representative of the external auditors if required, attend meetings of the Audit Committee. Other Board members may attend the Audit Committee meetings upon invitation of the Audit Committee. At least twice a year, the Audit Committee shall meet with the external auditors without the presence of the executive Board members and management.

# Audit Committee Report

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## SUMMARY OF AUDIT COMMITTEE ACTIVITIES

During the financial year ended 31 March 2014, five (5) Audit Committee meetings were held. The activities undertaken by the Audit Committee during the financial year under review in discharging its duties and responsibilities were as follows:

- (i) reviewed the quarterly interim financial statements and annual audited financial statements of the Company and Group and made relevant recommendations to the Board for approval, to ensure the financial report and disclosures are in compliance with the provisions of the Companies Act, 1965, MMLR of Bursa Securities, the applicable approved accounting standards in Malaysia and other legal and regulatory requirements;
- (ii) reviewed the external audit plan and scope of work before commencement of audit by the external auditors;
- (iii) reviewed with the external auditors the results of their audit and audit report, including their evaluation of the Company's accounting and internal control systems and procedures;
- (iv) met with the external auditors twice without the presence of executive Board members to discuss any pertinent issues arising from their audit;
- (v) reviewed with the internal auditors their audit plans before commencement of audit and subsequently, their audit findings, issues raised, audit recommendations and management's response; and
- (vi) reviewed related party transaction/s to ensure compliance with relevant regulatory requirements.

## INTERNAL AUDIT FUNCTION

The internal audit function is responsible for reviewing the adequacy and integrity of the Group's internal control systems. The Group outsourced its internal audit function to an independent audit service company at an annual fee of RM39,000.

The internal audit activities carried out for the financial year ended 31 March 2014 include the following:-

- (i) formulated annual risk based audit plan and presented it to the Audit Committee for approval;
- (ii) executed internal audit reviews in accordance with the approved audit plan. Four (4) internal audit reviews were performed during the financial year ended 31 March 2014;
- (iii) issued audit reports containing audit findings, audit recommendations and management responses to the Audit Committee for review;
- (iv) monitored the implementation of corrective actions plans through follow-up reviews; and
- (v) attended Audit Committee meetings to table and discuss the audit reports and followed up on matters raised.



# Statement on Corporate Governance

The Board of Directors of Perduren (M) Berhad (the Board) is committed to ensuring that a high standard of corporate governance is practised throughout the Group as a fundamental part of discharging its responsibilities to safeguard shareholders' investments and protect the interests of all stakeholders.

The Board is pleased to present the Statement on Corporate Governance for the financial year ended 31 March 2014 outlining the application of the principles and recommendations as set out in the the Malaysian Code on Corporate Governance 2012 (the Code).

## PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### Function of the Board and Management

The Board has the overall responsibility for the corporate governance, strategic direction, risk management and internal controls, investor relations, management succession plan and business operations of the Group.

Beyond the matters reserved for the Board's decision, the Board has delegated the authority to achieve the corporate objective to the Managing Director and supported by the Executive Directors. The Managing Director remains accountable to the Board for the authority that is delegated to him, for the performance of the Group.

On 31 March 2014, Mr. Loh Chen Yook was redesignated from Managing Director to Non Independent Non-Executive Director cum Group Adviser.

In the absence of the Managing Director, the Executive Directors assume the responsibilities of the Managing Director, except for those authorities conferred by the Board on the properly constituted Board Committees. The Board oversees and monitors the decisions and actions of the Executive Directors and the performance of the Company to gain assurance that progress being made towards the corporate objective.

### Clear roles and responsibilities of the Board

In carrying out its function, the Board has delegated specific responsibilities to Board Committees, namely, the Audit Committee, Nominating Committee(NC) and Remuneration Committee(RC). In order to ensure that the direction and control of the Group remains with the Board, the Board has defined the terms of reference for each Committee and receive reports from the Board Committees of their proceedings and deliberations together with their recommendations and relevant decisions. The ultimate responsibility for the final decision on all matters, however, lies with the Board. While the Board is responsible for creating framework and policies within which the Group should be operating, management is accountable for the execution of the expressed policies and attainment of the Group's corporate objectives. This demarcation complements and reinforces the supervisory role of the Board.

The principal duties and responsibilities of the Board are:-

- Reviewing and adopting strategic plan for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing of compensation and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulation, rules, directives and guidelines.

# Statement on Corporate Governance

*cont'd*

## PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

### Codes and Policies

The Board has adopted a Board Charter which sets out its roles, functions, composition, operation and process given consideration to the principles of good corporate governance and requirements of Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities). The Board Charter further defines the roles and responsibilities of the Chairman and the Managing Director.

The Board has also adopted a Directors' Code of Conduct which outlines the conduct required of the Board members individually in order for them to discharge their duties in a professional, honest and ethical manner. This Code of Conduct also applies to officers and employees in the Group.

The Board has also put in place a Whistle-Blowing Policy which sets out the principle and grievance procedures for employees to raise genuine concerns of possible improprieties perpetrated within the Group.

The details of the Board Charter, Code of Conduct and Whistle-Blowing Policy are available on the Company's website ([www.perduren.com.my](http://www.perduren.com.my)).

### Promote Sustainability

The Board recognises the importance of sustainability and its increasing relevance to the Group's businesses. The Board is committed to understanding and implementing sustainable practices and exploring benefits to the business whilst attempting to achieve the right balance between the needs of wider community, the requirements of shareholders and stakeholders and economic success.

The Board, whilst pursuing the business objectives of growth in enhancing shareholder value, is also cognisant of its corporate social responsibility (CSR) and the importance of the contribution it can make in respect thereof, particularly towards improving the workplace, the community it operates in and the environment.

The Group is regularly reviewing its workplace and policies to provide a conducive working environment and ensure proper development and utilisation of its human resources. Personal development is encouraged and employees are encouraged to improve their knowledge through attendance at relevant seminars and workshops, the cost of which are fully subsidised by the Group.

The Group's contribution to the community it operates in is currently mainly in the form of monetary contributions towards worthy causes and the needy. The Group also endeavours to support community and social programmes, such as blood donation campaigns, through the provision of venues at its complexes for use by the organisers. Nevertheless, the Group recognises the need and will strive to further broaden its contributions to the community.

Notwithstanding that its principal business activity of property investment holding does not have a direct environmental impact, the Group believes in contributing positively towards minimising the environmental impact of its operations by reducing wastages and maximizing recycling of paper usage in the operations.

The Group will continue to support and encourage all employees and businesses to find ways to help their communities. The Group's initiatives in supporting CSR are an ongoing commitment towards creation of a competitive nation, yet a moral, ethical, caring and economical just society.

### Access to information and advice

Board meetings are scheduled in advance at the beginning of each new financial year. This enables the management to plan ahead and ensure timely preparation of information for dissemination to the Board members

The Board and its Committees are supplied with an agenda and relevant meeting papers prior to each meeting to enable them to make informed decisions and where necessary, to obtain further explanations/clarifications. Detailed briefings are provided at Board meetings by management and/or professional advisors, where necessary.

# Statement on Corporate Governance

cont'd

## PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES cont'd

### Access to information and advice cont'd

Minutes of every Board meetings are circulated and tabled for confirmation at the following meeting. The Board also receives Minutes of all sub-committee meetings and is briefed on the issues raised at the respective Committee meetings to ensure that all Directors are kept informed of the Committees' activities.

All Directors and Board committees have full access to the senior management and to the advice and services of the Company Secretary. In addition, the Board is regularly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. All Directors have the consent of the Board to seek independent professional advice where necessary in the course of fulfilling their duties and responsibilities, at the Company's expense.

## PRINCIPLE 2 – STRENGTHEN COMPOSITION

During the financial year under review, one (1) Independent Non-Executive Director (INED) and one (1) Non-Independent Non-Executive Director (NINED) retired from the Board. On 28 March 2014, an Executive Director was appointed. On 31 March 2014, the Managing Director was redesignated to NINED cum Group Adviser, one (1) INED was appointed to the Board and one (1) INED resigned from the Board. The Board now consists of eight (8) members, comprising a Chairman (INED), three (3) INEDs, two (2) Executive Directors and two (2) NINEDs.

The composition of the Board is in compliance with the MMLR of Bursa Securities, which requires at least two (2) directors or one-third ( $\frac{1}{3}$ ) of the board of directors, are independent directors. The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company

The profiles of individual Directors are set out on pages 12 to 14 of this Annual Report.

### Gender Diversity

In so far as boardroom diversity concerned, the Board does not have a specific policy for setting targets for women candidates. Evaluation of suitability of candidates is solely based on the candidates' character, time commitment, competency, experience and integrity in meeting the needs of the Company. The Board will take note of the requirement on gender diversity when vacancies on the Board arise.

### Nominating Committee

The NC is responsible for nominating the right candidates with the required skills, experience and attributes for recommendation to and appointment by the Board. The duties and responsibilities of the NC include:

- (a) reviewing annually the Board structure, size and composition to ensure balance of the required mix of skills and experience of the Board, including the core competencies which non-executive directors bring to the Board; and
- (b) assessing annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director.

The members of the NC during the financial year under review were as follows:

Chairman	: Dato' Seri Hj. Shaik Daud bin Md. Ismail	(INED, appointed on 1/11/2013)
	Rozana binti Tan Sri Dato' Hj. Redzuan	(INED, ceased on 25/9/2013)
Members	: Teo Chee Kok	(INED, appointed on 31/3/2014)
	Woo Min Fong (f)	(INED, appointed on 16/1/2014)
	Wu Sor Hwa	(INED, appointed on 1/11/2013, ceased on 31/3/2014)
	Low Choong Sing	(NINED, ceased on 25/9/2013)

The NC held three (3) meetings during the financial year ended 31 March 2014.

# Statement on Corporate Governance

cont'd

## PRINCIPLE 2 – STRENGTHEN COMPOSITION cont'd

### Nominating Committee cont'd

The Board, through the NC has reviewed the required mix of skills and experience and other qualities including core competencies which its existing Non-Executive Directors bring to the Board.

Through its Annual Assessment and Evaluation Exercise, the NC had conducted the assessment of the effectiveness of the Board as a whole, the efficiency of the Board Committee and the contribution of each individual Director including the independent directors to assess their independence. The Board also received confirmation in writing from the independent directors of their independence.

The NC also appraised the Managing Director and the Executive Director in terms of their experience, knowledge, credibility, integrity and assesses their effectiveness and contribution in carrying out their obligations and duties as a Board member of the Company.

The NC recommends the appointment of new directors to the Board. However, all decisions on appointment are made by the Board after those recommendations. During the financial year under review, the Board approved the recommendation of the NC and RC on the appointment of two directors, namely Mr. Law Wai Cheong and Mr. Teo Chee Kok. The Board also approved the recommendation of the NC and RC on the redesignation of Mr. Loh Chen Yook from Managing Director to NINED cum Group Adviser.

### Remuneration Committee

The RC is responsible for recommending to the Board the appropriate remuneration of the Executive Directors to ensure that the Group attracts and retains Directors of the necessary calibre, experience and quality needed to manage the Group successfully.

The key responsibilities of the RC is to review and to recommend to the Board the annual salaries, incentive arrangements and other employment conditions and to develop the framework of remuneration policy to facilitate the recruitment and effective retention of the senior executive management.

The members of the RC during the financial year under review were as follows:

Chairman	: Dato' Seri Hj. Shaik Daud bin Md. Ismail	(INED)
Members	: Law Wai Cheong	(Executive Director, appointed on 31/3/2014)
	Teo Chee Kok	(INED, appointed on 31/3/2014)
	Loh Chen Yook	(Managing Director, resigned on 31/3/2014)
	Wu Sor Hwa	(INED, appointed on 1/11/2013, ceased on 31/3/2014)
	Rozana binti Tan Sri Dato' Hj. Redzuan	(INED, ceased on 25/9/2013)

The RC held two (2) meetings during the financial year ended 31 March 2014.

The RC considers the principles recommended by the Code in determining the directors' remuneration, whereby, the executive remuneration is designed to link rewards to the Group's performance whilst the remuneration of the non-executive directors is determined in accordance with their experience and the level of responsibilities assumed.

The RC recommends to the Board the remuneration of the Executive Directors. The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole. The Directors are not involved in the approval of their own remuneration package. Non-Executive Directors are paid attendance/meeting allowance for each Board and/or Committee meeting they attend.

Directors' fees are approved by the Company's shareholders at the Annual General Meeting (AGM) of the Company. The Company reimburses reasonable expenses incurred by these Directors in the course of their duties as Directors.



# Statement on Corporate Governance

cont'd

## PRINCIPLE 2 – STRENGTHEN COMPOSITION *cont'd*

### Remuneration Committee *cont'd*

The aggregate and range of remuneration to the Executive and Non-Executive Directors received and receivable from the Company for the financial year ended 31 March 2014 were as follows:

	Salary and other emoluments*	Directors' fees	Meeting/ Other Allowances	Total
	(RM)	(RM)	(RM)	(RM)
<b>Executive Directors</b>				
Loh Chen Yook	369,600	-	-	369,600
Dato' Ong Chong Sek	369,600	-	-	369,600
Law Wai Cheong ( <i>appointed on 28/3/2014</i> )	2,628	-	-	2,628
<b>Non-Executive Directors</b>				
Dato' Seri Hj. Shaik Daud bin Md. Ismail	-	36,000	17,600	53,600
Datuk Lau Chin An	-	24,000	3,600	27,600
Wu Sor Hwa ( <i>resigned on 31/3/2014</i> )	-	24,000	4,200	28,200
Low Choong Sing ( <i>retired on 25/9/2013</i> )	-	12,000	1,800	13,800
Leow Hoi Loong @ Liow Hoi Loong	-	24,000	3,600	27,600
Rozana binti Tan Sri Dato' Hj. Redzuan ( <i>retired on 25/9/2013</i> )	-	12,000	1,800	13,800
Woo Min Fong (f)	-	24,000	3,000	27,000
Teo Chee Kok ( <i>appointed on 31/3/2014</i> )	-	-	-	-
<b>Total</b>				<b>933,428</b>
				(2013:RM940,200)

\* Other emoluments include bonus, employer's contribution to provident fund

Remuneration Range (RM)	Executive Directors	Non-Executive Directors
Below 50,000	1	6
50,001 – 100,000	-	1
350,001 – 400,000	2	-
Total	3	7

The Board is satisfied that the NC and RC, in its current form, effectively and efficiently discharge its function in respect of the nomination and remuneration matter.

### Retirement and re-election of Directors

The Company's Articles of Association (AA) provide that all directors including the Managing Director are to retire from office at least once in every three (3) years or at least one-third ( $\frac{1}{3}$ ) of the directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third ( $\frac{1}{3}$ ) shall retire from office and be eligible for re-election at each AGM.

In accordance with the AA, all directors who are appointed by the Board may only hold office until the conclusion of the next AGM subsequent to their appointment and shall then be eligible for re-election by shareholders at that AGM.

# Statement on Corporate Governance

*cont'd*

## **PRINCIPLE 2 – STRENGTHEN COMPOSITION** *cont'd*

### **Retirement and re-election of Directors** *cont'd*

In 2014, the Board approved the recommendation of the NC for the two directors, namely Mr. Loh Chen Yook and Ms. Woo Min Fong to retire by rotation at the 22nd AGM in accordance with Article 76 of the AA. Mr. Loh Chen Yook, being eligible, offers himself for re-election. However, Ms. Woo Min Fong, has expressed her intention not to seek re-election and will retain office until the close of the 22nd AGM.

The Board also approved the recommendation of the NC for the two directors, Mr. Law Wai Cheong and Mr. Teo Chee Kok to retire at the 22nd AGM in accordance with Article 83 of the AA. Both directors, being eligible, offer themselves for re-election.

Directors over 70 years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965 (CA). The Board also approved the recommendation of the NC to support the re-appointment of Dato' Seri Hj. Shaik Daud bin Md. Ismail, who is over the age of 70 years and should retire at the 22nd AGM in accordance with Section 129(2) of the CA. Dato' Seri Hj. Shaik Daud bin Md. Ismail, however, has expressed his intention not to seek re-appointment and will retain office until the close of the 22nd AGM.

## **PRINCIPLE 3 – REINFORCE INDEPENDENCE**

The Board recognises the importance of independence and objectivity in its decision-making process which is in line with the Code.

### **Annual Assessment of Independence**

An independent director of the Company is a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. The Board through the NC assesses an Independent Director's independence to ensure on-going compliance with this requirement annually.

For the financial year ended 31 March 2014, the Board assessed the independence of its INEDs based on the criteria set out in the MMLR of Bursa Securities. The Board is satisfied with the level of independence demonstrated by all the independent directors and their ability to act in the best interest of the Company.

### **Tenure of Independent Directors**

The Board noted that one (1) of the recommendations of the Code is that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, the Independent Directors may continue to serve on the Board subject to prior assessment by the Board to be conducted through the NC and the Independent Director's redesignation as Non-Independent Director. The Board will justify and seek shareholders' approval in the event it retains as an Independent Director a person who has served in that capacity for more than nine (9) years.

Currently, the Company has one (1) long-serving INED, Dato' Seri Hj. Shaik Daud bin Md. Ismail who has served for more than thirteen (13) years on the Board, will retire by not seeking re-appointment at the close of the 22nd AGM.

### **Position of Chairman and Managing Director**

The roles of the Chairman and the Managing Director are distinct and separate to engender accountability to facilitate clear division of responsibilities to ensure there is a balance of power and authority in the Company.

The Chairman is responsible for ensuring Board effectiveness and standards of conduct while the Managing Director is responsible for the overall management of the Group, including smooth running of the businesses and implementation of strategies and policies.

The Board delegates to the Managing Director (supported by Executive Directors and the Management) the implementation of the Company's strategic plan, policies and decisions adopted by the Board to achieve the Company's objective of creating long term value for its shareholders.

# Statement on Corporate Governance

cont'd

## PRINCIPLE 4 - FOSTER COMMITMENT

### Board meetings

The Board meets at least once in each quarter, with additional meetings held when needed. The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the financial year ended 31 March 2014, seven (7) Board meetings were held. Details of attendance of the Directors are set out below:

Name of Director	Meetings Attended
Dato' Seri Hj. Shaik Daud bin Md. Ismail	7/7
Datuk Lau Chin An	6/7
Loh Chen Yook	7/7
Dato' Ong Chong Sek	7/7
Wu Sor Hwa ( <i>resigned on 31/3/2014</i> )	7/7
Low Choong Sing ( <i>retired on 25.9.2013</i> )	3/4
Leow Hoi Loong @ Liow Hoi Loong	6/7
Rozana binti Tan Sri Dato' Hj. Redzuan ( <i>retired on 25.9.2013</i> )	3/4
Woo Min Fong (f)	5/7
Law Wai Cheong ( <i>appointed on 28/3/2014</i> )	-
Teo Chee Kok ( <i>appointed on 31/3/2014</i> )	-

All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meeting as stipulated in the MMLR.

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

### Director's Training

In compliance with the MMLR, all Directors had attended the Mandatory Accreditation Programme as prescribed by Bursa Securities. All Directors are encouraged to continue to attend training programmes and seminars to further enhance their skills as well as to keep abreast with amendments in the regulatory guidelines and changes in the business environment.

# Statement on Corporate Governance

cont'd

## PRINCIPLE 4 - FOSTER COMMITMENT cont'd

### Director's Training cont'd

During the financial year under review, the following trainings were attended by the Directors:-

		Dato' Seri Hj. Shaik Daud bin Md. Ismail	Datuk Lau Chin An	Loh Chen Yook	Dato' Ong Chong Sek	Wu Sor Hwa	Leow Hoi Loong @ Liow Hoi Loong	Woo Min Fong (f)
1)	i) Corporate Disclosure Policy under the Listing Requirements	√		√		√		
	ii) Roles and Responsibilities of Directors under the Listing Requirements							
2)	2014 Budget Briefing		√					
3)	The Construction Industry Payment and Adjudication Act 2012 ("CIPPA") Conference themed "Getting Paid: CIPPA Updates"		√					
4)	Latest issues on the Law and Practice relating to Housing Developers, Strata Titles and Gated Developments		√		√			
5)	Advocacy Session on Corporate Disclosure for Directors of Listed Issuers				√			
6)	The Anatomy of a Financial Crisis- Distilling Lessons from the past for the future						√	
7)	Corporate Strategic Analytics II: Value Creation Strategies & Take-Over Analysis						√	
8)	Statement on Risk Management & Internal Control Guidelines for Directors of Listed Companies-Implications to Boards and Management and key changes to the Listing Requirements of Bursa Malaysia issued on 29 November 2012							√
9)	Managing GST Risk and complying with good Corporate Governance							√



# Statement on Corporate Governance

cont'd

## PRINCIPLE 4 - FOSTER COMMITMENT *cont'd*

### Director's Training *cont'd*

During the financial year under review, the following trainings were attended by the Directors:- *cont'd*

Notes:

- (i) Law Wai Cheong was appointed on 28/3/2014.
- (ii) Teo Chee Kok was appointed on 31/3/2014.
- (iii) Low Choong Sing and Rozana binti Tan Sri Dato' Hj. Redzuan retired on 25/9/2013.

## PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

### Compliance with Applicable Financial Reporting Standards

In presenting the annual financial statements and quarterly announcements of results to the shareholders, the Board is committed to present a balanced and fair assessment of the Group's financial position and prospects through the issuance of the Annual Audited Financial Statements and quarterly financial reports, as well as corporate announcements affecting the Company in accordance with the MMLR.

In discharging its responsibilities, the Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and the quality of its financial reporting.

The Directors' Responsibility Statement in respect of the preparation of the Annual Audited Financial Statements is set out on page 33 of this Annual Report.

### Assessment of suitability and independence of External Auditors

The Board maintains a close and transparent relationship with the auditors in seeking their professional advice and ensuring the financial statements are prepared in compliance with the accounting standards. The Audit Committee met with the external auditors without the presence of the Executive Directors and management twice during the financial year ended 31 March 2014.

On an annual basis, the Audit Committee would review and monitor the suitability and independence of the external auditors.

The Audit Committee had also received assurance from the external auditors confirming that they were, and had been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee is satisfied with the competence and independence of the external auditors and had recommended the re-appointment of the external auditors to the Directors at the 22nd AGM.

## PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

### Sound risk management framework

The Board is ultimately responsible for the establishment of a sound framework to manage risks. The Executive Directors oversee these risk management processes and activities and reports to the Board. The Management assists the Board in the implementation of the Board's policies and procedures on risk management and internal control.

The Statement on Risk Management and Internal Control as set out on pages 30 and 31 in this Annual Report provides an overview of the management of risks and state of internal controls within the Group.

# Statement on Corporate Governance

cont'd

## PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS *cont'd*

### Internal Audit Function

The Board acknowledges its responsibility for the Group's systems of internal control and risk management and for reviewing the effectiveness of those systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. Any system can only provide a reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board has outsourced an internal audit function. The Internal Auditors report directly to the Audit Committee. The Internal Auditors adopt risk-based approach towards in planning and audit execution. The scope of work covered by the internal audit function during the financial year under review was set out on page 18 of this Annual Report.

## PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### Corporate Disclosure Policies and Procedures

The Board recognises the importance of effective and timely communication with shareholders and the investors to ensure they make informed decisions. The Board has established a corporate disclosure policy with the following objectives:-

- (i) to raise awareness and provide guidance to the Board of Directors, management, officers and employees on the Company's disclosure requirements and practices;
- (ii) to provide guidelines and policies to disseminate corporate information;
- (iii) to ensure compliance with all applicable legal and regulatory requirements on disclosure of material information; and
- (iv) to build good investor relations with the investing public that inspires trust and confidence.

### Leverage on Information Technology for Effective Dissemination of Information

All information made available to Bursa Securities is immediately available to shareholders and the market at the Company's website : [www.perduren.com.my](http://www.perduren.com.my).

## PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

### Encourage Shareholders Participation at General Meetings

The Board recognises the importance of clear and regular communication and proper and timely dissemination of information to its shareholders and institutional investors. In addition to quarterly financial reports, the Company communicates with shareholders and investors through its annual report, with comprehensive and sufficient details about financial results and activities of the Group.

The AGM of the Company provides an open forum at which shareholders and investors are informed of current developments. The Company supports the Code's principle to encourage shareholders participation and time is allowed during the AGM for questions to be raised to the Board members.

Notice of the AGM and the annual report are sent out at least 21 days prior to the date of the AGM in accordance with the provisions of the Company's AA and is also advertised in a local daily newspaper. Any item of the Special Business included in the Notice of the AGM will be accompanied by a full explanation of the effects of the proposed resolution.

# Statement on Corporate Governance

*cont'd*

## **PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS** *cont'd*

### **Poll Voting**

The Board encourages poll voting at general meetings in case of substantive resolutions which require shareholders' approval. Prior to the commencement of the AGM, the Chairman would notify the shareholders of their right to demand for poll, provided that the minimum requirement for demanding a poll as set out in the AA is met.

### **Effective Communication and Proactive Engagement**

At the previous AGM, except for the two retiring directors who were not present, the rest of the directors were present to engage directly with the shareholders. The Chairman invited shareholders to raise questions before putting a resolution to vote. The Directors, management and external auditors were present to respond to the shareholders' queries.

This Statement on Corporate Governance is made in accordance with the Board's resolution dated 17 July 2014.

# Statement on Risk Management and Internal Control

## INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal control to safeguard the stakeholders' investments and the Group's assets. The Board of Directors (the Board) is committed to maintain a sound system of risk management and internal control in the Group. The Board is pleased to present below the Statement of Risk Management and Internal Control for the Perduren Group, which is prepared based on the latest "Statement on Risk Management and Internal Control-Guidelines for Directors of Listed Issuers" issued by the Task Force on Internal Control with the support and endorsement of the Exchange.

## BOARD RESPONSIBILITY

The Board acknowledges the importance of internal controls to safeguard shareholders' investment and the Group's assets and affirms its overall responsibility for maintaining a sound system of risk management and internal control and for reviewing its adequacy and integrity.

The Board ensures that the system risk management and internal control manages the Group's key areas of risk within the acceptable risk tolerance in order to increase the likelihood that the Group's policies and business objectives will be achieved.

It must be noted, however, that such systems are designed to identify and manage rather than eliminate the risk of failure to achieve the Group's objectives and inherently can only provide reasonable and not absolute assurance against material misstatement or loss.

## RISK MANAGEMENT FRAMEWORK

The Group has implemented a structured Risk Management Framework to provide an ongoing process for identifying, evaluating and managing the risks faced by the Group.

The key processes of the Risk Management Framework comprise of the following:

- (i) Identification of the Group's business goals and objectives and the associated risks;
- (ii) Development of risk management strategies;
- (iii) Implementation of controls and action plans; and
- (iv) Monitoring of risks and refining of the risk strategies for continuous improvement.

The Executive Directors oversee these risk management processes and activities and reports to the Board on the same. Management assist the Board in the implementation of the Board's policies and procedures on risk management and internal control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.



# Statement on Risk Management and Internal Control

cont'd

## CONTROL ENVIRONMENT AND ACTIVITIES

In addition to the Risk Management Framework, the other key elements of the Group's control are:

### (a) Defined lines of responsibility and delegation of authority

The delegation of responsibilities, limits of authority and hierarchical reporting structure are defined to ensure management accountability and segregation of duties.

### (b) Independent review by the Audit Committee

The Audit Committee assists the Board in overseeing and reviewing the risks and system of internal control. The presence of the internal audit function supports this review mechanism and makes the Audit Committee's review more effective.

Besides reviewing the systems of internal control, the Audit Committee also reviews the financial information and reports produced by the management. In this case, the Audit Committee in consultation with the management and the Executive Directors deliberates the integrity of the financial results, annual report and audited financial statements before recommending to the Board for distribution to the shareholders and public investors.

### (c) Performance reporting and information system

The performance reporting and information system are intended to support the management decision making in assuring that the Group's business operations are progressed in accordance with the identified objectives and targets.

Essentially, this information covers operational, financial and compliance matters. Periodically, this information is presented to the Executive Directors and the significant aspects of the issues are presented to the Board and the Audit Committee.

### (d) Internal audit function

The internal audit function assists the Board and the Audit Committee in assessing the Group's internal control system. The Group's internal audit function is outsourced to an independent professional firm, who reports directly to the Audit Committee. Quarterly, internal audit report and findings are reported to the Audit Committee.

## BOARD ASSURANCE

For the financial year under review, the Board is satisfied and is of the view that the risk management and internal control systems in place for the year under review and up to the date of issuance of the financial statements is adequate and effective and there are no material losses resulting from significant weaknesses that require separate disclosure in the Annual Report. The Board has also received assurances from the Executive Directors and the Company's Accountant that to their knowledge, the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group. Nevertheless, the Board together with the management of the Group is continuously taking measures to improve the policies and processes to further strengthen the key elements of risk management and internal control systems.

This Statement on Risk Management and Internal Control is made in accordance with the Board's resolution dated 17 July 2014.

## **Other Compliance Information**

for the financial year ended 31 March 2014

in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

### **UTILISATION OF PROCEEDS**

The Company did not raise any proceeds from corporate proposals during the financial year under review.

### **NON-AUDIT FEES**

The amount of non-audit fees incurred for services rendered to the Group for the financial year under review amounted to RM38,300 by the external auditors or a firm or company affiliated to the external auditors.

### **MATERIAL CONTRACTS**

There were no material contracts entered into by the Company and its subsidiaries involving the interest of the Directors and major shareholders which were still subsisting as at the end of the financial year or which were entered into since the end of the previous financial year.

### **REVALUATION OF LANDED PROPERTIES**

The Group has not adopted a policy of regular revaluation on landed properties.

### **SHARE BUY-BACK**

There were no purchases of its own shares by the Company during the financial year under review.

### **OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**

The Company did not issue any options, warrants or convertible securities during the financial year under review.

### **AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME**

The Company did not sponsor any ADR or GDR programme during the financial year under review.

### **SANCTIONS AND/OR PENALTIES**

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

### **PROFIT ESTIMATE, FORECAST OR PROJECTION**

There were no material variations between the results for the financial year and the unaudited results previously announced by the Company. The Company also did not issue any profit estimate, forecast or projection for the financial year under review.

### **PROFIT GUARANTEE**

There were no profit guarantees for the financial year under review.

## Directors' Responsibility Statement

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

The Directors consider that, in preparing the financial statements for the financial year ended 31 March 2014, the Group has used appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent. The Directors have used and applied on a consistent basis, the accounting policies and practices under the applicable approved accounting standards and the provisions of the Companies Act, 1965 in Malaysia.

The Directors also have a general 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.



# *Financial Statements*

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35	Directors' Report		
39	Statement by Directors		
39	Statutory Declaration	44	Consolidated Statement of Changes in Equity
40	Independent Auditors' Report	45	Statement of Changes in Equity
42	Statements of Financial Position	46	Statements of Cash Flows
43	Statements of Profit or Loss and Other Comprehensive Income	48	Notes to the Financial Statements



# Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in property investment and investment holding activities.

The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to owners of the Company	6,899	2,801

## DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend the payment of any final dividend in respect of the current financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

## ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

## TREASURY SHARES

As at 31 March 2014, the Company held 1,289,400 treasury shares at a total cost of RM1,199,000.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

# Directors' Report

cont'd

## DIRECTORS

The Directors who have held office since the date of the last report are:

Dato' Seri Hj. Shaik Daud bin Md. Ismail (*Chairman*)  
 Datuk Lau Chin An  
 Loh Chen Yook  
 Dato' Ong Chong Sek  
 Leow Hoi Loong @ Liow Hoi Loong  
 Woo Min Fong  
 Law Wai Cheong (*appointed on 28 March 2014*)  
 Teo Chee Kok (*appointed on 31 March 2014*)  
 Wu Sor Hwa (*resigned on 31 March 2014*)  
 Low Choong Sing (*retired on 25 September 2013*)  
 Rozana binti Tan Sri Dato' Haji Redzuan (*retired on 25 September 2013*)

In accordance with Article 76 of the Company's Articles of Association, Loh Chen Yook retires by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Woo Min Fong who retires by rotation in accordance with Article 76 of the Company's Articles of Association, has expressed her intention not to seek re-election. Hence, she will retain office until the close of the forthcoming Annual General Meeting.

In accordance with Article 83 of the Company's Articles of Association, Law Wai Cheong and Teo Chee Kok, retired from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Dato' Seri Hj. Shaik Daud bin Md. Ismail who retires pursuant to Section 129 (2) of the Companies Act, 1965 in Malaysia at the forthcoming Annual General Meeting, has expressed his intention not to seek re-appointment. Hence, he will retain office until the close of the forthcoming Annual General Meeting.

## DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares in the Company and of its related corporations during the financial year ended 31 March 2014 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	← Number of ordinary shares of RM1.00 each →			
	Balance as at 1.4.2013	Bought	Sold	Balance as at 31.3.2014
<b>Shares in the Company</b>				
Direct interests:				
Loh Chen Yook	10,850,000	-	(10,850,000)	-
Indirect interests:				
Loh Chen Yook <sup>#</sup>	21,550,000	-	(21,550,000)	-

<sup>#</sup> Indirect interests by Loh Chen Yook was held through Meridian Hectares Sdn. Bhd., in which Loh Chen Yook and his spouse had controlling interests.

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

## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from the fair value adjustments on investment properties resulting in an increase in the profit of the Group and of the Company for the financial year by RM3,187,000 and RM2,913,000 respectively as disclosed in Note 26 to the financial statements.

### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
  - (i) which would render the amounts written off for bad debts or the amount of provision made for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.



# Directors' Report

*cont'd*

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY *cont'd*

### (III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

### SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 26 November 2013, the Company's Board of Directors received a notice of conditional take-over offer from Hong Leong Investment Bank Berhad ('HLIB') on behalf of TS Law Group Sdn. Bhd. ('Offeror') to acquire all the remaining ordinary shares of RM1.00 each in the Company not already owned by the Offeror ('Offer Shares') for a cash offer price of RM1.10 per offer share ('Offer').

The Offer is conditional upon having received valid acceptances by the closing of the Offer, which would result in the Offeror and its person acting in concert ('PAC') holding in aggregate the Company's shares that have already been acquired, held or entitled to be acquired or held by the Offeror and its PACS, more than 50% of the issued and paid-up share capital of the Company.

On 21 January 2014, the Offer has become unconditional as the Offeror has received valid acceptances resulting in holding in aggregate more than 50% of the issued and paid-up share capital of the Company.

On 14 February 2014, the Offer was closed, whereby the total number of Offer Shares for which acceptances have been received by the Offeror amounting to 70,363,885 shares; the percentage of total issued and paid-up share capital of the Company held by the Offeror has therefore increased from 19.27% to 71.42%.

### AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

**LOH CHEN YOOK**

*Director*

Kuala Lumpur  
17 July 2014

**DATO' ONG CHONG SEK**

*Director*

## Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 42 to 107 have been drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 36 to the financial statements on page 108 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

**LOH CHEN YOOK**

*Director*

Kuala Lumpur

17 July 2014

**DATO' ONG CHONG SEK**

*Director*

## Statutory Declaration

I, Dato' Ong Chong Sek, being the Director primarily responsible for the financial management of Perduren (M) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 42 to 108 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

**DATO' ONG CHONG SEK**

Subscribed and solemnly  
declared by the above named at  
Kuala Lumpur this  
17 July 2014

Before me,

**ZAINALABIDIN BIN NAN**

No. W316

**Commissioner for Oaths**

Kuala Lumpur

# Independent Auditors' Report

to the Members of Perduren (M) Berhad

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Perduren (M) Berhad, which comprise statements of financial position as at 31 March 2014 of the Group and of the Company, and statements of profit or loss and other 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 42 to 107.

### Directors' Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the 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 entity's internal control. 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 of 31 March 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 4.1 to the financial statements. As of 31 March 2014, the current liabilities of the Company exceeded its current assets by RM35,319,000. In addition, as at the end of the reporting period, borrowings of the Group and of the Company, which are due and repayable within one (1) year amounted to RM51,210,000 and RM21,002,000 respectively. The ability of the Group and of the Company to continue as going concerns in the future is therefore dependent on the ability of the Group and of the Company to generate sufficient funds from operations, and/or disposal of assets, or to receive support from their lenders, so as to meet their obligations as and when they fall due.

# Independent Auditors' Report

to the Members of Perduren (M) Berhad  
*cont'd*

## 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 Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) 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 Act.

## OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 36 to the financial statements 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 Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in 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 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 content of this report.

**BDO**  
AF : 0206  
Chartered Accountants

Kuala Lumpur  
17 July 2014

**NG SOE KEI**  
2982/08/15(J)  
Chartered Accountant

# Statements of Financial Position

as at 31 March 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	7	33,289	34,904	2,532	2,563
Investment properties	8	312,953	312,703	171,224	171,424
Investments in subsidiaries	9	-	-	52,403	44,653
Deferred tax assets	10	-	1,280	-	1,280
Trade and other receivables	11	-	-	39,186	33,607
		346,242	348,887	265,345	253,527
<b>Current assets</b>					
Property development costs	12	82,036	13,572	-	-
Inventories	13	27	30	-	-
Trade and other receivables	11	27,975	2,469	5,286	13,974
Current tax assets		513	36	492	-
Cash and cash equivalents	14	10,066	2,401	1,615	1,558
		120,617	18,508	7,393	15,532
<b>TOTAL ASSETS</b>		466,859	367,395	272,738	269,059
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	15	136,208	136,208	136,208	136,208
Reserves	16	78,589	71,690	53,106	50,305
<b>TOTAL EQUITY</b>		214,797	207,898	189,314	186,513
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	10	732	139	72	-
Trade and other payables	22	50,959	-	-	-
Borrowings	17	94,668	85,374	40,640	36,045
		146,359	85,513	40,712	36,045
<b>Current liabilities</b>					
Trade and other payables	22	53,666	16,456	21,710	8,531
Borrowings	17	51,210	56,202	21,002	37,353
Current tax liabilities		827	1,326	-	617
		105,703	73,984	42,712	46,501
<b>TOTAL LIABILITIES</b>		252,062	159,497	83,424	82,546
<b>TOTAL EQUITY AND LIABILITIES</b>		466,859	367,395	272,738	269,059

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



# Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 March 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	23	<b>66,300</b>	29,354	<b>9,375</b>	9,609
Cost of sales	24	<b>(35,033)</b>	(7,156)	<b>(3,293)</b>	(3,490)
Gross profit		<b>31,267</b>	22,198	<b>6,082</b>	6,119
Other operating income		<b>4,434</b>	2,846	<b>6,140</b>	2,500
Administration expenses		<b>(11,887)</b>	(9,548)	<b>(2,367)</b>	(2,309)
Other operating expenses		<b>(5,706)</b>	(3,541)	<b>(1,353)</b>	(792)
Finance costs	25	<b>(7,916)</b>	(8,039)	<b>(4,231)</b>	(4,270)
Profit before tax	26	<b>10,192</b>	3,916	<b>4,271</b>	1,248
Tax expense	27	<b>(3,293)</b>	(1,536)	<b>(1,470)</b>	(865)
Profit for the financial year		<b>6,899</b>	2,380	<b>2,801</b>	383
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		<b>6,899</b>	2,380	<b>2,801</b>	383
Profit attributable to:					
Owners of the Company		<b>6,899</b>	2,380	<b>2,801</b>	383
Total comprehensive income attributable to:					
Owners of the Company		<b>6,899</b>	2,380	<b>2,801</b>	383
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic and diluted	28	<b>5.11</b>	1.76		

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

# Consolidated Statement of Changes in Equity

for the financial year ended 31 March 2014

Group	Share capital RM'000	Non-distributable			Distributable Retained earnings RM'000	Total equity RM'000
		Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000		
<b>Balance as at 31 March 2012</b>	136,208	8,536	275	(1,199)	61,698	205,518
Profit for the financial year	-	-	-	-	2,380	2,380
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	2,380	2,380
<b>Balance as at 31 March 2013</b>	136,208	8,536	275	(1,199)	64,078	207,898
Profit for the financial year	-	-	-	-	6,899	6,899
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	6,899	6,899
<b>Balance as at 31 March 2014</b>	<b>136,208</b>	<b>8,536</b>	<b>275</b>	<b>(1,199)</b>	<b>70,977</b>	<b>214,797</b>

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

## Statement of Changes in Equity

for the financial year ended 31 March 2014

Company	← Non-distributable →			Distributable	Total equity
	Share capital	Share premium	Treasury shares	Retained earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 31 March 2012</b>	136,208	8,536	(1,199)	42,585	186,130
Profit for the financial year	-	-	-	383	383
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	383	383
<b>Balance as at 31 March 2013</b>	136,208	8,536	(1,199)	42,968	186,513
Profit for the financial year	-	-	-	2,801	2,801
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	2,801	2,801
<b>Balance as at 31 March 2014</b>	<b>136,208</b>	<b>8,536</b>	<b>(1,199)</b>	<b>45,769</b>	<b>189,314</b>

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

# Statements of Cash Flows

for the financial year ended 31 March 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		10,192	3,916	4,271	1,248
Adjustments for:					
Bad debts written off		1	15	-	6
Depreciation of property, plant and equipment	7	2,031	1,949	219	217
Fair value adjustments on investment properties	8	(3,187)	-	(2,913)	-
Gain on disposal of investment properties		(756)	-	(756)	-
Impairment losses on trade receivables	11	838	2,593	34	-
Interest expense	25	7,916	8,039	4,231	4,270
Interest income		(140)	(47)	(2,463)	(2,416)
Loss on disposal of property, plant and equipment		-	1	-	1
Property, plant and equipment written off	7	140	2	-	-
Reversal of impairment losses on trade receivables	11	-	(35)	-	(35)
Reversal of accruals		-	(2,593)	-	-
Operating profit before changes in working capital		17,035	13,840	2,623	3,291
Increase in property development costs		(68,464)	(8,279)	-	-
Decrease/(Increase) in inventories		3	(8)	-	-
(Increase)/Decrease in trade and other receivables		(26,339)	(182)	(523)	454
Increase/(Decrease) in trade and other payables		79,137	5,499	(4,302)	5,274
Cash generated from/(used in) operations		1,372	10,870	(2,202)	9,019
Tax paid		(2,396)	(2,637)	(1,227)	(1,877)
Net cash (used in)/from operating activities		(1,024)	8,233	(3,429)	7,142

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

# Statements of Cash Flows

for the financial year ended 31 March 2014

cont'd

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of additional interest in a subsidiary		-	-	(7,750)	-
Interest received		134	47	46	2,416
Placement of deposits pledged		(346)	(47)	(46)	(45)
Proceeds from disposal of:					
- investment properties		11,000	-	11,000	-
- property, plant and equipment		-	2	-	-
Purchase of:					
- investment properties	8	(7,307)	(353)	(7,131)	-
- property, plant and equipment	7	(506)	(1,189)	(188)	(95)
Advances from a related party		8,500	-	8,500	-
Advances from/(to) subsidiaries		-	-	14,706	(7,854)
Net cash from/(used in) investing activities		11,475	(1,540)	19,137	(5,578)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Drawdown of borrowings		22,250	12,825	-	11,800
Interest paid		(7,384)	(8,564)	(3,941)	(4,547)
Repayments of:					
- hire-purchase and lease creditors		(84)	(157)	(61)	(38)
- term loans		(14,039)	(11,439)	(7,142)	(7,143)
Net cash from/(used in) financing activities		743	(7,335)	(11,144)	72
Net increase/(decrease) in cash and cash equivalents		11,194	(642)	4,564	1,636
Cash and cash equivalents at beginning of financial year		(26,256)	(25,614)	(18,344)	(19,980)
Cash and cash equivalents at end of financial year	14	(15,062)	(26,256)	(13,780)	(18,344)

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



# Notes to the Financial Statements

31 March 2014

## 1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company is located at No. 47, 2nd Floor, Jalan 1/116B, Kuchai Entrepreneurs Park, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.

The consolidated financial statements for the financial year ended 31 March 2014 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 17 July 2014.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in property investment and investment holding activities.

The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 42 to 107 have been prepared in accordance with Financial Reporting Standards ('FRSs') and the provisions of the Companies Act, 1965 in Malaysia.

However, Note 36 to the financial statements set out on page 108 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements and on a going concern basis.

As of 31 March 2014, the current liabilities of the Company exceeded its current assets by RM35,319,000. In addition, as at the end of the reporting period, borrowings of the Group and of the Company, which are due and repayable within one (1) year amounted to RM51,210,000 and RM21,002,000 respectively.

The Directors are confident that the Group and the Company will be able to continue as going concerns, which is dependent on the ability of the Group and of the Company to generate sufficient funds from operations, and/or disposal of assets, or to receive support from their lenders, so as to meet their obligations as and when they fall due. During the current financial year, borrowings of the Group and of the Company were revised, whereby the repayments of RM3,200,000 and RM11,800,000 were extended to May 2016 and June 2016 respectively, as disclosed in Note 21 to the financial statements.

# Notes to the Financial Statements

31 March 2014

*cont'd*

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.1 Basis of accounting *cont'd*

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

The preparation of financial statements in conformity with FRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

### 4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (i) Power over the investee;
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual agreements; and
- (iii) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

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

# Notes to the Financial Statements

31 March 2014

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES cont'd

### 4.2 Basis of consolidation cont'd

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

### 4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (i) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;
- (ii) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and
- (iii) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

# Notes to the Financial Statements

31 March 2014

*cont'd*

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.3 Business combinations *cont'd*

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (i) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
- (ii) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

### 4.4 Property, plant and equipment and depreciation

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

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

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

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

# Notes to the Financial Statements

31 March 2014

*cont'd*

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.4 Property, plant and equipment and depreciation *cont'd*

Depreciation on property, plant and equipment is calculated to write off the costs of the assets on a straight line basis over their estimated useful lives. The principal annual depreciation periods and rates are as follows:

Hotel properties	2%
Hotel renovation	6.67%
Buildings	72 years
Furniture, fittings and office equipment	10% - 33.33%
Computer hardware and software	15% - 33.33%
Motor vehicles	20%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

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

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

### 4.5 Leases and hire-purchase

#### *Finance leases and hire-purchase*

Assets acquired under finance leases and hire-purchase which transfer substantially all the risks and rewards of ownership of the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire-purchase liabilities.

### 4.6 Property development costs

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



# Notes to the Financial Statements

31 March 2014

*cont'd*

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.6 Property development costs *cont'd*

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

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

### 4.7 Investment properties

Investment properties are properties, which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions.

Fair values of investment properties are determined based on investment and comparison methods. It is performed by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

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

### 4.8 Investments

#### *Subsidiaries*

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less accumulated impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

# Notes to the Financial Statements

31 March 2014

*cont'd*

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.8 Investments *cont'd*

#### *Subsidiaries cont'd*

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

### 4.9 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories, deferred tax assets and investment properties measured at fair value, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

### 4.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. The cost of consumables comprises all cost of purchases plus the cost of bringing the inventories to their present location and condition.

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

# Notes to the Financial Statements

31 March 2014

*cont'd*

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

#### (a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

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

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

##### (ii) *Held-to-maturity investments*

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

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

# Notes to the Financial Statements

31 March 2014

*cont'd*

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.11 Financial instruments *cont'd*

#### (a) Financial assets *cont'd*

##### (iii) *Loans and receivables*

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

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

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

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

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, fixed deposits pledged to financial institutions, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

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

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

# Notes to the Financial Statements

31 March 2014

*cont'd*

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.11 Financial instruments *cont'd*

#### (b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

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

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

##### (ii) *Other financial liabilities*

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

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

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

# Notes to the Financial Statements

31 March 2014

*cont'd*

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.11 Financial instruments *cont'd*

#### (b) Financial liabilities *cont'd*

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

#### (c) Equity

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

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

### 4.12 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

#### *Loans and receivables*

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.



# Notes to the Financial Statements

31 March 2014

*cont'd*

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.12 Impairment of financial assets *cont'd*

#### *Loans and receivables cont'd*

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

The carrying amount of loans and receivables is reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates 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 impairment reversed is recognised in profit or loss.

### 4.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing cost is recognised in profit or loss in the period in which they are incurred.

### 4.14 Income taxes

Income taxes include taxes on all taxable profits and other taxes such as real property gains taxes payables on disposal of properties, if any.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

#### (a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

#### (b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

# Notes to the Financial Statements

31 March 2014

*cont'd*

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.14 Income taxes *cont'd*

#### (b) Deferred tax *cont'd*

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of the reporting period.

### 4.15 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

# Notes to the Financial Statements

31 March 2014

*cont'd*

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

### 4.17 Employee benefits

#### (a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

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

#### (b) Defined contribution plan

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

### 4.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables, net of discount and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

#### (a) Rental income

Rental income is recognised on an accrual basis over the period of the tenancy agreement.

# Notes to the Financial Statements

31 March 2014

*cont'd*

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.18 Revenue recognition *cont'd*

#### (b) Car park income

Car park income is recognised upon rendering of services.

#### (c) Hotel operations revenue

Hotel operations revenue comprise of rental of hotel rooms, sale of food and beverages and other hotel related income, and are recognised upon occupancy of rooms and delivery of goods and acceptance by customers, net of service charge and sales tax.

#### (d) Interest income

Interest income is recognised as it accrues, using the effective interest method.

#### (e) Property development

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

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

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

### 4.19 Operating segments

Operating segments are defined as components of the Group that:

- (a) engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

# Notes to the Financial Statements

31 March 2014

*cont'd*

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.19 Operating segments *cont'd*

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:
  - (i) the combined reported profit of all operating segments that did not report a loss; and
  - (ii) the combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

### 4.20 Earnings per share

#### (i) Basic

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

#### (ii) Diluted

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

### 4.21 Fair value measurement

The fair value of an asset or a liability 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 fair value 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.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (i) The condition and location of the asset; and
- (ii) Restrictions, if any, on the sale or use of the asset.

# Notes to the Financial Statements

31 March 2014

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES cont'd

### 4.21 Fair value measurement cont'd

The fair value measurement for a non-financial asset takes into account the ability of the market participant 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.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (i) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (ii) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

### 5.1 New FRSs adopted during the financial year

The Group and the Company adopted the following accounting standards, amendments and interpretations of the FRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to FRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
FRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
FRS 11 <i>Joint Arrangements</i>	1 January 2013
FRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
FRS 13 <i>Fair Value Measurement</i>	1 January 2013
FRS 119 <i>Employee Benefits (2011)</i>	1 January 2013
FRS 127 <i>Separate Financial Statements</i>	1 January 2013
FRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2013
Amendments to FRS 1 <i>Government Loans</i>	1 January 2013
Amendments to FRS 7 <i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to FRSs <i>Annual Improvements 2009 - 2011 Cycle</i>	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013

The adoption of the above accounting standards, amendments and interpretations of the FRS Framework had no material impact on the financial statements of the Group and the Company.



# Notes to the Financial Statements

31 March 2014

cont'd

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs cont'd

### 5.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014

The following are accounting standards, amendments and interpretations of the FRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective Date
Amendments to FRS 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to FRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to FRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to FRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to FRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to FRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014
<i>Defined Benefit Plans: Employee Contributions (Amendments to FRS 119)</i>	1 July 2014
Amendments to FRSs <i>Annual Improvements 2010 - 2012 Cycle</i>	1 July 2014
Amendments to FRSs <i>Annual Improvements 2011 - 2013 Cycle</i>	1 July 2014
<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	Deferred
<i>FRS 9 Financial Instruments (2009)</i>	Deferred
<i>FRS 9 Financial Instruments (2010)</i>	Deferred
<i>FRS 9 Financial Instruments (Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139)</i>	Deferred

The Group is in the process of assessing the impact of implementing these standards, amendments and interpretations, since the effects would only be observable for the future financial years.

### 5.3 New MFRSs that have been issued, but have yet to be adopted during the current financial year

On 19 November 2011, the MASB announced the issuance of the new MFRS Framework that is applicable to entities other than private entities. However, the MASB deferred the effective date of MFRS Framework for transitioning entities (i.e. entities affected by MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*) from 1 January 2013 to 1 January 2015. The Group would subsequently adopt the MFRS Framework for the financial year ending 31 March 2016 as it is a transitioning entity.

The subsequent adoption of the MFRS Framework would result in the Group preparing an opening MFRS statement of financial position as at 1 April 2014, which adjusts for differences between the classification and measurement bases in the existing FRS Framework versus that in the new MFRS Framework. This would also result in a restatement of the annual and quarterly financial performance for the financial year ending 31 March 2015 in accordance with MFRS, which would form the MFRS comparatives for the annual and quarterly financial performance for the financial year ending 31 March 2016.

# Notes to the Financial Statements

31 March 2014

cont'd

## 5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs cont'd

### 5.3 New MFRSs that have been issued, but have yet to be adopted during the current financial year cont'd

The accounting standards, amendments and interpretations expected to be adopted are as follows:

Title	Effective Date
MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2015
Amendments to MFRS 1 <i>Government Loans</i>	1 January 2015
MFRS 2 <i>Share-based Payment</i>	1 January 2015
MFRS 3 <i>Business Combinations</i>	1 January 2015
MFRS 4 <i>Insurance Contracts</i>	1 January 2015
MFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2015
MFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2015
MFRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2015
Amendments to MFRS 7 <i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2015
MFRS 8 <i>Operating Segments</i>	1 January 2015
Mandatory Effective Date of MFRS 9 and Transition Disclosures	Deferred
MFRS 9 <i>Financial Instruments</i>	Deferred
MFRS 9 <i>Financial Instruments</i> (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)	Deferred
MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2015
MFRS 11 <i>Joint Arrangements</i>	1 January 2015
MFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2015
MFRS 13 <i>Fair Value Measurement</i>	1 January 2015
Amendments to MFRS 10, MFRS 11 and MFRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2015
Amendments to MFRS 10, MFRS 12 and MFRS 127 <i>Investment Entities</i>	1 January 2015
MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2015
Amendments to MFRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 January 2015
MFRS 102 <i>Inventories</i>	1 January 2015
MFRS 107 <i>Statement of Cash Flows</i>	1 January 2015
MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2015
MFRS 110 <i>Events After the Reporting Period</i>	1 January 2015
MFRS 111 <i>Construction Contracts</i>	1 January 2015
MFRS 112 <i>Income Taxes</i>	1 January 2015
MFRS 116 <i>Property, Plant and Equipment</i>	1 January 2015
MFRS 117 <i>Leases</i>	1 January 2015
MFRS 118 <i>Revenue</i>	1 January 2015

# Notes to the Financial Statements

31 March 2014

cont'd

## 5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs cont'd

### 5.3 New MFRSs that have been issued, but have yet to be adopted during the current financial year cont'd

The accounting standards, amendments and interpretations expected to be adopted are as follows: cont'd

Title	Effective Date
MFRS 119 <i>Employee Benefits</i>	1 January 2015
MFRS 119 <i>Employee Benefits (revised)</i>	1 January 2015
<i>Defined Benefit plans: Employee Contribution (Amendments to MFRS 119)</i>	1 January 2015
MFRS 120 <i>Accounting for Government Grants and Disclosures of Government Assistance</i>	1 January 2015
MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i>	1 January 2015
MFRS 123 <i>Borrowing Costs</i>	1 January 2015
MFRS 124 <i>Related Party Disclosures</i>	1 January 2015
MFRS 126 <i>Accounting and Reporting by Retirement Benefit Plans</i>	1 January 2015
MFRS 127 <i>Separate Financial Statements</i>	1 January 2015
MFRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2015
MFRS 129 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2015
MFRS 132 <i>Financial Instruments: Presentation</i>	1 January 2015
<i>Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities</i>	1 January 2015
MFRS 133 <i>Earnings Per Share</i>	1 January 2015
MFRS 134 <i>Interim Financial Reporting</i>	1 January 2015
MFRS 136 <i>Impairment of Assets</i>	1 January 2015
<i>Amendments to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2015
MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2015
MFRS 138 <i>Intangible Assets</i>	1 January 2015
MFRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2015
<i>Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2015
MFRS 140 <i>Investment Property</i>	1 January 2015
MFRS 141 <i>Agriculture</i>	1 January 2015
<i>Amendments to MFRSs Annual Improvements 2009 - 2011 Cycle</i>	1 January 2015
<i>Annual Improvements 2010 - 2012 Cycle</i>	1 January 2015
<i>Annual Improvements 2011 - 2013 Cycle</i>	1 January 2015
<i>Amendments to MFRSs (2008)</i>	1 January 2015
<i>Amendments to MFRSs (2009)</i>	1 January 2015
<i>Amendments to MFRSs (2010)</i>	1 January 2015
IC Interpretation 1 <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 January 2015
IC Interpretation 2 <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 January 2015
IC Interpretation 4 <i>Determining Whether an Arrangement Contains a Lease</i>	1 January 2015

# Notes to the Financial Statements

31 March 2014

cont'd

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs cont'd

### 5.3 New MFRSs that have been issued, but have yet to be adopted during the current financial year cont'd

The accounting standards, amendments and interpretations expected to be adopted are as follows: cont'd

Title	Effective Date
IC Interpretation 5 <i>Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 January 2015
IC Interpretation 6 <i>Liabilities Arising from participating in a Specific Market-Waste Electrical and Electronic Equipment</i>	1 January 2015
IC Interpretation 7 <i>Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies</i>	1 January 2015
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2015
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	1 January 2015
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 January 2015
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	1 January 2015
IC Interpretation 14 <i>MFRS 119 - The Limit on a Defined Benefits, Assets, Minimum Funding Requirements and their Interaction</i>	1 January 2015
IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>	1 January 2015
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 January 2015
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 January 2015
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2015
IC Interpretation 19 <i>Extinguishing Financial liabilities with Equity Instruments</i>	1 January 2015
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2015
IC Interpretation 21 <i>Levies</i>	1 January 2015
IC Interpretation 107 <i>Introduction of the Euro</i>	1 January 2015
IC Interpretation 110 <i>Government Assistance - No Specific Relation to Operating Activities</i>	1 January 2015
IC Interpretation 112 <i>Consolidation - Special Purpose Entities</i>	1 January 2015
IC Interpretation 113 <i>Jointly Controlled Entities - Non-Monetary Contributions by Venturers</i>	1 January 2015
IC Interpretation 115 <i>Operating Leases - Incentives</i>	1 January 2015
IC Interpretation 125 <i>Income Taxes - Changes in the Tax Status of an Entity or its Shareholder</i>	1 January 2015
IC Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>	1 January 2015
IC Interpretation 129 <i>Service Concession Arrangements: Disclosures</i>	1 January 2015
IC Interpretation 131 <i>Revenue - Barter Transactions Involving Advertising Services</i>	1 January 2015
IC Interpretation 132 <i>Intangible Assets - Web Site Costs</i>	1 January 2015

The Group and the Company is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial year.

# Notes to the Financial Statements

31 March 2014

cont'd

## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

### 6.1 Changes in estimates

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

The Directors are of the opinion that there are no changes in estimates at the end of the reporting period.

### 6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

#### (a) Classification between investment properties and property, plant and equipment

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

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

#### (b) Operating lease commitments – the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases due to the lease period ranged from one (1) to three (3) years out of the investment properties' economic life of fifty (50) years.

#### (c) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

#### (d) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

#### (e) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

# Notes to the Financial Statements

31 March 2014

*cont'd*

## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *cont'd*

### 6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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.

#### (a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment based on common life expectancies applied in the industry as disclosed in Note 4.4 to the financial statements. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and, therefore future depreciation charges could be revised.

#### (b) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying value of receivables.

#### (c) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 34 to the financial statements.

#### (d) 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 profits would be available against which the losses and capital allowances can be utilised. Significant 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 together with future tax planning strategies.

#### (e) Impairment of investments in subsidiaries and amounts owing by subsidiaries

The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment and assess the impairment of receivables on the amounts owing by subsidiaries when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiaries and amounts owing by subsidiaries are assessed by reference to the value in use of the respective subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.



# Notes to the Financial Statements

31 March 2014

*cont'd*

## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *cont'd*

### 6.3 Key sources of estimation uncertainty *cont'd*

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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. *cont'd*

#### (f) Property development

The Group recognise revenue from property development and the related expenses in statements of comprehensive income by using the stage of completion method. The percentage of completion is determined by the proportion that property development costs incurred for work performed to date compares to the estimated total property development costs.

Significant judgements 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 development projects. The property development also includes an estimation of variation works that are recoverable from customers. In making the judgement, the Group evaluates by relying on past experience and the work of specialists.

#### (g) Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

- (i) Level 1: Quoted prices in active markets for identical items (unadjusted);
- (ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- (iii) Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures these elements in the financial statements at fair value:

- (i) Investment properties, Note 8 to the financial statements; and
- (ii) Financial instruments, Note 33 to the financial statements.

# Notes to the Financial Statements

31 March 2014

cont'd

## 7. PROPERTY, PLANT AND EQUIPMENT

Group 2014	Balance as at 1.4.2013 RM'000	Additions RM'000	Written off RM'000	Depreciation charge for the year RM'000	Balance as at 31.3.2014 RM'000
<b>Carrying amount</b>					
Hotel properties	16,809	-	-	(350)	16,459
Hotel renovation	13,847	75	(134)	(1,031)	12,757
Buildings	1,834	-	-	(39)	1,795
Furniture, fittings and office equipment	1,913	173	(5)	(396)	1,685
Computer hardware and software	108	251	(1)	(110)	248
Motor vehicles	54	-	-	(13)	41
Motor vehicles under hire-purchase	339	57	-	(92)	304
	34,904	556	(140)	(2,031)	33,289

	At 31.3.2014		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Hotel properties	17,524	(1,065)	16,459
Hotel renovation	15,429	(2,672)	12,757
Buildings	1,951	(156)	1,795
Furniture, fittings and office equipment	3,337	(1,652)	1,685
Computer hardware and software	672	(424)	248
Motor vehicles	75	(34)	41
Motor vehicles under hire-purchase	577	(273)	304
	39,565	(6,276)	33,289

# Notes to the Financial Statements

31 March 2014

cont'd

## 7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group 2013	Balance as at 1.4.2012 RM'000	Additions RM'000	Investment properties (Note 8) RM'000	Disposal RM'000	Written off RM'000	Depreciation charge for the year RM'000	Balance as at 31.3.2013 RM'000
<b>Carrying amount</b>							
Hotel properties	17,180	-	(21)	-	-	(350)	16,809
Hotel renovation	14,062	783	-	-	-	(998)	13,847
Buildings	1,898	-	-	-	-	(64)	1,834
Furniture, fittings and office equipment	1,952	330	-	(3)	(2)	(364)	1,913
Computer hardware and software	184	16	-	-	-	(92)	108
Motor vehicles	4	60	-	-	-	(10)	54
Motor vehicles under hire-purchase	95	315	-	-	-	(71)	339
	35,375	1,504	(21)	(3)	(2)	(1,949)	34,904

<b>At 31.3.2013</b>		
	<b>Cost RM'000</b>	<b>Accumulated depreciation RM'000</b>
Hotel properties	17,524	(715)
Hotel renovation	15,499	(1,652)
Buildings	1,951	(117)
Furniture, fittings and office equipment	3,175	(1,262)
Computer hardware and software	426	(318)
Motor vehicles	75	(21)
Motor vehicles under hire-purchase	520	(181)
	39,170	(4,266)

# Notes to the Financial Statements

31 March 2014

cont'd

## 7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Company 2014	Balance as at 1.4.2013 RM'000	Additions RM'000	Depreciation charge for the year RM'000	Balance as at 31.3.2014 RM'000
<b>Carrying amount</b>				
Buildings	1,835	-	(39)	1,796
Furniture, fittings, renovation and office equipment	392	2	(88)	306
Computer hardware and software	17	186	(17)	186
Motor vehicles	6	-	(1)	5
Motor vehicles under hire-purchase	313	-	(74)	239
	2,563	188	(219)	2,532
<b>At 31.3.2014</b>				
	<b>Cost RM'000</b>	<b>Accumulated depreciation RM'000</b>		<b>Carrying amount RM'000</b>
Buildings	1,952	(156)		1,796
Furniture, fittings, renovation and office equipment	880	(574)		306
Computer hardware and software	267	(81)		186
Motor vehicles	11	(6)		5
Motor vehicles under hire-purchase	457	(218)		239
	3,567	(1,035)		2,532

# Notes to the Financial Statements

31 March 2014

cont'd

## 7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Company 2013	Balance as at 1.4.2012 RM'000	Additions RM'000	Disposal RM'000	Depreciation charge for the year RM'000	Balance as at 31.3.2013 RM'000
<b>Carrying amount</b>					
Buildings	1,898	-	-	(63)	1,835
Furniture, fittings, renovation and office equipment	453	27	(1)	(87)	392
Computer hardware and software	20	8	-	(11)	17
Motor vehicles	-	7	-	(1)	6
Motor vehicles under hire-purchase	-	368	-	(55)	313
	2,371	410	(1)	(217)	2,563

	<b>At 31.3.2013</b>		
	<b>Cost RM'000</b>	<b>Accumulated depreciation RM'000</b>	<b>Carrying amount RM'000</b>
Buildings	1,952	(117)	1,835
Furniture, fittings, renovation and office equipment	878	(486)	392
Computer hardware and software	86	(69)	17
Motor vehicles	11	(5)	6
Motor vehicles under hire-purchase	457	(144)	313
	3,384	(821)	2,563

- (a) In the previous financial year, the hotel properties of the Group with an aggregate carrying amount of RM21,000 were reclassified from property, plant and equipment to investment properties following the change in the management's intention for the usage of the properties. The deemed cost of the properties reclassified were based on their fair values at the date of change in use.
- (b) The hotel properties and buildings of the Group and of the Company are charged to financial institutions for banking facilities granted to the Group and the Company as set out in Note 20 to the financial statements.
- (c) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	<b>Group</b>		<b>Company</b>	
	<b>2014 RM'000</b>	<b>2013 RM'000</b>	<b>2014 RM'000</b>	<b>2013 RM'000</b>
Purchase of property, plant and equipment	556	1,504	188	410
Financed by hire-purchase arrangements	(50)	(315)	-	(315)
Cash payments on purchase of property, plant and equipment	506	1,189	188	95

# Notes to the Financial Statements

31 March 2014

cont'd

## 8. INVESTMENT PROPERTIES

Group 2014	Balance as at 1.4.2013 RM'000	Additions RM'000	Disposals RM'000	Fair value adjustments RM'000	Balance as at 31.3.2014 RM'000
<b>Carrying amount</b>					
At fair value:					
Freehold land	32,302	-	-	-	32,302
Buildings	280,401	7,307	(10,244)	3,187	280,651
	312,703	7,307	(10,244)	3,187	312,953

Group 2013	Balance as at 1.4.2012 RM'000	Additions RM'000	Transfer from property, plant and equipment (Note 7) RM'000	Balance as at 31.3.2013 RM'000
<b>Carrying amount</b>				
At fair value:				
Freehold land	32,302	-	-	32,302
Buildings	280,027	353	21	280,401
	312,329	353	21	312,703

Company 2014	Balance as at 1.4.2013 RM'000	Additions RM'000	Disposal RM'000	Fair value adjustments RM'000	Balance as at 31.3.2014 RM'000
<b>Carrying amount</b>					
At fair value:					
Buildings	171,424	7,131	(10,244)	2,913	171,224

Company 2013	Balance as at 1.4.2012 RM'000	Fair value adjustments RM'000	Balance as at 31.3.2013 RM'000
<b>Carrying amount</b>			
At fair value:			
Buildings	171,424	-	171,424

- (a) The investment properties of the Group and of the Company are charged to financial institutions for banking facilities granted to the Group and the Company as set out in Notes 18 and 20 to the financial statements.
- (b) In the previous financial year, the freehold building of the Group with an aggregate carrying amount of RM21,000 was reclassified from property, plant and equipment to investment properties following the change in the management's intention for the usage of the properties as disclosed in Note 7 to the financial statements.



# Notes to the Financial Statements

31 March 2014

cont'd

## 8. INVESTMENT PROPERTIES *cont'd*

- (c) Direct operating expenses arising from the investment properties generating rental income during the financial year were as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Service charges	1,620	1,702	1,620	1,702
Insurance	143	132	16	18
Repair and maintenance	694	688	70	108
Quit rent and assessment	659	572	345	300

- (d) Direct operating expenses arising from the investment properties that did not generate rental income during the financial year were as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Service charges	1,060	1,169	1,060	1,169
Insurance	26	40	-	-
Repair and maintenance	140	226	20	35
Quit rent and assessment	188	227	124	133

- (e) The fair value of investment properties of the Group and the Company are categorised as follows:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b>2014</b>				
Freehold land	-	32,302	-	32,302
Buildings	-	280,651	-	280,651
	-	312,953	-	312,953
<b>2013</b>				
Freehold land	-	32,302	-	32,302
Buildings	-	280,401	-	280,401
	-	312,703	-	312,703
<b>Company</b>				
<b>2014</b>				
Buildings	-	171,224	-	171,224
<b>2013</b>				
Buildings	-	171,424	-	171,424

# Notes to the Financial Statements

31 March 2014

*cont'd*

## 8. INVESTMENT PROPERTIES *cont'd*

(e) The fair value of investment properties of the Group and the Company are categorised as follows: *cont'd*

- (i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 March 2014 and 31 March 2013.
- (ii) Investment properties at Level 2 fair value were determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The property valuers provide the fair value of the investment property portfolio of the Group and the Company every twelve (12) months.
- (iii) The fair value measurements of the investment properties are based on the highest and best use.

The investment properties of the Group are mainly used to generate rental income. However, the professional valuer has adjusted the fair value of the investment properties upwards to reflect the highest and best use of the said properties. This is to reflect the view of the Directors that the estimation would generate higher cash inflows should the investment properties be disposed off.

## 9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	RM'000	RM'000
At cost:		
- Unquoted equity shares	53,002	45,252
Less: Impairment losses	(599)	(599)
	<b>52,403</b>	44,653

- (a) On 18 April 2013, the Company has acquired additional issued and paid up ordinary share capital of RM7,750,000 of Landmark Zone Sdn. Bhd., a wholly-owned subsidiary of the Company.

# Notes to the Financial Statements

31 March 2014

cont'd

## 9. INVESTMENTS IN SUBSIDIARIES *cont'd*

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

Name of company	Equity interest held by Company		Principal activities
	2014 %	2013 %	
Advantage Equity Sdn. Bhd.	100	100	Property investment
Topy Top Sdn. Bhd.	100	100	Dormant
Tenderly Marketing Sdn. Bhd.	100	100	Dormant
Orlando Manufacturing Sdn. Bhd.	100	100	Dormant
Balance Focus Sdn. Bhd.	100	100	Car park operator
Essential Vista Sdn. Bhd.	100	100	Dormant
Landmark Zone Sdn. Bhd.	100	100	Property development
Grand Sentosa Hotel Management Services Sdn. Bhd. (previously known as Christine Inn & Recreation Sdn. Bhd.)	100	100	Operation of an inn and recreation centre
Evergreen Sprint Sdn. Bhd.	100	100	Dormant
Nautical Gold Sdn. Bhd.	100	100	Dormant

## 10. DEFERRED TAX

(a) The deferred tax liabilities are made up of the following:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Balance as at 1 April	(1,141)	534	(1,280)	54
Recognised in profit or loss (Note 27)	1,873	(1,675)	1,352	(1,334)
Balance as at 31 March	732	(1,141)	72	(1,280)
Presented after appropriate offsetting:				
Deferred tax assets, net	-	(1,280)	-	(1,280)
Deferred tax liabilities, net	732	139	72	-
	732	(1,141)	72	(1,280)

# Notes to the Financial Statements

31 March 2014

cont'd

## 10. DEFERRED TAX *cont'd*

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

### Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 April 2013	193	(1,334)	(1,141)
Recognised in profit or loss	521	1,352	1,873
At 31 March 2014	<b>714</b>	<b>18</b>	<b>732</b>
At 1 April 2012	534	-	534
Recognised in profit or loss	(341)	(1,334)	(1,675)
At 31 March 2013	193	(1,334)	(1,141)

### Deferred tax liabilities of the Company

	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 April 2013	54	(1,334)	(1,280)
Recognised in profit or loss	-	1,352	1,352
At 31 March 2014	<b>54</b>	<b>18</b>	<b>72</b>
At 1 April 2012	54	-	54
Recognised in profit or loss	-	(1,334)	(1,334)
At 31 March 2013	54	(1,334)	(1,280)

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unutilised tax losses	<b>14,339</b>	13,844	<b>635</b>	-
Unabsorbed capital allowances	<b>4,510</b>	4,431	<b>281</b>	-
Other deductible temporary difference	<b>7,805</b>	7,355	-	-
	<b>26,654</b>	25,630	<b>916</b>	-

# Notes to the Financial Statements

31 March 2014

cont'd

## 10. DEFERRED TAX *cont'd*

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

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

The deductible temporary differences do not expire under current tax legislations.

## 11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>				
<b>Other receivables</b>				
Amount owing by a subsidiary	-	-	39,186	33,607
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	5,023	3,939	303	118
Less: Impairment losses	(3,449)	(2,611)	(34)	-
	1,574	1,328	269	118
<b>Other receivables and deposits</b>				
Amounts owing by subsidiaries	-	-	5,080	14,257
Other receivables	2,346	62	219	-
Deposits	566	560	63	29
Less: Impairment losses				
- amounts owing by subsidiaries	-	-	(582)	(582)
- other receivables	(8)	(8)	-	-
	2,904	614	4,780	13,704
<b>Loans and receivables</b>	4,478	1,942	5,049	13,822
Prepayments	582	527	237	152
Accrued billings in respect of property development	22,915	-	-	-
	23,497	527	237	152
	27,975	2,469	5,286	13,974

# Notes to the Financial Statements

31 March 2014

cont'd

## 11. TRADE AND OTHER RECEIVABLES *cont'd*

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company range from 30 to 60 days (2013: 30 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) The non-current amount owing by a subsidiary represents payments made on behalf which are unsecured, bears interest at 6.50% (2013: 6.50%) per annum and is not repayable within twelve (12) months after the end of reporting period.
- (c) The current amounts owing by subsidiaries represent advances and payments on behalf, which are unsecured, interest free and payable on demand in cash and cash equivalents except for RM2,417,000 (2013: RM2,371,000), which bears interest at 6.50% (2013: 6.50%) per annum.
- (d) In the previous financial year, deposit amounted to RM5,039,000 related to the Joint Venture Agreement to jointly develop a commercial property development project, was transferred to property development cost as disclosed in Note 12 to the financial statements. There is no such transaction during the current financial year.
- (e) Included in other receivables are advance payments to a sub-contractor amounting to RM2,068,000 for the purpose of site preparation, earthworks, piling and basement works.
- (f) All trade and other receivables are denominated in RM.
- (g) The ageing analysis of trade receivables of the Group and of the Company are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	937	788	173	64
Past due, not impaired				
- 61 to 90 days	175	230	56	11
- More than 90 days	462	310	40	43
	637	540	96	54
Past due and impaired	3,449	2,611	34	-
	5,023	3,939	303	118

### Receivables that are neither past due nor impaired

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

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

### Receivables that are past due but not impaired

Trade receivables that are past due but not impaired mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payment history. The trade receivables that are past due but not impaired are unsecured in nature.



# Notes to the Financial Statements

31 March 2014

cont'd

## 11. TRADE AND OTHER RECEIVABLES cont'd

- (g) The ageing analysis of trade receivables of the Group and of the Company are as follows: cont'd

### Receivables that are past due and impaired

During the financial year, trade receivables amounting to RM838,000 (2013: RM2,593,000) was impaired.

Trade receivables of the Group and of the Company that are past due and impaired at the end of the reporting period are as follows:

	Group Individually impaired		Company Individually impaired	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables, gross	3,449	2,611	34	-
Less: Impairment loss	(3,449)	(2,611)	(34)	-
	-	-	-	-

The reconciliations of movement in the impairment losses of trade receivables are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 April	2,611	53	-	35
Charge for the financial year	838	2,593	34	-
Reversal of impairment losses	-	(35)	-	(35)
As at 31 March	3,449	2,611	34	-

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

- (h) Information on financial risks of trade and other receivables is disclosed in Note 34 to the financial statements.

# Notes to the Financial Statements

31 March 2014

cont'd

## 12. PROPERTY DEVELOPMENT COSTS

	Group	
	2014	2013
	RM'000	RM'000
Leasehold land, at cost		
Balance as at 1 April	3,300	-
Transferred from other receivables (Note 11(d))	-	1,100
Incurred during the financial year	68,559	2,200
Balance as at 31 March	71,859	3,300
Development costs		
Balance as at 1 April	10,272	-
Transferred from other receivables (Note 11(d))	-	3,939
Incurred during the financial year	26,951	6,333
Balance as at 31 March	37,223	10,272
Total land and development costs	109,082	13,572
Less: Cumulative costs recognised in the statements of profit or loss and other comprehensive income		
Balance as at 1 April	-	-
Recognised during the financial year (Note 24)	(27,046)	-
Balance as at 31 March	(27,046)	-
	82,036	13,572

Property development costs are analysed as follows:

	Group	
	2014	2013
	RM'000	RM'000
Leasehold land, at cost	71,859	3,300
Development costs	37,223	10,272
Accumulated costs recognised as an expense to statements profit or loss and other comprehensive income	(27,046)	-
Balance as at 31 March	82,036	13,572

Included in property development cost are borrowing costs capitalised of RM955,000 (2013: RM254,000) at 7.88% (2013: 8.67%) per annum.

### Leasehold land

The leasehold land under development is provided by Koperasi Shamelin Berhad, a third party, pursuant to the Joint Venture agreement dated 28 February 2011 for the development of Shamelin Star project.

At the end of the reporting period, the Group has accrued an amount of RM60,759,000 (2013: Nil) for the purchase consideration of the leasehold land.

# Notes to the Financial Statements

31 March 2014

cont'd

## 13. INVENTORIES

	Group	
	2014	2013
	RM'000	RM'000
<b>At cost</b>		
Consumables	27	30

Consumables amounting to RM162,000 (2013: RM141,000) have been expensed to the statements of profit or loss and other comprehensive income during the financial year.

## 14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	4,266	1,574	1,598	1,552
Cash and bank balances	5,800	827	17	6
As per statements of financial position	10,066	2,401	1,615	1,558
Less:				
- Bank overdrafts (Note 17)	(23,208)	(27,083)	(13,797)	(18,350)
- Deposits pledged to licensed banks	(1,920)	(1,574)	(1,598)	(1,552)
As per statements of cash flows	(15,062)	(26,256)	(13,780)	(18,344)

- (a) Certain deposits with licensed banks are pledged to licensed banks as security for credit facilities granted to the Group and the Company as set out in Note 18 to the financial statements. The fixed deposits of the Group and of the Company bear average interest of 2.98% (2013: 2.95%) and 2.95% (2013: 2.91%) per annum respectively.
- (b) Information on financial risks of cash and cash equivalents is disclosed in Note 34 to the financial statements.
- (c) All cash and cash equivalents are denominated in RM.

## 15. SHARE CAPITAL

	Group and Company			
	2014		2013	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM1.00 each:				
Authorised	500,000	500,000	500,000	500,000
Issued and fully paid	136,208	136,208	136,208	136,208

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at general meetings of the Company. All ordinary shares rank *pari passu* with regard to the Company's residual assets.

# Notes to the Financial Statements

31 March 2014

cont'd

## 16. RESERVES

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Treasury shares	(1,199)	(1,199)	(1,199)	(1,199)
Share premium	8,536	8,536	8,536	8,536
Capital reserve	275	275	-	-
	<b>7,612</b>	7,612	<b>7,337</b>	7,337
Distributable:				
Retained earnings	<b>70,977</b>	64,078	<b>45,769</b>	42,968
	<b>78,589</b>	71,690	<b>53,106</b>	50,305

### (a) Treasury shares

The shareholders of the Company, by way of an ordinary resolution passed at the annual general meeting held on 19 September 2007, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back").

The shares of the Company repurchased were held as treasury shares in accordance with Section 67A(3)(b) of the Companies Act, 1965 in Malaysia.

As at 31 March 2014, the Group held 1,289,400 (2013: 1,289,400) of the Company's treasury shares at a total cost of RM1,199,000 (2013: RM1,199,000).

## 17. BORROWINGS

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
<b>Current liabilities</b>					
Bank overdrafts	18	<b>23,208</b>	27,083	<b>13,797</b>	18,350
Hire-purchase and lease creditors	19	<b>93</b>	80	<b>62</b>	60
Term loans	20	<b>14,559</b>	14,039	<b>7,143</b>	7,143
Other borrowings	21	<b>13,350</b>	15,000	-	11,800
		<b>51,210</b>	56,202	<b>21,002</b>	37,353
<b>Non-current liabilities</b>					
Hire-purchase and lease creditors	19	<b>215</b>	262	<b>154</b>	217
Term loans	20	<b>70,553</b>	85,112	<b>28,686</b>	35,828
Other borrowings	21	<b>23,900</b>	-	<b>11,800</b>	-
		<b>94,668</b>	85,374	<b>40,640</b>	36,045
		<b>145,878</b>	141,576	<b>61,642</b>	73,398

# Notes to the Financial Statements

31 March 2014

cont'd

## 17. BORROWINGS *cont'd*

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Total borrowings</b>					
Bank overdrafts	18	<b>23,208</b>	27,083	<b>13,797</b>	18,350
Hire-purchase and lease creditors	19	<b>308</b>	342	<b>216</b>	277
Term loans	20	<b>85,112</b>	99,151	<b>35,829</b>	42,971
Other borrowings	21	<b>37,250</b>	15,000	<b>11,800</b>	11,800
		<b>145,878</b>	141,576	<b>61,642</b>	73,398

All borrowings are denominated in RM.

## 18. BANK OVERDRAFTS

The bank overdrafts of the Group and the Company are secured by the following:

- (a) Loan Agreement cum Deed of Assignment of RM70,000,000 over the investment properties of the Group and the Company with a carrying amount of RM158,000,000 (2013: RM161,000,000) and RM157,323,000 (2013: RM160,514,000) respectively and a first party first legal charge (Note 8);
- (b) specific debenture of RM70,000,000 by way of a fixed and floating charge over the investment properties of the Group and of the Company with a carrying amount of RM158,000,000 (2013: RM161,000,000) and RM157,323,000 (2013: RM160,514,000) respectively, all the borrower's rights, interests and benefits in and under the property including all sales proceeds, rental income, other revenue, claims and any undertaking relating to the property;
- (c) first party pledge of deposits equivalent to three (3) months' interest servicing on the facility (Note 14);
- (d) a Facilities Agreement to secure repayment of the principal sum of RM75,000,000 together with interest thereon and all monies due and payable;
- (e) first party first legal charge over investment properties of the Group with a carrying amount of RM132,724,000 (2013: RM132,577,000), all the borrower's rights and interest to rental income relating to the property; and
- (f) a corporate guarantee for RM75,000,000 by the Company.

Information on financial risks of bank overdrafts is disclosed in Note 34 to the financial statements.

# Notes to the Financial Statements

31 March 2014

cont'd

## 19. HIRE-PURCHASE AND LEASE CREDITORS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Minimum hire-purchase and lease payments:				
- not later than one (1) year	106	93	69	68
- later than one (1) year not later than five (5) years	226	278	160	231
Total minimum hire-purchase and lease payments	332	371	229	299
Less: Future interest charges	(24)	(29)	(13)	(22)
Present value of hire-purchase and lease payments	308	342	216	277
Repayable as follows:				
<b>Current liabilities</b>				
- not later than one (1) year	93	80	62	60
<b>Non-current liabilities:</b>				
- later than one (1) year not later than five (5) years	215	262	154	217
	308	342	216	277

Information on financial risks of hire-purchase and lease creditors is disclosed in Note 34 to the financial statements.

## 20. TERM LOANS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Term loan I	25,650	30,650	25,650	30,650
Term loan II	10,179	12,321	10,179	12,321
Term loan III	29,754	34,050	-	-
Term loan IV	19,529	22,130	-	-
	85,112	99,151	35,829	42,971
Repayable as follows:				
<b>Current liabilities:</b>				
- not later than one (1) year	14,559	14,039	7,143	7,143
<b>Non-current liabilities</b>				
- later than one (1) year and not later than five (5) years	58,350	59,843	28,686	30,178
- later than five (5) years	12,203	25,269	-	5,650
	70,553	85,112	28,686	35,828
	85,112	99,151	35,829	42,971



# Notes to the Financial Statements

31 March 2014

cont'd

## 20. TERM LOANS *cont'd*

- (a) The repayment term for Term loan I is set out as follows:

Year	Annual repayment RM'000
2009	1,600
2010	2,000
2011	2,000
2012	5,000
2013	5,000
2014	5,000
2015	5,000
2016	5,000
2017	5,000
2018	5,000
2019	1,900

- (b) Term loan II is repayable by 28 quarterly instalments of RM535,714 and a final instalment of RM535,722 commencing from January 2012.
- (c) Term loan III is repayable by 119 monthly instalments of RM358,000 each and final instalment of RM398,000 commencing from March 2011.
- (d) Term loan IV repayable by 95 monthly instalments of RM260,000 each and final instalment of RM300,000 commencing from May 2013.
- (e) The term loans are secured by the following:
- a charge over the carrying amounts of the Group's and of the Company's property, plant and equipment amounting to RM31,011,000 (2013: RM32,490,000) and RM1,796,000 (2013: RM1,835,000) respectively, as disclosed in Note 7 to the financial statements; and
  - a charge over the carrying amounts of the Group's and of the Company's investment properties amounting to RM312,953,000 (2013: RM312,703,000) and RM171,224,000 (2013: RM171,424,000) respectively, as disclosed in Note 8 to the financial statements.
- (f) Information on financial risks of term loans and its remaining maturity is disclosed in Note 34 to the financial statements.

## 21. OTHER BORROWINGS

- (a) The other borrowings of the Group and the Company are guaranteed by a corporate guarantee from the Company as disclosed in Note 30(c) to the financial statements and were repayable by way of bullet repayments of RM11,800,000 and RM3,200,000 in May 2013 and August 2013 respectively. During the current financial year, the repayment terms have been revised, whereby the repayments of RM11,800,000 and RM3,200,000 were extended to June 2016 and May 2016 respectively.
- (b) Included in other borrowings is a bridging loan granted to Landmark Zone Sdn. Bhd., a subsidiary wholly-owned by the Company, by Malaysia Building Society Berhad amounting to RM22,250,000 and is payable within two (2) years.

# Notes to the Financial Statements

31 March 2014

cont'd

## 21. OTHER BORROWINGS *cont'd*

- (c) Information on financial risks of other borrowing and its remaining maturity is disclosed in Note 34 to the financial statements.

## 22. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>				
<b>Other payables</b>				
Accruals	50,959	-	-	-
<b>Current</b>				
<b>Trade payables</b>				
Third parties	8,370	367	21	29
<b>Other payables</b>				
Other payables	17,008	1,991	1,021	197
Accruals	13,262	2,694	694	441
Deposits and advances received	6,526	11,404	1,926	7,007
Amounts owing to subsidiaries	-	-	9,548	857
Amount owing to a related party	8,500	-	8,500	-
	45,296	16,089	21,689	8,502
	53,666	16,456	21,710	8,531

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company ranged from 30 days to 60 days (2013: 30 days to 60 days).
- (b) Included in other payables of the Group are advances received from a purchaser amounting to RM14,561,000 for the purchase of housing lots whereby the purchaser has made a one lump sum payment.
- (c) Included in accruals (non-current liabilities and current liabilities) are the following:
- interest accrued of the Group and of the Company amounting to RM532,000 (2013: RM319,000) and RM290,000 (2013: RM215,000) respectively;
  - an amount of RM639,000 (2013: RM1,955,713), which relates to costs accrued for the upgrading work of buildings under property, plant and equipment and investment properties of the Group; and
  - commitment in relation to the Joint Venture Agreement amounting to RM60,759,000 (2013: Nil) (Note 30(b)).
- (d) Amounts owing to subsidiaries and a related party represent advances and payments on behalf, which are unsecured, interest-free and payable on demand in cash and cash equivalents.
- (e) All trade and other payables are denominated in RM.
- (f) Information on financial risks of trade and other payables is disclosed in Note 34 to the financial statements.

# Notes to the Financial Statements

31 March 2014

cont'd

## 23. REVENUE

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Services rendered:				
- rental income from investment properties	20,920	19,703	7,917	8,139
- car park income	3,551	3,747	1,458	1,470
- hotel operations revenue	7,010	5,904	-	-
- property development revenue	34,819	-	-	-
	<b>66,300</b>	29,354	<b>9,375</b>	9,609

## 24. COST OF SALES

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Services rendered	7,987	7,156	3,293	3,490
Property development cost recognised (Note 12)	27,046	-	-	-
	<b>35,033</b>	7,156	<b>3,293</b>	3,490

## 25. FINANCE COSTS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Interest expense:				
- bank overdrafts	1,576	1,790	863	1,253
- hire-purchase and lease creditors	14	12	9	7
- term loans	5,356	5,435	2,389	2,213
- other borrowings	1,911	1,051	956	797
Others - facility fees	14	5	14	-
	<b>8,871</b>	8,293	<b>4,231</b>	4,270
Less: Interest capitalised	(955)	(254)	-	-
	<b>7,916</b>	8,039	<b>4,231</b>	4,270

# Notes to the Financial Statements

31 March 2014

cont'd

## 26. PROFIT BEFORE TAX

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Profit before tax is arrived at after charging:</b>					
Auditors' remuneration		<b>86</b>	80	<b>42</b>	39
Bad debts written off		<b>1</b>	15	-	6
Depreciation of property, plant and equipment	7	<b>2,031</b>	1,949	<b>219</b>	217
Directors' remuneration paid and payable to the Directors of the Company					
- fees	29(c)	<b>156</b>	180	<b>156</b>	180
- other emoluments	29(c)	<b>778</b>	760	<b>778</b>	760
Impairment losses on trade receivables	11	<b>838</b>	2,593	<b>34</b>	-
Loss on disposal of property, plant and equipment		-	1	-	1
Property, plant and equipment written off	7	<b>140</b>	2	-	-
Rental of:					
- premises		<b>144</b>	30	<b>144</b>	30
- equipment		<b>15</b>	18	<b>5</b>	5
- others		-	23	-	-
<b>And crediting:</b>					
Fair value adjustments on investment properties	8	<b>3,187</b>	-	<b>2,913</b>	-
Gain on disposal of investment properties		<b>756</b>	-	<b>756</b>	-
Interest income received from:					
- deposits with licensed banks		<b>140</b>	47	<b>46</b>	45
- a subsidiary		-	-	<b>2,417</b>	2,371
Rental income		-	-	<b>110</b>	-
Reversal of impairment losses on trade receivables	11	-	35	-	35
Reversal of accruals		-	2,593	-	-

# Notes to the Financial Statements

31 March 2014

cont'd

## 27. TAX EXPENSE

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income tax				
- current year	1,397	3,377	44	2,151
- under/(over) provision in prior years	23	(166)	74	48
	1,420	3,211	118	2,199
Deferred tax (Note 10)				
- relating to origination and reversal of temporary differences	1,780	(1,492)	1,347	(1,195)
- under/(over) provision in prior years	93	(183)	5	(139)
	1,873	(1,675)	1,352	(1,334)
	3,293	1,536	1,470	865

The Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated taxable profits for the fiscal year.

The numerical reconciliations between the tax expense and the product of accounting profit multiplied by applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	2,548	979	1,068	312
Tax effects in respect of:				
Non-allowable expenses	1,302	1,021	1,627	644
Non-taxable income	(929)	(11)	(1,533)	-
Deferred tax assets not recognised	291	-	229	-
Utilisation of previously unrecognised deferred tax assets	(35)	(104)	-	-
	3,177	1,885	1,391	956
Under/(Over) provision in prior years:				
- income tax	23	(166)	74	48
- deferred tax	93	(183)	5	(139)
	3,293	1,536	1,470	865

# Notes to the Financial Statements

31 March 2014

cont'd

## 28. EARNINGS PER ORDINARY SHARE

### (a) Basic

Basic earnings per ordinary share is calculated based on the profit for the financial year attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year, after taking into consideration of treasury shares held by the Company.

	Group	
	2014	2013
Profit attributable to equity holders of the Company (RM'000)	6,899	2,380
Weighted average number of ordinary shares of RM1.00 each in issue after deducting the treasury shares ('000)	134,919	134,919
Basic earnings per ordinary share (sen)	5.11	1.76

### (b) Diluted

Diluted earnings per ordinary share is the same as basic earnings per ordinary share as there were no dilutive potential ordinary shares.

## 29. RELATED PARTY DISCLOSURES

### (a) Identities 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 operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Direct subsidiaries as disclosed in Note 9 to the financial statements;
- (ii) Key management personnel, which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and
- (iii) Company in which a Director, who is also the Director of the Company.



# Notes to the Financial Statements

31 March 2014

cont'd

## 29. RELATED PARTY DISCLOSURES *cont'd*

### (b) Significant related party transactions

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

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Subsidiaries:</b>				
Car park income	-	-	1,458	1,463
Interest income	-	-	2,417	2,371
Rental income	-	-	110	-
<b>Related party:</b>				
Rental expense	114	-	114	-
Advances received	8,500	-	8,500	-

The related party transactions described above were carried out on terms and conditions mutually agreed with the respective parties.

Information regarding outstanding balances arising from related party transactions as at 31 March 2014 is disclosed in Note 11 and Note 22 to the financial statements.

### (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

The remuneration of Directors during the financial year was as follows:

	Group and Company	
	2014	2013
	RM'000	RM'000
Fees	156	180
Salaries, wages, bonus and allowances	699	682
Defined contribution plan	79	78
	934	940

# Notes to the Financial Statements

31 March 2014

cont'd

## 30. COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Capital commitment

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Approved and contracted but not provided for				
- property development cost	-	5,691	-	-

- (b) On 28 February 2011, Landmark Zone Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a Joint Venture Agreement with a third party for the development of a commercial property development project at Lots 11749 and 11750, Taman Shamelin Perkasa, Kuala Lumpur.

Pursuant to the Joint Venture Agreement, the proprietor is entitled to a sum equivalent to 22% of the actual gross development value payable of the entire project, which is based on the projected gross development value of RM220,000,000 and shall be adjusted upon the completion of the final accounts.

The Group's commitment in relation to the Joint Venture Agreement is as follows:

	Group	
	2014	2013
	RM'000	RM'000
On the launch date	-	-
6 months from the launch date	-	2,200
12 months from the launch date	-	15,400
24 months from the launch date	-	2,200
30 months from the launch date	-	2,200
36 months from the launch date	-	4,400
42 months from the launch date	-	8,800
48 months from the launch date	-	11,000
	-	46,200

During the current financial year, the Group's commitment in relation to the Joint Venture Agreement was accrued, as disclosed in Note 22(c) to the financial statements.

### (c) Contingent liabilities

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Unsecured</b>				
Corporate guarantees given to a third party for credit facilities granted to the Group and the Company	15,000	15,000	11,800	11,800

The Directors are of the opinion that the fair value of the corporate guarantees is negligible as the possibility of any outflow in settlement arising from the default of credit facilities is remote.

# Notes to the Financial Statements

31 March 2014

cont'd

## 31. EMPLOYEE BENEFITS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Salaries, wages, bonus and allowances	5,019	4,292	1,697	1,722
Defined contribution plan	506	437	179	179
Other employee benefits	136	142	31	44
	5,661	4,871	1,907	1,945

Included in staff cost of the Group and of the Company are Executive Directors' remuneration amounting to RM934,000 (2013: RM940,000) as disclosed in Note 29(c) to the financial statements.

## 32. OPERATING SEGMENTS

Perduren (M) Berhad and its subsidiaries are principally engaged in property investment and investment holding activities. The Group's operation of inn and recreation centre is mainly undertaken by Grand Sentosa Hotel Management Services Sdn. Bhd. (previously known as Christine Inn & Recreation Sdn. Bhd.), a wholly-owned subsidiary of the Company. The Group's property development activity is mainly undertaken by Landmark Zone Sdn. Bhd., a wholly-owned subsidiary of the Company.

Perduren (M) Berhad has arrived at four (4) reportable segments that are organised and managed separately according to the nature and services and specific expertise requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

### (a) Rental

Rental of the investment properties.

### (b) Car park

Car park collections at the investment properties.

### (c) Hotel operations

Operation of inn and recreation centre.

### (d) Property development

Joint venture property development

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

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

# Notes to the Financial Statements

31 March 2014

cont'd

## 32. OPERATING SEGMENTS *cont'd*

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliations from segments assets and liabilities to the Group position.

	Rental	Car park	Hotel	Property	Total
2014	RM'000	RM'000	operations	development	RM'000
			RM'000	RM'000	
Revenue					
Total revenue	24,024	3,574	7,010	34,819	69,427
Inter-segment revenue	(3,104)	(23)	-	-	(3,127)
<b>Revenue from external customers</b>	<b>20,920</b>	<b>3,551</b>	<b>7,010</b>	<b>34,819</b>	<b>66,300</b>
Interest income	47	2	-	91	140
Finance costs	(7,912)	-	(4)	-	(7,916)
Net finance expense	(7,865)	2	(4)	91	(7,776)
Depreciation of property, plant and equipment	(630)	(24)	(1,369)	(8)	(2,031)
<b>Segment profit before income tax</b>	<b>7,247</b>	<b>343</b>	<b>409</b>	<b>2,962</b>	<b>10,961</b>
Income tax expense	(2,470)	(82)	(1)	(740)	(3,293)
Other material non-cash items:					
- impairment losses on trade receivable	(803)	-	(35)	-	(838)
- Fair value adjustments on investment properties	3,187	-	-	-	3,187
- Gain on disposal of investment properties	756	-	-	-	756
Additions to non-current assets other than financial instruments	7,523	53	197	90	7,863
<b>Segment assets</b>	<b>329,119</b>	<b>306</b>	<b>15,241</b>	<b>121,680</b>	<b>466,346</b>
<b>Segment liabilities</b>	<b>138,654</b>	<b>182</b>	<b>998</b>	<b>111,401</b>	<b>251,235</b>

# Notes to the Financial Statements

31 March 2014

cont'd

## 32. OPERATING SEGMENTS *cont'd*

2013	Rental RM'000	Car park RM'000	Hotel operations RM'000	Total RM'000
Revenue	22,725	3,755	5,918	32,398
Total revenue				
Inter-segment revenue	(3,030)	(14)	-	(3,044)
<b>Revenue from external customers</b>	<b>19,695</b>	<b>3,741</b>	<b>5,918</b>	<b>29,354</b>
Interest income	46	1	-	47
Finance costs	(8,035)	-	(4)	(8,039)
Net finance expense	(7,989)	1	(4)	(7,992)
Depreciation of property, plant and equipment	622	18	1,309	1,949
<b>Segment profit/(loss) before income tax</b>	<b>4,037</b>	<b>487</b>	<b>(262)</b>	<b>4,262</b>
Income tax expense	(1,384)	(152)	-	(1,536)
Other material non-cash items:				
- impairment losses on trade receivable	2,593	-	-	2,593
- reversal of accruals	(2,593)	-	-	(2,593)
Additions to non-current assets other than financial instruments	787	36	1,034	1,857
<b>Segment assets</b>	<b>350,889</b>	<b>285</b>	<b>16,185</b>	<b>367,359</b>
<b>Segment liabilities</b>	<b>155,698</b>	<b>2,306</b>	<b>167</b>	<b>158,171</b>

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	2014 RM'000	2013 RM'000
<b>Revenue</b>		
Total revenue for reportable segments	<b>69,427</b>	32,398
Elimination of inter-segmental revenues	<b>(3,127)</b>	(3,044)
Group's revenue per consolidated statement of profit or loss and other comprehensive income	<b>66,300</b>	29,354
<b>Profit for the financial year</b>		
Total profit or loss for reportable segments	<b>10,961</b>	4,262
Elimination of inter-segment profits	<b>(769)</b>	(346)
Profit before tax	<b>10,192</b>	3,916
Income tax expense	<b>(3,293)</b>	(1,536)
Profit for the financial year	<b>6,899</b>	2,380

# Notes to the Financial Statements

31 March 2014

cont'd

## 32. OPERATING SEGMENTS *cont'd*

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows: *cont'd*

	2014 RM'000	2013 RM'000
<b>Assets</b>		
Total assets for reportable segments	466,346	367,359
Tax assets	513	36
Group's assets	466,859	367,395
<b>Liabilities</b>		
Total liabilities for reportable segments	251,235	158,171
Tax liabilities	827	1,326
Group's liabilities	252,062	159,497

### Geographical information

No reporting by geographical segment is presented as the Group operates in Malaysia.

### Major customers

The Group does not have significant reliance on a single major customer, with whom the Group transacted ten (10) percent or more of its revenue during the financial year.

## 33. FINANCIAL INSTRUMENTS

### (a) Capital management

The primary objective of the Group's capital management is to ensure that the entities of the Group would be able to continue as going concerns while maximising the returns to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in the financial year ended 31 March 2013.

The Group manages its capital structure and makes adjustments to it, in light of changes in the economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2013 and 31 March 2014.

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

The Group monitors capital using a gearing ratio, which is the amount of borrowings (Note 17) divided by equity attributable to owners of the Company. The policy of the Group is to keep the gearing ratio within manageable levels. At the end of the reporting period, the Group's gearing ratios is 0.68 times (2013: 0.68 times). Capital represents equity attributable to owners of the Company.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 March 2014.

# Notes to the Financial Statements

31 March 2014

cont'd

## 33. FINANCIAL INSTRUMENTS *cont'd*

### (b) Categories of financial instruments

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Financial assets</b>				
<b><i>Loans and receivables</i></b>				
Trade and other receivables, net of prepayments and accrued billings in respect of property development	4,478	1,942	44,235	47,429
Cash and cash equivalents	10,066	2,401	1,615	1,558
	<b>14,544</b>	<b>4,343</b>	<b>45,850</b>	<b>48,987</b>
<b>Financial liabilities</b>				
<b><i>Other financial liabilities</i></b>				
Borrowings	145,878	141,576	61,642	73,398
Trade and other payables	104,625	16,456	21,710	8,531
	<b>250,503</b>	<b>158,032</b>	<b>83,352</b>	<b>81,929</b>

### (c) Determination of fair value

#### Methods and assumptions used to estimate fair value

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

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair values

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

- (ii) Hire-purchase and lease creditors and other borrowings

The fair values of these financial instruments are estimated future contractual cash flows at current market rate for similar financial instruments and of the same remaining maturities at the end of the reporting period.

- (iii) Non-current amount owing by a subsidiary and non-current accruals

The fair value of non-current amount owing by a subsidiary is estimated by discounting the expected future cash flows at market lending rates for similar types of lending, borrowing or leasing arrangements at the end of the reporting period. The fair value of non-current accruals is estimated by discounting the expected future cash flows at weighted average cost of capital of the Group.

At the end of the reporting period, these amounts are carried at amortised costs and the carrying amounts approximate to their fair values.



# Notes to the Financial Statements

31 March 2014

cont'd

## 33. FINANCIAL INSTRUMENTS *cont'd*

### (d) Fair value hierarchy

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

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

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

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

The following table set out the fair value of financial instruments that are not carried at fair value on the statements of financial position:

	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
2014	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
<b>Financial liabilities</b>					
<b>Other financial liabilities</b>					
- Hire-purchase and lease creditors	-	279	-	279	308
- Other borrowings	-	32,363	-	32,363	37,250
	-	32,642	-	32,642	37,558
<b>Company</b>					
<b>Financial liabilities</b>					
<b>Other financial liabilities</b>					
- Hire-purchase and lease creditors	-	200	-	200	216
- Other borrowings	-	9,341	-	9,341	11,800
	-	9,541	-	9,541	12,016

# Notes to the Financial Statements

31 March 2014

cont'd

## 33. FINANCIAL INSTRUMENTS *cont'd*

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

The following table set out the fair value of financial instruments that are not carried at fair value on the statements of financial position: *cont'd*

	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
2013	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
<b>Financial liabilities</b>					
<b>Other financial liabilities</b>					
- Hire-purchase and lease creditors	-	308	-	308	342
- Other borrowings	-	13,861	-	13,861	15,000
	-	14,169	-	14,169	15,342
<b>Company</b>					
<b>Financial liabilities</b>					
<b>Other financial liabilities</b>					
- Hire-purchase and lease creditors	-	250	-	250	277
- Other borrowings	-	10,916	-	10,916	11,800
	-	11,166	-	11,166	12,077

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to interest rate risk, liquidity and cash flow risk and credit risk. Information on the management of the related exposures is detailed below.

### (i) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their deposits with licensed banks and borrowings. The Group borrows at both, fixed and floating rates of interest to generate the desired interest profile and to manage the Group's and the Company's exposure to interest rate fluctuations.

# Notes to the Financial Statements

31 March 2014

cont'd

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

### (i) Interest rate risk *cont'd*

#### Sensitivity analysis for interest rate risk

At 31 March 2014, if interest rates at the date had been 10 basis points lower or higher, with all variables held constant, the Group's and the Company's profit net of tax for the financial year would have been approximately RM106,000 (2013: RM105,000) and RM47,000 (2013: RM27,000) higher or lower respectively. The sensitivity is higher in 2014 than in 2013 because of an increase in outstanding borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Interest rate exposure arises from the Group's and the Company's interest bearing borrowings and interest earning deposits.

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

Group	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>At 31 March 2014</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	14	2.98	4,266	-	-	-	-	-	4,266
Hire-purchase and lease creditors	19	4.61	93	97	78	33	7	-	308
Other borrowings	21	7.95	13,350	8,900	15,000	-	-	-	37,250
<b>Floating rates</b>									
Bank overdrafts	18	8.35	23,208	-	-	-	-	-	23,208
Term loans	20	5.73	14,559	14,559	14,559	14,559	14,673	12,203	85,112
<b>At 31 March 2013</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	14	2.95	1,574	-	-	-	-	-	1,574
Hire-purchase and lease creditors	19	4.29	80	84	87	68	23	-	342
Other borrowings	21	8.10	15,000	-	-	-	-	-	15,000
<b>Floating rates</b>									
Bank overdrafts	18	8.35	27,083	-	-	-	-	-	27,083
Term loans	20	5.66	14,039	14,559	14,559	14,559	14,559	26,876	99,151

# Notes to the Financial Statements

31 March 2014

cont'd

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES cont'd

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

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk: cont'd

Company	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>At 31 March 2014</b>									
<b>Fixed rate</b>									
Deposit with a licensed bank	14	2.95	1,598	-	-	-	-	-	1,598
Hire-purchase and lease creditors	19	3.68	62	64	67	23	-	-	216
Other borrowings	21	8.10	-	-	11,800	-	-	-	11,800
<b>Floating rates</b>									
Amount owing by a subsidiary	11	6.50	2,417	3,917	3,917	3,917	3,917	23,518	41,603
Bank overdrafts	18	8.35	13,797	-	-	-	-	-	13,797
Term loans	20	5.87	7,143	7,143	7,143	7,143	7,257	-	35,829
<b>At 31 March 2013</b>									
<b>Fixed rate</b>									
Deposit with a licensed bank	14	2.91	1,552	-	-	-	-	-	1,552
Hire-purchase and lease creditors	19	3.68	60	62	64	67	24	-	277
Other borrowings	21	8.10	11,800	-	-	-	-	-	11,800
<b>Floating rates</b>									
Amount owing by a subsidiary	11	6.50	2,371	8,402	8,402	8,402	8,401	-	35,978
Bank overdrafts	18	8.35	18,350	-	-	-	-	-	18,350
Term loans	20	5.80	7,143	7,143	7,143	7,143	7,143	7,256	42,971

# Notes to the Financial Statements

31 March 2014

cont'd

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

### (ii) Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

The Group actively manages its operating cash flow to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

#### 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.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>2014</b>				
<b>Group</b>				
<b>Financial liabilities</b>				
Trade and other payables	53,666	57,740	-	111,406
Borrowings	69,023	81,709	15,710	166,442
Total undiscounted financial liabilities	122,689	139,449	15,710	277,848
<b>Company</b>				
<b>Financial liabilities</b>				
Trade and other payables	21,710	-	-	21,710
Borrowings	23,900	45,280	-	69,180
Total undiscounted financial liabilities	45,610	45,280	-	90,890
<b>2013</b>				
<b>Group</b>				
<b>Financial liabilities</b>				
Trade and other payables	16,456	-	-	16,456
Borrowings	50,409	87,289	29,921	167,619
Total undiscounted financial liabilities	66,865	87,289	29,921	184,075
<b>Company</b>				
<b>Financial liabilities</b>				
Trade and other payables	8,531	-	-	8,531
Borrowings	28,440	49,267	8,337	86,044
Total undiscounted financial liabilities	36,971	49,267	8,337	94,575

# Notes to the Financial Statements

31 March 2014

*cont'd*

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

### (iii) Credit risk

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

The Group's primary exposure to credit risk arises through its trade receivables. The credit period is generally for a period of 30 days to 60 days. The exposure to credit risk is monitored on an ongoing basis.

There are no specific considerations of credit risk and the maximum exposures to credit risk of the Group are represented by the carrying amounts of the financial assets in the statements of financial position.

As at the end of the reporting period, other than the amounts owing by the subsidiaries amounting to RM43,684,000 (2013: RM47,282,000), which represent 98.23% (2013: 99.37%) of trade and other receivables of the Company, there is no significant concentration of credit risk of the Group and of the Company. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

#### Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 11 to the financial statements.

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 11 to the financial statements. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11 to the financial statements.

## 35. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 26 November 2013, the Company's Board of Directors received a notice of conditional take-over offer from Hong Leong Investment Bank Berhad ('HLIB') on behalf of TS Law Group Sdn. Bhd. ('Offeror') to acquire all the remaining ordinary shares of RM1.00 each in the Company not already owned by the Offeror ('Offer Shares') for a cash offer price of RM1.10 per offer share ('Offer').

The Offer is conditional upon having received valid acceptances by the closing of the Offer, which would result in the Offeror and its person acting in concert ('PAC') holding in aggregate the Company's shares that have already been acquired, held or entitled to be acquired or held by the Offeror and its PACS, more than 50% of the issued and paid-up share capital of the Company.

On 21 January 2014, the Offer has become unconditional as the Offeror has received valid acceptances resulting in holding in aggregate more than 50% of the issued and paid-up share capital of the Company.

On 14 February 2014, the Offer was closed, whereby the total number of Offer Shares for which acceptances have been received by the Offeror amounting to 70,363,885 shares; the percentage of total issued and paid-up share capital of the Company held by the Offeror has therefore increased from 19.27% to 71.42%.

# Notes to the Financial Statements

31 March 2014

cont'd

## 36. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised	3,948	(2,520)	42,233	40,875
- unrealised	3,154	1,954	3,536	2,093
	7,102	(566)	45,769	42,968
Add: Consolidation adjustments	63,875	64,644	-	-
Total Group/ Company retained earnings as per consolidated accounts	70,977	64,078	45,769	42,968



## Properties owned by Perduren (M) Berhad Group

Location / Address	Built-Up Area (Sq. Ft.)	Existing Use / Description Of Property	Tenure	Approximate age of building	Carrying Amount as at 31.03.2014 (RM'000)
Units held under Strata Title Nos. M1-1-2, M1-1-3, M1-1-44, M1-1-46 to M1-1-50, M1-1-83, M1-1-91, M1-1-148, M1-2-149, M1-2-156, M1-2-157, M1-2-176, M1-2-177, M1-2-212, M1-2-221, M1-3-298, M1-3-304 to M1-3-307, M1-3-311, M1-3-312, M1-3-321 to M1-3-325, M1-3-331, M1-3-332, M1-3-344, M1-3-356, M1-3-357, M1-3-363, M1-3-366, M1-3-370, M1-3-389, M1-3-414, M1-3-417, M1-4-423 to M1-4-426 located at Podium Block, Holiday Plaza, Jalan Dato Sulaiman, Century Garden, 80250 Johor Bahru.	192,168	Commercial space	Freehold	30 years	168,000
All Suites in Tower Block held under Strata Title Nos. M1-5-427 to M1-20-442 Holiday Plaza, Jalan Dato Sulaiman, Century Garden, 80250 Johor Bahru.	122,515	Office space	Freehold	29 years	
613 units of car park bays held under Strata Title No. M1-B1-1 located at basement of Holiday Plaza, Jalan Dato Sulaiman, Century Garden, 80250 Johor Bahru.	182,158	Car parks	Freehold	30 years	
Commercial building known as Plaza Sentosa located along Jalan Sutera within Taman Sentosa 80150 Johor Bahru	745,136	Commercial and office space	Freehold	30 years	159,000
Units held under Strata Title Nos. M1-1-2, M1-2-6, M1-3-10, M1-4-14, M1-5-18 & M1-6-22 in a 6-storey office building known as Shamelin Business Centre located along Jalan 4/91 Taman Shamelin Perkasa, Cheras, 56100 Kuala Lumpur	18,912	Office space	Leasehold expiring on 11.09.2082	9 years	5,696

# Analysis of Shareholdings

as at 15 August 2014

Authorised Share Capital	:	RM500,000,000
Issued and Paid-up Share Capital	:	RM136,207,943
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	1 Vote per Ordinary Share

## SHAREHOLDINGS DISTRIBUTION

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%*
Less than 100 shares	282	11.45	7,223	0.01
100 to 1,000 shares	1,523	61.84	1,040,126	0.77
1,001 to 10,000 shares	573	23.26	1,872,180	1.38
10,001 to 100,000 shares	74	3.00	1,993,929	1.48
100,001 to less than 5% of issued shares	9	0.37	14,812,400	10.98
5% and above of issued shares	2	0.08	115,192,685	85.38
<b>Total</b>	<b>2,463</b>	<b>100.00</b>	<b>134,918,543</b>	<b>100.00</b>

## THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%*
1.	RHB Nominees (Tempatan) Sdn. Bhd. <i>TS Law Group Sdn. Bhd.</i>	96,363,885	71.42
2.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt AN for Credit Suisse (SG BR-TST- Asing)</i>	18,828,800	13.96
3.	Citigroup Nominees (Asing) Sdn. Bhd. <i>Exempt AN for UBS AG Singapore (Foreign)</i>	6,500,000	4.82
4.	Citigroup Nominees (Asing) Sdn. Bhd. <i>UBS AG Singapore for Long Point Financial Limited</i>	4,829,700	3.58
5.	Eddy Atmadja	1,322,000	0.98
6.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Ho Swee Ming</i>	1,110,000	0.82
7.	Lee See Leong	450,000	0.33
8.	Loh Chin Huen	223,000	0.17
9.	RHB Nominees (Asing) Sdn. Bhd. <i>Exempt An (BP) for RHB OSK Securities Hong Kong Limited A/C Clients (Retail)</i>	150,000	0.11
10.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Quek Soon Tiang</i>	118,700	0.09
11.	Tan Siew Ching	109,000	0.08
12.	AIBB Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Ho Swee Ming</i>	100,000	0.07

## Analysis of Shareholdings

as at 15 August 2014

cont'd

### THIRTY (30) LARGEST SHAREHOLDERS cont'd

No.	Name of Shareholders	No. of Shares	%*
13.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank for Lim Bee Kua (M57005)</i>	100,000	0.07
14.	Ang Lai Hee	92,800	0.07
15.	Elvin A/L Berty Luke Fernandez	75,000	0.06
16.	Wong Seng Huat	75,000	0.06
17.	Tiong Ngie Kiang	60,000	0.04
18.	Yap Mui Cheng Angela	53,286	0.04
19.	Lim Ah Meng	50,000	0.04
20.	Ng Hoi Meng	50,000	0.04
21.	Ng Yuh Choon	50,000	0.04
22.	The Cheng Eng	50,000	0.04
23.	Tan Lan Diang	45,857	0.03
24.	Lam Fook Weng	40,000	0.03
25.	Chng (Ching) Joong Siew	38,500	0.03
26.	Theo Kit Nai	37,000	0.03
27.	HLIB Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Yap Eng Keng (CCTS)</i>	34,786	0.03
28.	Ng Boo Kean @ Ng Beh Kian	33,000	0.02
29.	Woo Sook Yann	31,000	0.02
30.	Yap Beng Poh	30,714	0.02
<b>Total</b>		<b>131,052,028</b>	<b>97.14</b>

# Analysis of Shareholdings

as at 15 August 2014

cont'd

## SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	Direct Interest	No. of Shares Held		
			%*	Indirect Interest	%*
1.	TS Law Group Sdn. Bhd.	96,363,885	71.42	-	-
2.	Tan Sri Dato' Law Tien Seng	-	-	96,363,885 <sup>#</sup>	71.42
3.	Puan Sri Datin Saw Geok Ngor	-	-	96,363,885 <sup>#</sup>	71.42

## DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS

No.	Name of Directors	Direct Interest	No. of Shares Held		
			%*	Indirect Interest	%*
1.	Dato' Seri Hj. Shaik Daud bin Md. Ismail	-	-	-	-
2.	Datuk Lau Chin An	-	-	-	-
3.	Dato' Ong Chong Sek	-	-	-	-
4.	Law Wai Cheong	-	-	-	-
5.	Loh Chen Yook	-	-	-	-
6.	Teo Chee Kok	-	-	-	-
7.	Leow Hoi Loong @ Liow Hoi Loong	-	-	-	-
8.	Woo Min Fong (f)	-	-	-	-

Notes:

<sup>#</sup> Indirect interest held through TS Law Group Sdn. Bhd. in which Tan Sri Dato' Law Tien Seng and his spouse, Puan Sri Datin Saw Geok Ngor have controlling interests by virtue of Section 6(A) (4) of the Companies Act, 1965.

<sup>\*</sup> Excluding a total of 1,289,400 ordinary shares bought back by the Company and retained as treasury shares.



## FORM OF PROXY

CDS Account No.		No. of Shares Held	
-----------------	--	--------------------	--

I/We \_\_\_\_\_ NRIC No./Passport No./Company No. \_\_\_\_\_

of \_\_\_\_\_

being a member / members of PERDUREN (M) BERHAD, hereby appoint \_\_\_\_\_

NRIC No./Passport No.: \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ or failing whom, \_\_\_\_\_ NRIC No./Passport No. \_\_\_\_\_

of \_\_\_\_\_ or failing whom, \_\_\_\_\_

the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be held at Dewan Perdana @ Sport Complex, 1st Floor, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 25 September 2014 at 11.00 a.m. and at any adjournment thereof in the manner as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1	To approve the payment of Directors' fees		
2	To re-elect Mr. Loh Chen Yook as a Director		
3	To re-elect Mr. Law Wai Cheong as a Director		
4	To re-elect Mr. Teo Chee Kok as a Director		
5	To re-appoint Messrs BDO as Auditors of the Company		
6	To give authority to the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

\_\_\_\_\_  
Signature of Member/Common Seal

For appointment of two (2) proxies, percentage of shareholdings to be represented by the two (2) proxies		
	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

### Notes:

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 September 2014 (General Meeting Record of Depositors) shall be eligible to attend and vote at this 22nd Annual General Meeting or appoint a proxy to attend and vote on his behalf.
- A proxy may but need not be a member of the Company and the provisions of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company.
- A member who is an authorised nominee may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. A member who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under Common Seal or under the hand of an officer or attorney duly authorised.
- To be valid, this Form of Proxy must be completed, signed and deposited at the Registered Office of the Company at No. 47, 2<sup>nd</sup> Floor, Jalan 1/116B, Kuchai Entrepreneurs Park, Off Jalan Kuchai Lama, 58200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the meeting or adjourned meeting.

Fold this flap for sealing

Then fold here

AFFIX  
STAMP

The Company Secretary

**Perduren (M) Berhad**

No. 47, 2nd Floor, Jalan 1/116B  
Kuchai Entrepreneurs Park  
Off Jalan Kuchai Lama  
58200 Kuala Lumpur

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